

## THE CHAIR AND ALL MEMBERS OF THE COUNCIL

Tuesday 10 February 2026

Dear Member

### COUNCIL - WEDNESDAY 18TH FEBRUARY, 2026

You are hereby summoned to attend a meeting of the Council of the Borough of Middlesbrough to be held on **Wednesday 18th February, 2026 at 7.00 pm** in the Council Chamber to transact the following business, namely:-

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

To receive any apologies for absence.

3. Declarations of Interest

To receive any declarations of interest.

4. Announcements

To receive any announcements from the Chair of the Council or the Chief Executive.

5. Council Tax Reduction Scheme 2026/27 3 – 104

6. 2026/27 Revenue Budget, Medium Term Financial Plan, and Council Tax Setting 105 - 268

7. Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27 269 - 298

Charlotte Benjamin, Director of Legal and Governance Services

PLEASE NOTE THERE IS RESTRICTED  
DISABLED ACCESS TO THE COUNCIL CHAMBER

Inspection of Papers – Documents referred to on this Summons may be inspected between 9.00 am and 4.00 pm Monday to Friday at the Town Hall, Middlesbrough. Copies may also be downloaded from the Council's Website.

Questions / Motions – Details of questions or notices of motion received and not enclosed with the Summons will be circulated prior to the meeting.

Should you have any queries in regard to the items on this agenda please contact Sue Lightwing/Scott Bonner, Democratic Services on (Direct Line 01642 729712/729708 or e-mail on: [sue\\_lightwing@middlesbrough.gov.uk](mailto:sue_lightwing@middlesbrough.gov.uk)/[scott\\_bonner@middlesbrough.gov.uk](mailto:scott_bonner@middlesbrough.gov.uk)).

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**MIDDLESBROUGH COUNCIL**

<b>Report of:</b>	Corporate Director of Finance (s151 Officer) – Andrew Humble
<b>Relevant Executive Member:</b>	Executive Member for Finance – Cllr Nicky Walker
<b>Submitted to:</b>	Council
<b>Date:</b>	18 February 2026
<b>Title:</b>	Council Tax Reduction Scheme 2026/27
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Council Plan priority:</b>	All
<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards
<b>Subject to call in?</b>	Not applicable
<b>Why:</b>	The matter is a decision for Council and not subject to call in.
<b>Proposed decision(s)</b> That Council <b>APPROVE</b> the Council Tax Reduction Scheme for 2026/27	

### Executive summary

This report sets out the proposed Council Tax Reduction (CTR) scheme (sometimes referred to as Council Tax Support) for 2026/27. Each Billing Authority in England has a statutory requirement to design and locally fund a Council Tax Reduction scheme no later than 11 March each year, which is to be approved by decision of Full Council.

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

Additionally, agreement is sought to include the following:

- 1) Increases to income bandings that are individual according to the household composition, so that the current level of support for claimants is maintained as far

as possible and to continue to provide appropriate support for the town's financially vulnerable residents.

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

It is therefore requested that Council approve the Council Tax Reduction Scheme for 2026/27.

## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

1.1 To seek approval from Council of the Council Tax Reduction Scheme for 2026/27.

<b>Our ambitions</b>	<b>Summary of how this report will support delivery of these ambitions and the underpinning aims</b>
<b>A successful and ambitious town</b>	<i>Council tax revenues are important in maintaining public services and fostering economic growth within the local community.</i>
<b>A healthy Place</b>	<i>Provision of council tax support is important to the Council's aim of preventing poverty and supporting residents out of poverty.</i>
<b>Safe and resilient communities</b>	<i>Supporting individual residents to meet their essential needs will contribute to community resilience.</i>
<b>Delivering best value</b>	<i>The implementation of a well-structured scheme assists in achieving higher collection rates and supporting the Council's financial sustainability.</i>

## **2. Recommendations**

2.1 That Council **APPROVE** the proposed Council Tax Reduction Scheme for 2026/27.

## **3. Rationale for the recommended decision(s)**

3.1 The proposed scheme will assist low-income households and support the collection of council tax whilst remaining affordable for the Council to provide.

3.2 Council Tax Reduction (CTR) was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme, which was administered by councils on behalf of the Department for Work and Pensions. As part of the introduction, the Government placed the duty to create a local scheme for working age claimants with Billing Authorities.

3.3 Middlesbrough Council, as the Billing Authority, has a statutory requirement to revise or design and fund a CTR scheme by no later than 11 March each year which must be approved by a Full Council.

#### **4. Background and relevant information**

##### **The current scheme**

4.1 In 2022/23, the Council moved to an income-banded scheme. By doing so, it moved away from the previous complex means-tested schemes to simplify the claiming process, reduce the administrative burden and cost of multiple 'in year' changes and associated recalculation of council tax instalments, and to support its achievement of greater collection rates.

4.2 The scheme implemented a 90% maximum discount, with lower discount bands of 72%, 36% and 23%, aligned to the level of net weekly income and composition of each household (providing for up to two dependent children).

4.3 Based on household composition and income, the scheme differs from discounts and exemptions which are not means-tested. Where a 100% exemption is granted, such as a student exemption, CTR will not apply as there is nothing to pay. If, on the other hand, a resident is in receipt of a single person discount or other discount, CTR may still be awarded against the discounted charge.

4.4 The 2024/25 scheme maintained the current income-banded scheme, but also included 100% support for Care Leavers, who were able to apply for CTR as opposed to receiving a local council tax discount. This was a technical adjustment and made no difference to the level of support available to Care Leavers, which remained unchanged.

4.5 Also changed for 2024/25, a disregard was introduced of the childcare cost element within Universal Credit for residents receiving additional financial support due to incurring these costs. By doing so, those households with children and taking paid employment were appropriately supported.

4.6 In 2025/26, only income band ranges were increased, to ensure residents would not see a reduction in CTR level taking into account the annual inflation increase applied by Central Government to state benefits such as Universal Credit.

##### **The 2026/27 scheme**

4.7 For 2026/27 it is proposed that the current income banded scheme is retained subject to the statutory amendments and increasing the income ranges, in order to ensure the state benefit increase alone does not affect the level of discount received from CTR.

4.8 The CTR scheme provides for income band ranges to be increased "by the appropriate level of inflation decided by the Council". In the past, the September Consumer Prices Index measure has been used in line with central government practice for the uprating of state benefit. However, the Universal Credit Act 2025 provided for above inflation increases each year from April 2026 until April 2029 on the standard allowance within Universal Credit.

4.9 It is therefore necessary and proposed to adjust the income band ranges for 2026/27 individually according to the household composition to ensure that a correspondingly appropriate level of increase is applied and thereby maintain the level of support as far as possible for applicants. Doing otherwise would be perverse and potentially take away locally from what residents may have been given by central government.

4.10 The rounded rates of increase set out below maintain proportionality with Universal Credit allowances so far as possible (unrounded rates would be used):

Single Person	Single Person with one child	Single Person with two or more children	Couple	Couple with one child	Couple with two or more children
6.1%	5.0%	4.7%	6.1%	5.3%	4.9%

4.11 The weekly income range for the current 2025/26 scheme are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £119.48	£0 - £191.16	£0 - £262.84	£0 - £167.27	£0 - £244.92	£0 - £310.63
Band 2	72%	£119.49 - £215.05	£191.17 - £286.73	£262.85 - £352.45	£167.28 - £286.73	£244.93 - £335.72	£310.64 - £406.21
Band 3	36%	£215.06 - £256.87	£286.74 - £304.66	£352.46 - £418.16	£286.74 - £346.47	£335.73 - £382.32	£406.22 - £477.90
Band 4	23%	£256.88 - £304.66	£304.67 - £334.52	£418.17 - £537.64	£346.48 - £406.21	£382.33 - £442.05	£477.91 - £573.48
	0%	Over £304.66	Over £334.52	Over £537.64	Over £406.21	Over £442.05	Over £573.48

4.12 The proposed new weekly income ranges for 2026/27 are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £126.77	£0 - £200.80	£0 - £275.17	£0 - £177.47	£0 - £257.89	£0 - £326.00
Band 2	72%	£126.78 - £228.17	£200.81 - £301.20	£275.18 - £368.99	£177.48 - £304.22	£257.90 - £353.49	£326.01 - £426.30
Band 3	36%	£228.18 - £272.54	£301.21 - £320.03	£369.00 - £437.78	£304.23 - £367.60	£353.50 - £402.56	£426.31 - £501.54
Band 4	23%	£272.55 - £323.24	£320.04 - £351.40	£437.79 - £562.87	£367.61 - £430.99	£402.57 - £465.45	£501.55 - £601.85
	0%	Over £323.24	Over £351.40	Over £562.87	Over £430.99	Over £465.45	Over £601.85

4.13 The cost of implementing the new ranges is expected to be largely neutral as the objective is to maintain existing level of entitlements rather than increase or reduce them. The consequence of accommodating the additional increase in Universal Credit rates could be to render some residents eligible who might otherwise not have been, or for a higher level of discount to apply, but this cost is likely to be incidental to the overall sum provided through the scheme.

## 5. Ward Member Engagement if relevant and appropriate

5.1 Not applicable.

## 6. Other potential alternative(s) and why these have not been recommended

6.1 The Council could reduce the level of support offered to working age residents in receipt of CTR. However, the Council recognises the financial challenges placed on residents and is therefore proposing that the current level of support is maintained which incorporates the proposal to increase the income bandings in line with inflation.

6.2 The Council could increase the level of support provided by adjusting the income bands and / or the discount rate although this would be subject to a full consultation exercise, which has not taken place during the current financial year. It is therefore intended that the Council will again review the scheme in June / July 2026 in line with Government

changes in legislation and any proposed local alterations, with Executive approval sought should consultation be necessary.

## 7. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	<p>There will be no increase to the current budget on the basis of the proposed changes from the existing CTR scheme. The scheme currently supports around 18,500 households with expenditure of approximately £22.183m. Should any additional expenditure be incurred as a result of an increased take up of CTR this will be reported as part of the budget monitoring process to ensure this is factored into projected expenditure in 2026/27.</p> <p>There are no anticipated impacts on procurement arising from the proposals.</p> <p>The Council Tax Reduction (CTR) scheme continues to support the Council's strategic aim of assisting residents to improve their financial resilience and move out of poverty.</p>
Legal	<p>Paragraph 5, Schedule 1A of the Local Government Finance Act 1992 states that for each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme. The authority must make any revision to its scheme, or any replacement scheme, no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect.</p> <p>Paragraph 3, of the Act, applies to an authority when revising a scheme as it applies to an authority when making a scheme:</p> <ul style="list-style-type: none"> <li>I. consult any major precepting authorities which has power to issue a precept to it;</li> <li>II. publish a draft scheme in such manner as it thinks fit and;</li> <li>III. consult such other persons as it considers are likely to have an interest in the operation of the scheme.</li> </ul> <p>The Local Government Finance Act 2012 inserted into section 67 of the LGFA 1992 (Functions to be discharged by the Authority) making or revising a CTR scheme, and Section 5 (2) of Schedule 1A requires that each billing authority in England must make a CTR scheme by no later than 11 March each year. The above legislation states that the authorisation of the full scheme is subject to Council approval.</p>
Risk	The scheme supports the delivery of the Council's strategic priority to reduce poverty as set out in the Council Plan 2024-

	<p>2027. The CTR scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to work with communities and other public services in Middlesbrough to improve the lives of local people.</p> <p>The implementation of a local CTR scheme ensures that there is adequate governance in place to comply with all relevant legislation and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054). In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes (Risk 08-055).</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. An impact assessment has been carried out in December 2025.
Reducing Poverty	Through the provision of council tax support, the scheme contributes to poverty reduction among households on low incomes.
Climate Change / Environmental	There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.
Children and Young People Cared for by the Authority and Care Leavers	The current scheme provides support for Care Leavers and no change is proposed to the support available.
Data Protection	The collation and use of personal data will be managed in accordance with the Council's Data Protection policy and the Benefits, Council Tax and Business Rates Privacy Notice <a href="#">Privacy notice - Housing Benefit and Council Tax Reduction   Middlesbrough Council</a>

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

Action	Responsible Officer	Deadline
If approved by Council, then the Council Tax Reduction Scheme for 2026/27 will be published on the Council website	Head of Resident and Business Support	31/3/26

## Appendices

1	Council Tax Reduction Scheme 2026/27
2	Impact Assessment level 1

## Background papers

None.

**Contact:** Janette Savage (Head of Resident and Business Support)  
**Email:** Janette\_Savage@middlesbrough.gov.uk

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**Middlesbrough Council  
Council Tax Reduction Scheme  
S13A and Schedule 1a of the Local Government Finance Act 1992**

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## **1.0 Introduction to the Council Tax Reduction Scheme**

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1<sup>st</sup> April 2026.
- 1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1<sup>st</sup> April 2026 for a period of one financial year.
- 1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:
  - Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
  - Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
  - Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
  - Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
  - Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
  - The Council Tax Reduction Schemes (England) (Amendment) Regulations 2017;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022;
  - The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2024;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2025;
  - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2026; and
  - Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

### **The scheme for pension age applicants – Central Government’s scheme as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012**

- 1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain.
  - (1) In this scheme—

- (a) a person is a “pensioner” if—
  - (i) he has attained the qualifying age for state pension credit; and
  - (ii), he is not and, if he has a partner, his partner is not—
    - (aa) a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance, or
    - (bb) a person with an award of universal credit; and
    - (b) a person is a “person who is not a pensioner” if—
      - (i) he has not attained the qualifying age for state pension credit; or
      - (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is—
        - (aa) a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance, or
        - (bb) a person with an award of universal credit.

(2) For the purposes of sub-paragraphs (a)(ii)(bb) and (b)(ii)(bb) in paragraph (1) an award of universal credit is to be disregarded during:

- (a) during the relevant period; or
- (b) where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award the relevant period.

(3) In this scheme—

“assessment period” has the same meaning as in the Universal Credit Regulations 2013;  
“relevant period” means the period beginning with the day on which P and each partner of P has attained the qualifying age for state pension credit and ending with the day on which the last assessment period for universal credit ends

The three prescribed classes are as follows;

**Class A: pensioners whose income is less than the applicable amount.**

On any day Class A consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of persons prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority’s scheme;
- (d) whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance Act 1992;
- (e) not have capital savings above £16,000; and
- (f) who has made an application for a reduction under the authority’s scheme.

**Class B: pensioners whose income is greater than the applicable amount.**

On any day class B consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority’s scheme;
- (d) whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- (e) in respect of whom amount A exceeds amount B where;
  - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant’s case; and

- (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
- (f) not have capital savings above £16,000; and
- (g) who has made an application for a reduction under the authority's scheme.

#### **Class C: alternative maximum Council Tax Reduction**

On any day class C consists of any person who is a pensioner:

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day;
- (c) in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (d) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the 1992 Act and excluded from the authority's scheme;
- (e) who has made an application for a reduction under the authority's scheme; and
- (f) in relation to whom the condition below is met.

The condition referred to in sub-paragraph (f) is that no other resident of the dwelling is liable to pay rent to the applicant in respect of the dwelling and there is an alternative maximum Council Tax Reduction in respect of the day in the case of that person which is derived from the income, or aggregate income, of one or more residents to whom this sub-paragraph applies.

The above applies to any other resident of the dwelling who:

- (a) is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;
- (b) is not a person who is liable for council tax solely in consequence of the provisions of section 9 of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- (c) is not a person who is residing with a couple or with the members of a polygamous marriage where the applicant is a member of that couple or of that marriage and—
  - (i) in the case of a couple, neither member of that couple is a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount; or
  - (ii) in the case of a polygamous marriage, two or more members of that marriage are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount;
- (d) is not a person who, jointly with the applicant, falls within the same paragraph of section 6(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant; or
- (e) is not a person who is residing with two or more persons both or all of whom fall within the same paragraph of section 6(2)(a) to (e) of the 1992 Act where two or more of those persons are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount.

#### **Disregard of certain incomes**

1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:

- (a) a war disablement pension;
- (b) a war widow's pension or war widower's pension;
- (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
- (d) a guaranteed income payment;
- (e) a payment made to compensate for the non-payment of such a pension or payment as is

mentioned in any of the preceding sub-paragraphs;

- (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
- (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

**The provisions outlined above, enhance the Central Government's scheme.**

#### **THE SCHEME FOR WORKING AGE APPLICANTS – THE COUNCIL'S LOCAL SCHEME**

1.6 The adopted scheme for working age applicants is an income band scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;

- (a) has not attained the qualifying age for state pension credit; or
- (b) has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.

1.7 The Council has resolved that there will be **two** classes of persons who will receive a reduction under the scheme. Working age applicants must not be of a prescribed class exempted from reduction. The reduction for working age applicants within the definition of Class D below will be as provided for in Schedule 1, unless they or their partner are within the definition of Class E and entitlement exists under Schedule 4, subject to the terms otherwise applicable from section 2 on.

#### **Class D**

To obtain reduction the individual (or partner) must:

- (a) have not attained the qualifying age for state pension credit; or
- (b) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- (c) be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- (d) is not deemed to be absent from the dwelling;
- (e) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (f) be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (g) not have capital savings above £10,000;
- (h) not have income above the levels specified within the scheme;
- (i) be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income* is within a range of incomes specified within Schedule 1; and
- (j) has made a valid application for reduction.

#### **Class E**

To obtain reduction the individual must:

- (a) be a defined care leaver and under the age of 25;
- (b) be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- (c) is not deemed to be absent from the dwelling;
- (d) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;

- (e) be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated; and
- (f) has made a valid application for reduction.

**Council Tax Reduction Scheme**

**Details of reduction to be given for working age applicants for the financial year  
2026/27**

<b>2.0 Interpretation – an explanation of the terms used within this policy.</b>
2.1 In this policy—
‘ <b>the 1992 Act</b> ’ means the Local Government Finance Act 1992;
‘ <b>the 2000 Act</b> ’ means the Electronic Communications Act 2000;
‘Abbeyfield Home’ means an establishment run by the Abbeyfield Society including all bodies corporate or incorporate which are affiliated to that Society;
‘ <b>adoption leave</b> ’ means a period of absence from work on ordinary or additional adoption leave by virtue of section 75A or 75B of the Employment Rights Act 1996;
‘ <b>an AFIP</b> ’ means an armed forces independence payment payable in accordance with an armed and reserve forces compensation scheme established under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004
‘ <b>applicant</b> ’ means a person who the authority designates as able to claim Council tax reduction – for the purposes of this policy all references are in the masculine gender but apply equally to male and female;
‘ <b>application</b> ’ means an application for a reduction under this scheme;
‘ <b>attendance allowance</b> ’ means—
(a) an attendance allowance under Part 3 of the Act;
(b) an increase of disablement pension under section 104 or 105 of the Act;
(c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;
(d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;
(e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983 or any analogous payment; or
(f) any payment based on need for attendance which is paid as part of a war disablement pension;
‘ <b>the authority</b> ’ means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;
‘ <b>basic rate</b> ’, where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).
‘ <b>board and lodging accommodation</b> ’ means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;
‘ <b>care home</b> ’ has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services Quality Improvement and Regulation (Northern Ireland) Order 2003 or a residential care home, within the meaning of Article 10 of that Order;
‘ <b>the Caxton Foundation</b> ’ means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;
‘ <b>child</b> ’ means a person under the age of 16;
‘ <b>child benefit</b> ’ has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;
‘ <b>child tax credit</b> ’ means a child tax credit under section 8 of the Tax Credits Act 2002;
‘ <b>the Children Order</b> ’ means the Children (Northern Ireland) Order 1995;
‘ <b>claim</b> ’ means a claim for council tax reduction;
‘ <b>close relative</b> ’ means a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;
‘ <b>contributory employment and support allowance</b> ’ means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance

and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;

**'converted employment and support allowance'** means an employment and support allowance which is not income-related and to which a person is entitled as a result of a conversion decision within the meaning of the Employment and Support Allowance (Existing Awards) Regulations;

**'council tax reduction (or reduction)'** means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);

**'couple'** means;

- (a) a man and woman who are married to each other and are members of the same household;
- (b) a man and woman who are not married to each other but are living together as husband and wife;
- (c) two people of the same sex who are civil partners of each other and are members of the same household; or
- (d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners.

Two people of the same sex are to be treated as living together as if they were civil partners if, and only if, they would be treated as living together as husband and wife were they of opposite sexes.

**'date of claim'** means the date on which the claim is made, or treated as made, for the purposes of this policy;

**'designated authority'** means any of the following;

the local authority; or a person providing services to, or authorised to exercise any function of, any such authority;

**'designated office'** means the office designated by the authority for the receipt of claims for council tax reduction;

- (a) by notice upon or with a form approved by it for the purpose of claiming council tax reduction; or
- (b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or
- (c) by any combination of the provisions set out in sub-paragraphs (a) and (b) above;

**'disability living allowance'** means a disability living allowance under section 71 of the Act;

**'dwelling'** has the same meaning in section 3 or 72 of the 1992 Act;

**'earnings'** has the meaning prescribed in section 25 or, as the case may be, 27;

**'the Eileen Trust'** means the charitable trust of that name established on 29th March 1993 out of funds provided by the Secretary of State for the benefit of persons eligible for payment in accordance with its provisions;

**'electronic communication'** has the same meaning as in section 15(1) of the 2000 Act;

**'employed earner'** is to be construed in accordance with section 2(1)(a) of the Act and also includes a person who is in receipt of a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay or statutory maternity pay;

**'Employment and Support Allowance Regulations'** means the Employment and Support Allowance Regulations 2008 and the Employment and Support Regulations 2013 as appropriate;

**'Employment and Support Allowance (Existing Awards) Regulations'** means the Employment and Support Allowance (Transitional Provisions, Housing Benefit and Council Tax Benefit) (Existing Awards) Regulations 2010;

**'family'** has the meaning assigned to it by section 137(1) of the Act and Section 8 of this scheme;

**'the Fund'** means moneys made available from time to time by the Secretary of State for the benefit of persons eligible for payment in accordance with the provisions of a scheme established by him on 24th April 1992 or, in Scotland, on 10th April 1992;

**'a guaranteed income payment'** means a payment made under article 14(1)(b) or article 21(1)(a) of the Armed Forces and Reserve Forces (Compensation Scheme) Order 2005(b);

**'he, him, his'** also refers to the feminine within this policy;

**'housing benefit'** means housing benefit under Part 7 of the Act;

**'the Housing Benefit Regulations'** means the Housing Benefit Regulations 2006;

**'Immigration and Asylum Act'** means the Immigration and Asylum Act 1999;

**'an income-based jobseeker's allowance'** and

**'a joint-claim jobseeker's allowance'** have the same meaning as they have in the Jobseekers Act by virtue of section 1(4) of that Act;

**'income-related employment and support allowance'** means an income-related allowance under Part 1 of the Welfare Reform Act 2007;

**'Income Support Regulations'** means the Income Support (General) Regulations 1987(a);

**'independent hospital'**—

- (a) in England, means a hospital as defined by section 275 of the National Health Service Act 2006 that is not a health service hospital as defined by that section;
- (b) in Wales, has the meaning assigned to it by section 2 of the Care Standards Act 2000; and
- (c) in Scotland, means an independent health care service as defined in section 2(5)(a) and (b) of the Regulation of Care (Scotland) Act 2001;

**'the Independent Living Fund (2006)'** means the Trust of that name established by a deed dated 10th April 2006 and made between the Secretary of State for Work and Pensions of the one part and Margaret Rosemary Cooper, Michael Beresford Boyall and Marie Theresa Martin of the other part;

**'invalid carriage or other vehicle'** means a vehicle propelled by a petrol engine or by electric power supplied for use on the road and to be controlled by the occupant;

**'Jobseekers Act'** means the Jobseekers Act 1995;

**'Jobseeker's Allowance Regulations'** means the Jobseeker's Allowance Regulations 1996 and Jobseeker's Allowance Regulations 2013 as appropriate;

**'limited capability for work'** has the meaning given in section 1(4) of the Welfare Reform Act;

**'limited capability for work-related activity'** has the meaning given in section 2(5) of the Welfare Reform Act 2007;

**'the London Bombing Relief Charitable Fund'** means the company limited by guarantee (number 5505072), and registered charity of that name established on 11th July 2005 for the purpose of (amongst other things) relieving sickness, disability, or financial need of victims (including families or dependants of victims) of the terrorist attacks carried out in London on 7th July 2005;

**'lone parent'** means a person who has no partner and who is responsible for and a member of the same household as a child or young person;

**'the Macfarlane (Special Payments) Trust'** means the trust of that name, established on 29th January 1990 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia;

**'the Macfarlane (Special Payments) (No.2) Trust'** means the trust of that name, established on 3rd May 1991 partly out of funds provided by the Secretary of State, for the benefit of certain persons suffering from haemophilia and other beneficiaries;

**'the Macfarlane Trust'** means the charitable trust, established partly out of funds provided by the Secretary of State to the Haemophilia Society, for the relief of poverty or distress among those suffering from haemophilia;

**'main phase employment and support allowance'** means an employment and support allowance where the calculation of the amount payable in respect of the applicant includes a component under section 2(1)(b) or 4(2)(b) of the Welfare Reform Act 2007 except in Part 1 of Schedule 1;

**'maternity leave'** means a period during which a woman is absent from work because she is pregnant or has given birth to a child, and at the end of which she has a right to return to work either under the terms of her contract of employment or under Part 8 of the Employment Rights Act 1996;

**'member of a couple'** means a member of a married or unmarried couple;

**'member of the work-related activity group'** means a claimant who has or is treated as having limited capability for work;

**'MFET Limited'** means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements made with the Secretary of State to persons who have acquired HIV as a result of treatment by

the NHS with blood or blood products;

‘**net earnings**’ means such earnings as are calculated in accordance with this scheme;

‘**net profit**’ means such profit as is calculated in accordance with this scheme;

‘**the New Deal options**’ means the employment programmes specified in regulation 75(1)(a)(ii) of the Jobseeker’s Allowance Regulations and the training scheme specified in regulation 75(1)(b)(ii) of those Regulations;

‘**new dwelling**’ means, for the purposes of the definition of ‘second authority’ and sections 60C, and 61C the dwelling to which an applicant has moved, or is about to move, in which the applicant is or will be resident;

‘**non-dependant**’ means any person, who normally resides with an applicant or with whom an applicant normally resides except;

- (a) any member of the applicant’s family;
- (b) if the applicant is polygamously married—
  - (i) where the applicant has (alone or jointly with his partner) an award of universal credit, any—
    - (aa) party to such a marriage other than the applicant’s partner; and
    - (bb) any child or young person who is a member of his household and for whom he or his partner or another party to the polygamous marriage is responsible; or
  - (ii) in any other case, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;
- (c) a child or young person who is living with the applicant but who is not a member of his household by virtue of paragraph 8 (households);
- (d) any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under section 6 or 7 of the 1992 Act (persons liable to pay council tax);
- (e) any person who is liable to make payments on a commercial basis to the applicant or the applicant’s partner in respect of the occupation of the dwelling; and
- (f) a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.

‘**occupational pension**’ means any pension or other periodical payment under an occupational pension scheme but does not include any discretionary payment out of a fund established for relieving hardship in particular cases;

‘**ordinary clothing or footwear**’ means clothing or footwear for normal daily use, but does not include school uniforms, or clothing or footwear used solely for sporting activities;

‘**partner**’ means—

- (a) where an applicant is a member of a couple, the other member of that couple; or
- (b) where an applicant is polygamously married to two or more members of his household, any such member to whom he is married;

‘**paternity leave**’ means a period of absence from work on leave by virtue of section 80A or 80B of the Employment Rights Act 1996;

‘**payment**’ includes part of a payment;

‘**pensionable age**’ has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 as amended by the Public Services Pension Act 2013 and Pensions Act 2014;

‘**pension fund holder**’ means with respect to a personal pension scheme or an occupational pension scheme, the trustees, managers, or scheme administrators, as the case may be, of the scheme concerned;

‘**pensioner**’ a person who has attained the age at which pension credit can be claimed;

‘**person affected**’ shall be construed as a person to whom the authority decides is affected by any decision made by the council;

‘**personal independence payment**’ has the meaning given by Part 4 of the Welfare Reform Act 2012 and the Social Security (Personal Independence Payments) 2013;

‘**person treated as not being in Great Britain**’ has the meaning given by section 7;

‘**personal pension scheme**’ means—

- (a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as

amended by the Public Service Pension Act 2013;

- (b) an annuity contractor trust scheme approved under section 20 or 21 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004;
- (c) a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;

**'policy of life insurance'** means any instrument by which the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, or any instrument evidencing a contract which is subject to payment of premiums for a term dependent on human life;

**'polygamous marriage'** means a marriage to which section 133(1) of the Act refers namely;

- (a) a person is a husband or wife by virtue of a marriage entered into under law which permits polygamy; and
- (b) either party to the marriage has for the time being any spouse additional to the other party.

**'public authority'** includes any person certain of whose functions are functions of a public nature;

**'qualifying age for state pension credit'** means (in accordance with section 1(2)(b) and (6) of the State Pension Credit Act 2002)–

- (a) in the case of a woman, pensionable age; or
- (b) in the case of a man, the age which is pensionable age in the case of a woman born on the same day as the man;

**'qualifying contributory benefit'** means;

- (a) severe disablement allowance;
- (b) incapacity benefit;
- (c) contributory employment and support allowance;

**'qualifying course'** means a qualifying course as defined for the purposes of Parts 2 and 4 of the Job Seeker's Allowance Regulations 1996

**'qualifying income-related benefit'** means;

- (a) income support;
- (b) income-based jobseeker's allowance;
- (c) income-related employment and support allowance;

**'qualifying person'** means a person in respect of whom payment has been made from the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, or the London Bombings Relief Charitable Fund;

**'reduction week'** means a period of 7 consecutive days commencing upon a Monday and ending on a Sunday;

**'relative'** means a close relative, grandparent, grandchild, uncle, aunt, nephew, or niece;

**'relevant authority'** means an authority administering council tax reduction;

**'relevant week'** In relation to any particular day, means the week within which the day in question falls;

**'resident'** has the meaning it has in Part 1 or 2 of the 1992 Act;

**'self-employed earner'** is to be construed in accordance with section 2(1)(b) of the Act;

**'self-employment route'** means assistance in pursuing self-employed earner's employment whilst participating in–

- (a) an employment zone programme;
- (b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);
- (c) the Employment, Skills, and Enterprise Scheme;
- (d) a scheme prescribed in regulation 3 of the Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;
- (e) Back to Work scheme.

**'single applicant'** means an applicant who neither has a partner nor is a lone parent;

**'the Skipton Fund'** means the ex-gratia payment scheme administered by the Skipton Fund Limited, incorporated on 25th March 2004, for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with the scheme's provisions.

**'special account'** means an account as defined for the purposes of Chapter 4A of Part 8 of the Jobseeker's Allowance Regulations or Chapter 5 of Part 10 of the Employment and Support Allowance Regulations;

**'sports award'** means an award made by one of the Sports Councils named in section 23(2) of the National Lottery etc. Act 1993 out of sums allocated to it for distribution under that section;

**'the SSCBA'** means the Social Security Contributions and Benefits Act 1992

**'State Pension Credit Act'** means the State Pension Credit Act 2002;

**'student'** has the meaning prescribed in section 43;

**'subsistence allowance'** means an allowance which an employment zone contractor has agreed to pay to a person who is participating in an employment zone programme;

**'the Tax Credits Act'** means the Tax Credits Act 2002;

**'tax year'** means a period beginning with 6th April in one year and ending with 5th April in the next;

**'training allowance'** means an allowance (whether by way of periodical grants or otherwise) payable—

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People's Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;
- (b) to a person for his maintenance or in respect of a member of his family; and
- (c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

It does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the 1973 Actor is training as a teacher;

**'the Trusts'** means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

**'Universal Credit'** means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

**'Uprating Act'** means the Welfare Benefit Up-rating Act 2013, the Welfare Benefits Up-rating Order 2014, and the Welfare Benefits Up-rating Order 2015;

**'voluntary organisation'** means a body, other than a public or local authority, the activities of which are carried on otherwise than for profit;

**'war disablement pension'** means any retired pay or pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003;

**'war pension'** means a war disablement pension, a war widow's pension, or a war widower's pension;

**'war widow's pension'** means any pension or allowance payable to a woman as a widow under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

**'war widower's pension'** means any pension or allowance payable to a man as a widower or to a surviving civil partner under an instrument specified in section 639(2) of the Income Tax (Earnings and Pensions) Act 2003 in respect of the death or disablement of any person;

**'water charges'** means;

- (a) as respects England and Wales, any water and sewerage charges under Chapter 1 of Part 5 of the Water Industry Act 1991,
- (b) as respects Scotland, any water and sewerage charges established by Scottish Water under

a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

‘week’ means a period of seven days beginning with a Monday;

‘Welfare Reform Act’ means the Welfare Reform Act 2007;

‘Working Tax Credit Regulations’ means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended.

2.2 In this policy, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.

2.3 For the purpose of this policy, a person is on an income-based jobseeker’s allowance on any day in respect of which an income-based jobseeker’s allowance is payable to him and on any day;

- (a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker’s allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker’s allowance is not payable); or
- (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker’s allowance is payable to him or would be payable to him but for regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
- (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker’s allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
- (d) in respect of which an income-based jobseeker’s allowance or a joint-claim jobseeker’s allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).

2.4 For the purposes of this policy, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;

- (a) in respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
- (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income-related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.

2.5 For the purposes of this policy, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.

2.6 In this policy, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

**3.0 Requirement to provide a National Insurance Number**

3.1 No person shall be entitled to reduction unless the criteria below in 3.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming reduction.

3.2 This subsection is satisfied in relation to a person if–

- (a) the claim for reduction is accompanied by;

- i. a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
- ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or

(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

3.3 Paragraph 3.2 shall not apply—

- (a) in the case of a child or young person in respect of whom council tax reduction is claimed;
- (b) to a person who—
  - i. is a person in respect of whom a claim for council tax reduction is made;
  - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act;
  - iii. is a person from abroad for the purposes of this scheme; and
  - iv. has not previously been allocated a national insurance number.

**4.0 Persons who have attained the qualifying age for state pension credit.**

4.1 This scheme applies to a person if:

- (i) he has not attained the qualifying age for state pension credit; or
- (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is;

- (a) a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or
- (b) a person with an award of universal credit.

4.2 For the purpose of this scheme an award of universal credit shall be disregarded where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award.

**5.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control**

**Persons treated as not being in Great Britain**

5.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.

5.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man, or the Republic of Ireland.

5.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man, or the Republic of Ireland unless the person has a right to reside in one of those places.

5.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—

- (a) regulation 13 of the EEA Regulations;
- (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
  - (i) a jobseeker for the purpose of the definition of "qualified person" in regulation 6(1) of those Regulations, or
  - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;

	<p>(b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).</p>
5.4A	<p>For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—</p> <p>(a) (Removed by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021</p> <p>(b) Appendix EU to the immigration rules made under section 3(2) of that Act;</p> <p>(c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or</p> <p>(d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.</p>
5.4B	<p>Paragraph (5A)(b) does not apply to a person who—</p> <p>(a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and</p> <p>(b) would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)</p>
5.5	<p>A person falls within this paragraph if the person is—</p> <p>(za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—</p> <p>(i) the Afghan Relocations and Assistance Policy; or</p> <p>(ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);</p> <p>(zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;</p> <p>(zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—</p> <p>(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;</p> <p>(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or</p> <p>(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;</p> <p>(zd) a person who was residing in Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon immediately before 7th October 2023, left Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon in connection with the Hamas terrorist attack in Israel on 7th October 2023 or the violence which rapidly escalated in the region following the attack and—</p> <p>(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971,</p> <p>(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act, or</p> <p>(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;</p> <p>(ze) a person who was residing in Sudan before 15th April 2023, left Sudan in connection with the violence which rapidly escalated on 15th April 2023 in Khartoum and across Sudan and—</p>

- (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
- (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
- (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act

(zf) a person who—

- was residing in a country or territory outside Great Britain immediately before His Majesty's Government—
- (aa) provided public information to advise British nationals to leave that country or territory, or
- (bb) arranged the evacuation of British nationals from that country or territory; has left that country or territory and is present in Great Britain; and
- has—
- (aa) a right of abode in the United Kingdom within the meaning given in section 2 of the Immigration Act 1971(6),
- (bb) no requirement of leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act(7),
- (cc) leave to enter or remain in the United Kingdom in accordance with immigration rules made under section 3(2) of that Act, or
- (dd) leave on a discretionary basis outside of rules made under section 3(2) of that Act; or

(zg) a person who, as part of a safe and legal humanitarian immigration route, has leave to enter or remain in the United Kingdom in accordance with immigration rules made under section 3(2) of the Immigration Act 1971 or leave on a discretionary basis outside of rules;

- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a);
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens' Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion, or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance;
- (ha) in receipt of an income-based jobseeker's allowance and has a right to reside other than a right to reside falling within paragraph (4); or
- (hb) in receipt of universal credit

5.5A Paragraph 5.5 (zf) does not apply after the expiry of 6 months beginning on the day on which the public information is issued, or the evacuation is started.

5.6 A person falls within this paragraph if the person is a Crown servant or member of His Majesty's forces posted overseas.

5.7 A person mentioned in sub-paragraph (6) is posted overseas if the person is performing overseas the duties of a Crown servant or member of His Majesty's forces and was, immediately before the posting or the first of consecutive postings, habitually resident in the United Kingdom.

5.8 In this regulation—  
**“claim for asylum”** has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;  
**“Crown servant”** means a person holding an office or employment under the Crown;  
**“EEA Regulations”** means the Immigration (European Economic Area) Regulations 2006; and the Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014 and references to the EEA Regulations are to be read with Schedule 4 to the Immigration and Social Security Co-ordination (EU Withdrawal) Act 2020 (Consequential, Saving, Transitional and Transitory Provisions) Regulations 2020  
**“EEA national”** has the meaning given in regulation 2(1) of the EEA Regulations;  
**“family member”** has the meaning given in regulation 7(1)(a), (b) or (c) of the EEA Regulations, except that regulation 7(4) of the EEA Regulations does not apply for the purposes of paragraphs (4B) and (5)(ca);  
**“His Majesty's forces”** has the same meaning as in the Armed Forces Act 2006; and  
**“relevant person of Northern Ireland”** has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971.

#### **Persons subject to immigration control**

5.9 Persons subject to immigration control are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.

5.10 A person who is a national of a state which has ratified the European Convention on Social and Medical Assistance (done in Paris on 11th December 1953) or a state which has ratified the Council of Europe Social Charter (signed in Turin on 18th October 1961) and who is lawfully present in the United Kingdom is not a person subject to immigration control for the purpose of paragraph 5.9.

5.11 **“Person subject to immigration control”** has the same meaning as in section 115(9) of the Immigration and Asylum Act 1999.

#### **6.0 Transitional provision**

6.1 The above does not apply to a person who, on 31st March 2015—  
(a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority's scheme established under section 13A (2) of the Act; and  
(b) is entitled to an income-based jobseeker's allowance, until the first of the events in paragraph 6.2 occurs.

6.2 The events are—  
(a) the person makes a new application for a reduction under an authority's scheme established under section 13A (2) of the Act; or  
(b) the person ceases to be entitled to an income-based jobseeker's allowance.

6.3 In this section “the Act” means the Local Government Finance Act 1992.

## **7.0 Temporary Absence (period of absence)**

7.1 A person is not absent from a dwelling in relation to any day which falls within a period of temporary absence from that dwelling.

7.2 In sub-paragraph (1), a “period of temporary absence” means—

- (a) a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation in Great Britain where and for so long as—
  - (i) the person resides in that accommodation;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let; and
  - (iii) that period of absence does not form part of a longer period of absence from the dwelling of more than 52 weeks, where he has entered the accommodation for the purpose of ascertaining whether it suits his needs and with the intention of returning to the dwelling if it proves not to suit his needs;
- (b) subject to sub-paragraph (2B), a period of absence within Great Britain not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as—
  - (i) the person intends to return to the dwelling;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let; and
  - (iii) that period is unlikely to exceed 13 weeks;
- (c) a period of absence not exceeding 52 weeks, beginning with the first whole day of that absence, where and for so long as—
  - (i) the person intends to return to the dwelling;
  - (ii) the part of the dwelling in which he usually resided is not let or sub-let;
  - (iii) the person is a person to whom sub-paragraph (3) applies; and
  - (iv) subject to sub-paragraph (2D), a period of absence within Great Britain is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period and;
- (d) subject to sub-paragraphs (2F), (3C), (3E) and (3G) and where sub-paragraph (2E) applies, a period of absence outside Great Britain not exceeding 4 weeks, beginning with the first day of that absence from Great Britain where and for so long as— (i) the person intends to return to the dwelling; (ii) the part of the dwelling in which he usually resides is not let or sub-let; and (iii) the period of absence from Great Britain is unlikely to exceed 4 weeks;

7.2A The period of 13 weeks referred to in sub-paragraph (2)(b) shall run or continue to run during any period of absence from Great Britain.

7.2B Where—

- (a) a person returns to Great Britain after a period of absence from Great Britain (period A);
- (b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 13 weeks beginning with the first day of absence from that dwelling; and
- (c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,

then any day that follows period A and precedes the person’s return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(b).

7.2C The period of 52 weeks referred to in sub-paragraph (2)(c) shall run or continue to run during any period of absence from Great Britain.

7.2D Where —

1. a person returns to Great Britain after a period of absence from Great Britain (period A);
2. that person has been absent from the dwelling, including any absence within Great Britain, for less than 52 weeks beginning with the first day of absence from that dwelling; and
3. at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,

	<p>then, any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(c).</p>
7.2E	<p>This sub-paragraph applies where—</p> <ol style="list-style-type: none"> <li>1. a person is temporarily absent from Great Britain;</li> <li>2. immediately before that period of absence from Great Britain, the person was not absent from the dwelling.</li> </ol>
7.2F	<p>If the temporary absence referred to in sub-paragraph (2)(d) is in connection with the death of—</p> <ol style="list-style-type: none"> <li>1. the person's partner or a child or young person for whom the person or the person's partner is responsible;</li> <li>2. the person's close relative;</li> <li>3. the close relative of the person's partner; or</li> <li>4. the close relative of a child or young person for whom the person or the person's partner is responsible,</li> </ol> <p>then the period of 4 weeks in the opening words of sub-paragraph (2)(d) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person to return to Great Britain within the first 4 weeks (and the reference in subparagraph (iii) of that paragraph to a period of 4 weeks shall, where the period is extended, be taken as referring to the period as so extended).";</p>
7.3	<p>This sub-paragraph applies to a person who—</p> <ol style="list-style-type: none"> <li>(a) is a person to whom sub-paragraph (3A) applies; <ul style="list-style-type: none"> <li>(i) in a dwelling, other than the dwelling referred to in sub-paragraph (1), or</li> <li>(ii) in premises approved under section 13 of the Offender Management Act 2007, or is detained in custody pending sentence upon conviction;</li> </ul> </li> <li>(b) is resident in a hospital or similar institution as a patient;</li> <li>(c) is undergoing, or whose partner or dependent child is undergoing medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;</li> <li>(d) is following a training course;</li> <li>(e) is undertaking medically approved care of a person;</li> <li>(f) is undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care or medical treatment;</li> <li>(g) is receiving medically approved care provided in accommodation other than residential accommodation;</li> <li>(h) is a student;</li> <li>(i) is receiving care provided in residential accommodation and is not a person to whom subparagraph (2)(a) applies; or</li> <li>(j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.</li> </ol>
7.3A	<p>This sub-paragraph applies to a person ("P") who is—</p> <ol style="list-style-type: none"> <li>(a) detained in custody on remand pending trial;</li> <li>(b) detained pending sentence upon conviction; or</li> <li>(c) as a condition of bail required to reside— <ul style="list-style-type: none"> <li>(i) in a dwelling, other than a dwelling P occupies as P's home; or</li> <li>(ii) in premises approved under section 13 of the Offender Management Act 2007(a), and who is not also detained in custody following sentence upon conviction.</li> </ul> </li> </ol>
7.3B	<p>This sub-paragraph applies where—</p> <ol style="list-style-type: none"> <li>(a) a person is temporarily absent from Great Britain;</li> <li>(b) the person is a member of His Majesty's forces posted overseas, a mariner or a continental shelf worker;</li> </ol>

(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

7.3C Where sub-paragraph (3B) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—  
 (a) the person intends to return to the dwelling;  
 (b) the part of the dwelling in which he usually resided is not let or sub-let;  
 (c) the period of absence from Great Britain is unlikely to exceed 26 weeks.

7.3D This sub-paragraph applies where—  
 (a) a person is temporarily absent from Great Britain;  
 (b) the person is a person described in any of paragraphs (b), (c), (g) or (j) of subparagraph (3);  
 (c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

7.3E Where sub-paragraph (3D) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—  
 (a) the person intends to return to the dwelling;  
 (b) the part of the dwelling in which he usually resided is not let or sub-let;  
 (c) the period of absence is unlikely to exceed 26 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.

7.3F This sub-paragraph applies where—  
 (a) a person is temporarily absent from Great Britain;  
 (b) the person is a person described in any of paragraphs (a), (d), (e), (f), (h) or (i) of subparagraph (3);  
 (c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

7.3G Where sub-paragraph (3F) applies, a period of absence from Great Britain not exceeding 4 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—  
 (a) the person intends to return to the dwelling;  
 (b) the part of the dwelling in which he usually resided is not let or sub-let;  
 (c) the period of absence is unlikely to exceed 4 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.

7.4 This sub-paragraph applies to a person who is—  
 (a) detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983, or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003 or the Criminal Procedure (Scotland) Act 1995; and  
 (b) on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952 or the Prisons (Scotland) Act 1989.

7.5 Where sub-paragraph (4) applies to a person, then, for any day when he is on temporary release—  
 (a) if such temporary release was immediately preceded by a period of temporary absence under sub-paragraph (2)(b) or (c), he must be treated, for the purposes of sub-paragraph (1), as if he continues to be absent from the dwelling, despite any return to the dwelling;  
 (b) for the purposes of sub-paragraph (3)(a), he must be treated as if he remains in detention;  
 (c) if he does not fall within paragraph (a), he is not to be considered to be a person who is liable to pay council tax in respect of a dwelling of which he is a resident.

7.6 In this paragraph—

**“continental shelf worker”** means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any of the activities mentioned in section 11(2) of the Petroleum Act 1998(a);

**“designated area”** means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964(b) as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;

**“mariner”** means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where—

- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;

**“medically approved”** means certified by a medical practitioner;

**member of His Majesty’s forces posted overseas”** means a person who is a member of the regular forces or the reserve forces (within the meaning of section 374 of the Armed Forces Act 2006(c)), who is absent from the main dwelling because the person has been posted outside of Great Britain to perform the duties of a member of His Majesty’s regular forces or reserve forces;”; and

**“patient”** means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution;

**“prescribed area”** means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;

**“residential accommodation”** means accommodation which is provided in—

- (a) a care home;
- (b) an independent hospital;
- (c) an Abbeyfield Home; or
- (d) an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;

**“training course”** means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department, or the Secretary of State.

#### **Transitional provision**

- 7.7 Subject to paragraph (8), the provision shall not apply in respect of a person who is temporarily absent from Great Britain on 1st April 2017 until the day that person returns to Great Britain.
- 7.8 Paragraph (7) does not apply to a person who, on 1st April 2017, is temporarily absent from Great Britain and is—
  - (a) a member of His Majesty’s forces posted overseas;
  - (b) absent in the capacity of a continental shelf worker; or
  - (c) absent in the capacity of a mariner.
- 7.9 In this section—

**“continental shelf worker”** means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any of the activities mentioned in section 11(2) of the Petroleum Act 1998;

**“designated area”** means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964 as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;

**“mariner”** means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where—

- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;

**“member of His Majesty’s forces posted overseas”** means a person who is a member of the regular forces or the reserve forces (within the meaning of section 374 of the Armed Forces Act 2006), who is absent from the dwelling that the person normally occupies as his home because the person has been posted outside of Great Britain to perform the duties of a member of His Majesty’s regular forces or reserve forces; and

**“prescribed area”** means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998.

## 8.0 Membership of a family

8.1 Within the reduction scheme adopted by the Council ‘family’ means;

- (a) a married or unmarried couple;
- (b) married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
- (c) two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
- (d) two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),
- (e) and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;
- (f) except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

For the purposes of the scheme a child is further defined as a ‘child or young person’ A ‘child’ means a person under the age of 16 and a ‘Young Person’ is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

- they are aged 16, have left ‘relevant education’ or training, and 31 August following the sixteenth birthday has not yet been passed;
- they are aged 16 or 17, have left education or training, are registered for work, education, or training, are not in remunerative work and are still within their ‘extension period’;
- they are on a course of full-time non-advanced education, or are doing ‘approved training’, and they began that education or training before reaching the age of 19;
- they have finished a course of full-time non-advanced education, but are enrolled on another such course (other than one provided as a result of their employment);
- they have left ‘relevant education’ or ‘approved training’ but have not yet passed their ‘terminal date’.

8.2 Paragraph 8.1 the definition of child or young person shall not apply to a person who is;

- (a) on income support;
- (b) an income-based jobseeker’s allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
- (c) a person to whom section 6 of the Children (Leaving Care) Act 2000 applies.

8.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that Child Benefit is payable.

**9.0 Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person.**

9.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him and this includes a child or young person.

9.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;

- a. the person who is receiving child benefit in respect of him; or
- b. if there is no such person;
  - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or
  - ii. in any other case the person who has the primary responsibility for him.

9.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person in any reduction week and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

**10.0 Circumstances in which a child or young person is to be treated as being or not being a member of the household.**

10.1 Subject to paragraphs 10.2 and 10.3, the applicant and any partner and, where the applicant or his partner is treated as responsible for a child or young person, that child or young person and any child of that child or young person, shall be treated as members of the same household notwithstanding that any of them is temporarily absent from that household.

10.2 A child or young person shall not be treated as a member of the applicant's household where he is;

- (a) placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- (b) placed with the applicant or his partner prior to adoption; or
- (c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002.

10.3 Subject to paragraph (4), paragraph (1) shall not apply to a child or young person who is not living with the applicant and he—

- (a) is being looked after by, or in Scotland is in the care of, a local authority under a relevant enactment; or
- (b) has been placed, or in Scotland boarded out, with a person other than the applicant prior to adoption; or
- (c) has been placed for adoption in accordance with the Adoption and Children Act 2002 or the Adoption Agencies (Scotland) Regulations 2009; or in accordance with an adoption allowance scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (adoption allowances schemes).

10.4 The authority shall treat a child or young person to whom paragraph (3a) applies as being a member of the applicant's household in any reduction week where;

- (a) that child or young person lives with the applicant for part or all of that reduction week; and
- (b) the authority considers that it is responsible to do so taking into account the nature

and frequency of that child's or young person's visits.

10.5 In this paragraph 'relevant enactment' means the Army Act 1955, the Air Force Act 1955, the Naval Discipline Act 1957, the Matrimonial Proceedings (Children) Act 1958, the Social Work (Scotland) Act 1968, the Family Law Reform Act 1969, the Children and Young Persons Act 1969, the Matrimonial Causes Act 1973, the Children Act 1975, the Domestic Proceedings and Magistrates' Courts Act 1978, the Adoption and Children (Scotland) Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 as amended.

**11.0 Calculation of income and capital of members of applicant's family and of a polygamous marriage**

11.1 The income and capital of an applicant's partner within this scheme and for the purposes of claiming council tax reduction is to be treated as income and capital of the applicant and shall be calculated or estimated in accordance with the following provisions in like manner as for the applicant; and any reference to the 'applicant' shall, except where the context otherwise requires be construed for the purposes of this scheme as if it were a reference to his partner.

11.2 Where an applicant or the partner of is married polygamously to two or more members of his household—

- (a) the applicant shall be treated as possessing capital and income belonging to each such member; and
- (b) the income and capital of that member shall be calculated in accordance with the following provisions of this scheme in like manner as for the applicant.

11.3 The income and capital of a child or young person shall not be treated as the income and capital of the applicant.

**12.0 Calculation of income and capital: persons who have an award of universal credit.**

12.1 Any universal credit new claim notification received by the authority may be used as a claim for reduction or in the assessment of council tax reduction including data received from the Secretary of State where the applicant no longer qualifies for a universal credit award.

12.2 In determining the income of an applicant:

- (a) who has, or
- (b) who (jointly with his partner) has,

an award of universal credit the authority may use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit. The authority may use any other assessment based on the information provided by the Secretary of State.

12.3 The authority may adjust the amount referred to in sub-paragraph (2) to take account of

- (a) income consisting of the award of universal credit;
- (b) any sum to be disregarded in the calculation of earnings;
- (c) any sum to be disregarded in the calculation of income other than earnings; and
- (d) any sum determined by the authority as the proportion of housing costs award;

12.4 The amount for the award of universal credit is to be determined by multiplying the amount of the award by 12 and dividing the product by 52.

12.5 In determining the capital of an applicant:

- (a) who has, or
- (b) who (jointly with his partner) has,

an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the

Secretary of State for the purpose of determining that award.

### **13.0 Calculation of income on a weekly basis**

13.1 For the purposes of this scheme the income of an applicant shall be calculated on a weekly basis by estimating the amount which is likely to be his average weekly income.

### **14.0 Average weekly earnings of employed earners.**

14.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by the authority by reference to his actual earnings over a period determined by the authority as reasonable. This period will not exceed 52 weeks.

14.2 Where the applicant is recently employed and cannot furnish the appropriate evidence, the authority may require the applicant's employer to furnish an estimate of the applicant's likely weekly earnings over such period as the authority may require and the applicant's average weekly earnings shall be estimated by reference to that estimate.

14.3 Where the amount of an applicant's earnings changes during an award the authority shall estimate his average weekly earnings by reference to his likely earnings from the employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately.

### **15.0 Average weekly earnings of self-employed earners**

15.1 Where an applicant's income consists of earnings from employment as a self-employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment over such period as is appropriate in order that his average weekly earnings may be estimated accurately. This period shall not exceed 52 weeks.

### **15A.0 Minimum Income Floor**

15A.1 Where no start up period (as defined within 15A.2) applies to the applicant or partner, the income used by the Council in the calculation of their award will be the gross amount declared by the applicant or a substituted amount whichever is the higher. This substituted amount shall not be less than 35 hours multiplied by the national living wage (or national minimum wage as appropriate) From that, the Council will deduct only an estimate for tax, national insurance and a pension contribution (where a pension contribution is being made).

15A.2 The Council shall determine an appropriate start up period for the employment activity being conducted by the applicant or partner. This will normally be one year from the date of commencement of the employment activity. During this period, no Minimum Income Floor shall be applied. The start-up period ends where the person is no longer in gainful self-employment.

15A.3 Where an applicant or partner holds a position in a company that is analogous to that of a sole owner or partner in the business of that company, he shall be treated as if he were such sole owner or partner and in such a case be subject to the substituted amount where appropriate.

15A.4 No start-up period may be applied in relation to an applicant where a start-up period has previously been applied, whether in relation to a current or previous award of a Council Tax Reduction.

15A.5 In order to establish whether to award a start up period, the applicant must satisfy the Council that the employment is:

- Genuine and effective. The Council must be satisfied that the employment activity is being conducted; and

- Being conducted with the intention of increasing the income received to the level that would be conducive with that form of employment.

15A.6 For the purposes of determining whether an applicant is in gainful self-employment or meets the conditions for a start up-period, the Council will require the applicant to provide such evidence or information that it reasonably requires to make that decision, the Council may also require the self-employed person to attend an interview for the purpose of establishing whether the employment is gainful or whether the conditions for a start-up period are met.

15A.7 Where the applicant satisfies the authority that, based on his or her circumstances, there are good reasons that a Minimum Income Floor should not apply, the authority may, at its discretion, determine that no Minimum Income Floor applies to that particular award of Council Tax Reduction.

**16.0 Average weekly income other than earnings**

16.1 An applicant's income which does not consist of earnings shall be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately. Such period shall not exceed 52 weeks.

**17.0 Calculation of average weekly income from tax credits**

17.1 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph (2)

17.2 Where the instalment in respect of which payment of a tax credit is made is;

- (a) a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
- (b) a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;
- (c) a two-weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
- (d) a four-weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

17.3 For the purposes of this section 'tax credit' means child tax credit or working tax credit.

**18.0 Calculation of weekly income**

18.1 For the purposes of this scheme where the period in respect of which a payment is made;

- (a) does not exceed a week, the weekly amount shall be the amount of that payment;
- (b) exceeds a week, the weekly amount shall be determined-
  - i. in a case where that period is a month, by multiplying the amount of the payment by 12 and dividing the product by 52;
  - ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the quotient by 7.

18.2 The weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the quotient by 7.

**19.0 Earnings of employed earners.**

19.1 Earnings means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes-

- (a) any bonus or commission;

- (b) any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
- (c) any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
- (d) any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
- (e) any payment by way of a retainer;
- (f) any payment made by the applicant's employer in respect of expenses not wholly, exclusively, and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of—
- (g) (i) travelling expenses incurred by the applicant between his home and his place of employment;
- (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- (h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- (i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- (j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- (k) any statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- (l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- (m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended.

19.2 Earnings shall not include—

- (a) any payment in kind;
- (b) any payment in respect of expenses wholly, exclusively, and necessarily incurred in the performance of the duties of employment;
- (c) any occupational pension

**20.0 Calculation of net earnings of employed earners.**

20.1 For the purposes of this scheme, the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall be his net earnings.

20.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week. This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.

20.3 Net earnings shall be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;

- (a) any amount deducted from those earnings by way of
  - i) income tax;
  - ii) primary Class 1 National Insurance contributions
- (b) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- (c) one-half of the amount calculated in accordance with paragraph 20.5 in respect of any qualifying contribution payable by the applicant; and

20.4 In this section 'qualifying contribution' means any sum which is payable periodically as a

contribution towards a personal pension scheme.

20.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined—

- (a) where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
- (b) in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.

20.6 Where the earnings of an applicant are estimated an appropriate estimate of net earnings shall be determined in line with paragraph (3) above.

## **21.0 Earnings of self-employed earners**

21.1 ‘Earnings’, in the case of employment as a self-employed earner, means the gross income of the employment

21.2 ‘Earnings’ shall not include any payment in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority, or voluntary organisation in respect of persons temporarily in the applicant’s care nor shall it include any sports award.

21.3 This paragraph applies to—

- (a) royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent, or trademark; or
- (b) any payment in respect of any—
  - (i) book registered under the Public Lending Right Scheme 1982; or
  - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trademark, or an original contributor to the book of work concerned.

## **22.0 Calculation of net profit of self-employed earners**

22.1 For the purposes of this scheme the earnings of an applicant to be taken into account shall be:

- (a) in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
- (b) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners’ Benefits) Regulations 1975, his share of the net profit derived from that employment, less—
  - i. an amount in respect of income tax and of national insurance contributions payable under this scheme; and
  - ii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.

22.2 There shall be disregarded from an applicant’s (or their partner’s) net earnings, £25 per week per claim.

22.3 The net profit of the employment must be calculated by taking into account the earnings for the employment over the assessment period less:

- (a) any expenses wholly and exclusively incurred in that period for the purposes of that employment;
- (b) an amount in respect of;
  - i. income tax, and
  - ii. national insurance contributions payable calculated in accordance with

section 22; and

iii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.

22.4 For the purposes of paragraph (1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, any expenses wholly and exclusively incurred in that period for the purposes of the employment.

22.5 No deduction shall be made under paragraph (3 a) or (4), in respect of—

(a) any capital expenditure;

(b) the depreciation of any capital asset;

(c) any sum employed or intended to be employed in the setting up or expansion of the employment;

(d) any loss incurred before the beginning of the assessment period;

(e) the repayment of capital on any loan taken out for the purposes of the employment;

(f) any expenses incurred in providing business entertainment, and

(g) any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.

22.6 A deduction shall be made under paragraph (3 a) or (4) in respect of the repayment of capital on any loan used for—

(a) the replacement in the course of business of equipment or machinery; and

(b) the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.

22.7 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.

22.8 For the avoidance of doubt—

(a) deduction shall not be made in respect of any sum unless it has been expended for the purposes of the business;

(b) a deduction shall be made thereunder in respect of—

i. the excess of any value added tax paid over value added tax received in the assessment period;

ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;

iii. any payment of interest on a loan taken out for the purposes of the employment

22.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of

(a) income tax; and

(b) national insurance contributions calculated by the authority in line with 23.2;

(c) one-half of the amount any qualifying pension contribution in accordance with (11).

22.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.

22.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined.

(a) where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;

(b) in any other case, by dividing the amount of the qualifying premium by the number equal

to the number of days in the period to which the qualifying premium relates.

22.12 In this section, 'qualifying premium' means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.

**23.0 Deduction of tax and contributions of self-employed earners**

23.1 The amount to be deducted in respect of income tax under section 22 shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

23.2 The amount to be deducted in respect of national insurance contributions under section shall be the total of—

- (a) the amount of Class 2 National Insurance contributions payable at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
- (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

23.3 In this section 'chargeable income' means—

- (a) the earnings derived from the employment less any expenses deducted under section 22;
- (b) in the case of employment as a child minder, one-third of the earnings of that employment.

**24.0 Calculation of income other than earnings**

24.1 For the purposes of this scheme, the income of an applicant which does not consist of earnings to be taken into account shall be his gross income and any capital treated as income under section 25.

24.2 There shall be disregarded from the calculation of an applicant's gross income any sum, where applicable, specified in Schedule 2.

24.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account shall be the gross amount payable.

24.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations, the amount of that benefit to be taken into account is the amount as if it had not been reduced.

24.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

24.6 'Tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.

24.7 Paragraphs (7),(8), (9) and (10) apply to any applicant who is a student. Paragraph (8) and (9) apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.

24.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (7) applies, shall be calculated by applying the formula—  

$$\frac{A}{B} \times C$$

Where:

A = the total amount of the relevant payment which that person would have received had he remained a student until the last day of the academic term in which he abandoned, or was dismissed from, his course;

B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;

C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;

D = the number of reduction weeks in the assessment period.

24.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (8) applies, shall be calculated by applying the formula in paragraph (8) but as if—  

$$\frac{A}{B} \times C$$

A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course or was dismissed from it.

24.10 In this section— 'academic year' and 'student loan' shall have the same meanings as for the purposes of this scheme, 'assessment period' means—

- (a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;
- (b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes—
  - i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
  - ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of those date is earlier;

'quarter' in relation to an assessment period means a period in that year beginning on;

- (a) 1st January and ending on 31st March;
- (b) 1st April and ending on 30th June;
- (c) 1st July and ending on 31st August; or
- (d) 1st September and ending on 31st December;

'relevant payment' means either a student loan or an amount intended for the maintenance of

dependants.

**25.0 Capital treated as income and Notional Income**

25.1 Any payment received under an annuity shall be treated as income.

25.2 Any earnings to the extent that they are not a payment of income shall be treated as income.

25.3 Any Career Development Loan paid pursuant to section 2 of the 1973 Act shall be treated as income.

25.4 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

25.6 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.

25.7 Except in the case of—  
(a) a discretionary trust;  
(b) a trust derived from a payment made in consequence of a personal injury;  
(c) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;  
(d) rehabilitation allowance made under section 2 of the 1973 Act;  
(e) child tax credit; or  
(f) working tax credit,

any income which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by the applicant but only from the date on which it could be expected to be acquired were an application made.

25.8 Any payment of income made—

(a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;

(b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;

(c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

25.9 This section shall not apply in respect of a payment of income made—

(a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, or the Independent Living Fund (2006);  
(b) pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);

(c) pursuant to section 2 of the 1973 Act in respect of a person's participation—  
 (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;  
 (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;  
 (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;  
 (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;  
 (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;

(d) in respect of a previous participation in the Mandatory Work Activity Scheme;

(e) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—  
 (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;  
 (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and  
 (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

25.10 Where an applicant is in receipt of any benefit (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from 1st April in that year.

25.11 Where—  
 (a) applicant performs a service for another person; and  
 (b) that person makes no payment of earnings or pays less than that paid for a comparable employment in the area, the authority shall treat the applicant as possessing such earnings (if any) as is reasonable for that employment unless the applicant satisfies the authority that the means of that person are insufficient for him to pay or to pay more for the service.

25.12 Paragraph (11) shall not apply—  
 (a) to an applicant who is engaged by a charitable or voluntary organisation or who is a volunteer if the authority is satisfied in any of those cases that it is reasonable for him to provide those services free of charge; or  
 (b) in a case where the service is performed in connection with—  
 (i) the applicant's participation in an employment or training programme in accordance with regulation 19(1)(q) of the Jobseeker's Allowance Regulations, other than where the service is performed in connection with the applicant's participation in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations or  
 (ii) the applicant's or the applicant's partner's participation in an employment or training programme as defined in regulation 19(3) of those Regulations for which a training allowance is not payable or, where such an allowance is payable, it is payable for the sole purpose of reimbursement of travelling or meal expenses to the person participating in that programme; or  
 (c) to an applicant who is participating in a work placement approved by the Secretary of State (or a person providing services to the Secretary of State) before the placement starts.

25.13 'Work placement' means practical work experience which is not undertaken in expectation of payment.

25.14 Where an applicant is treated as possessing any income under this section, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income

as if a payment has actually been made and as if it were actual income which he does possess.

25.15 Where an applicant is treated as possessing any earnings under this section his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

- (a) an amount in respect of income tax equivalent to an amount calculated by applying to those earnings the starting rate or, as the case may be, the starting rate and the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under sections 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the starting rate of tax is to be applied and the amount of the personal relief deductible under this subparagraph shall be calculated on a pro rata basis;
- (b) an amount equivalent to the amount of the primary Class 1 National Insurance contributions that would be payable by him in respect of those earnings if such contributions were payable; and
- (c) one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

## **26.0 Capital limit**

26.1 For the purposes of this scheme, the prescribed amount is £10,000 and no reduction shall be granted when the applicant has an amount greater than this level.

## **27.0 Calculation of capital**

27.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under this scheme.

27.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (1), any capital, where applicable, specified in Schedule 3.

## **28.0 Disregard of capital of child and young person**

28.1 The capital of a child or young person who is a member of the applicant's family shall not be treated as capital of the applicant.

## **29.0 Income treated as capital.**

29.1 Any bounty derived from employment and paid at intervals of at least one year shall be treated as capital.

29.2 Any amount by way of a refund of income tax deducted from profits or emoluments chargeable to income tax under Schedule D or E shall be treated as capital.

29.3 Any holiday pay which is not earnings shall be treated as capital.

29.4 Any income derived from capital shall be treated as capital but only from the date it is normally due to be credited to the applicant's account.

29.5 In the case of employment as an employed earner, any advance of earnings or any loan made by the applicant's employer shall be treated as capital.

29.6 Any charitable or voluntary payment which is not made or due to be made at regular intervals, other than a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, the Independent Living Fund (2006) or the London Bombings Charitable Relief Fund, shall be treated as capital.

- 29.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.
- 29.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.
- 29.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

### **30.0 Calculation of capital in the United Kingdom**

- 30.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less-
  - a. where there would be expenses attributable to the sale, 10 per cent.; and
  - b. the amount of any encumbrance secured on it;

### **31.0 Calculation of capital outside the United Kingdom**

- 31.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated:
  - (a) in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.
  - (b) in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer,

less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

### **32.0 Notional capital**

- 32.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 33.
- 32.2 Except in the case of
  - (a) a discretionary trust; or
  - (b) a trust derived from a payment made in consequence of a personal injury; or
  - (c) any loan which would be obtained only if secured against capital disregarded under Schedule 3; or
  - (d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or
  - (e) any sum to Schedule 3 refers; or
  - (f) child tax credit; or
  - (g) working tax credit,

any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.
- 32.3 Any payment of capital, other than a payment of capital specified in paragraph (4), made:
  - (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
  - (b) to a third party in respect of a single applicant or in respect of a member of the family (but

not a member of the third party's family) shall, where it is not a payment referred to in subparagraph (a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;

(c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

32.4 Paragraph 32.3 shall not apply in respect of a payment of capital made:

- (a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation, or the London Bombings Relief Charitable Fund;
- (b) pursuant to section 2 of the 1973 Act in respect of a person's participation:
  - i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
  - ii. in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
  - iii. in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
  - iv. in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations; or
  - v. in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- (c) in respect of a person's participation in the Mandatory Work Activity Scheme;
- (d) Enterprise Scheme;
- (e) in respect of an applicant's participation in the Employment, Skills, and Enterprise Scheme or Back to Work Scheme;
- (f) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
  - vi. a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
  - vii. the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
  - viii. the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

32.5 Where an applicant stands in relation to a company in a position analogous to that of a sole owner or partner in the business of that company, he may be treated as if he were such sole owner or partner and in such a case:

- (a) the value of his holding in that company shall be disregarded; and
- (b) he shall be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

32.6 For so long as the applicant undertakes activities in the course of the business of the company, the amount which, he is treated as possessing under paragraph (5) shall be disregarded.

32.7 Where an applicant is treated as possessing capital under any of paragraphs (1) and (2) the foregoing provisions of this Section shall apply for the purposes of calculating its amount as if it were actual capital, which he does possess.

**33.0 Diminishing notional capital rule.**

33.1 Where an applicant is treated as possessing notional capital the amount which he is treated as

possessing shall be reduced by the amount calculated by the authority as the weekly amount of council tax reduction lost due to the inclusion of the notional capital within the calculation.

33.2 The authority will reduce any notional capital at a frequency of 13 weeks.

**34.0 Capital jointly held.**

34.1 Where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated as if each of them were entitled in possession to the whole beneficial interest therein in an equal share and the foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess.

**35.0 Students - Student related definitions**

35.1 In this scheme the following definitions apply;

**'academic year'** means the period of twelve months beginning on 1st January 1st April 1st July or 1st September according to whether the course in question begins in the winter, the spring, the summer, or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer; **'access funds'** means;

- (a) grants made under section 68 of the Further and Higher Education Act 1992 for the purpose of providing funds on a discretionary basis to be paid to students;
- (b) grants made under section 73(a) and (c) and 74(1) of the Education (Scotland) Act 1980;
- (c) grants made under Article 30 of the Education and Libraries (Northern Ireland) Order 1993 or grants, loans or other payments made under Article 5 of the Further Education (Northern Ireland) Order 1997 in each case being grants, or grants, loans or other payments as the case may be, for the purpose of assisting students in financial difficulties;
- (d) discretionary payments, known as "learner support funds", which are made available to students in further education by institutions out of funds provided by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding under sections 100 and 101 of the Apprenticeships, Skills, Children and Learning Act 2009; or
- (e) Financial Contingency Funds made available by the Welsh Ministers;

**'college of further education'** means a college of further education within the meaning of Part 1 of the Further and Higher Education (Scotland) Act 1992;

**'contribution'** means;

- (a) any contribution in respect of the income of a student or any person which the Secretary of State, the Scottish Ministers or an education authority takes into account in ascertaining the amount of a student's grant or student loan; or
- (b) any sums, which in determining the amount of a student's allowance or bursary in Scotland under the Education (Scotland) Act 1980, the Scottish Ministers or education authority takes into account being sums which the Scottish Ministers or education authority consider that it is reasonable for the following person to contribute towards the holder's expenses;
  - (i) the holder of the allowance or bursary;
  - (ii) the holder's parents;
  - (iii) the holder's parent's spouse, civil partner or a person ordinarily living with the holder's parent as if he or she were the spouse or civil partner of that parent; or
  - (iv) the holder's spouse or civil partner;

**'course of study'** means any course of study, whether or not it is a sandwich course and whether or not a grant is made for attending or undertaking it;

**'covenant income'** means the gross income payable to a full-time student under a Deed of Covenant by his parent;

**'education authority'** means a government department, a local education authority as defined in section 12 of the Education Act 1996 (interpretation), a local education authority as defined

in section 123 of the Local Government (Scotland) Act 1973 an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body of the Channel Island, Isle of Man or any other country outside Great Britain;

**'full-time course of study'** means a full time course of study which;

- (a) is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;
- (b) is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—
  - (i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student's learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or
  - (ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or
- (c) is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—
  - (i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or
  - (ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured learning packages supported by the teaching staff where the combined total of hours exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

**'full-time student'** means a person attending or undertaking a full-time course of study and includes a student on a sandwich course;

**'grant'** means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary;

**'grant income'** means:

- (a) any income by way of a grant;
- (b) any contribution whether or not it is paid;

**'higher education'** means higher education within the meaning of Part 2 of the Further and Higher Education (Scotland) Act 1992; **'last day of the course'** means;

- (a) in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;
- (b) in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

**'period of study'** means—

- (a) in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;
- (b) in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year's start and ending with either—
  - (i) the day before the start of the next year of the course in a case where the student's grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or

- (ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;
- (c) in the final year of a course of study of more than one year, the period beginning with that year's start and ending with the last day of the course;

**'periods of experience'** means periods of work experience which form part of a sandwich course;

**'qualifying course'** means a qualifying course as defined for the purposes of Parts 2 and 4 of the Jobseeker's Allowance Regulations;

**'modular course'** means a course of study which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

**'sandwich course'** has the meaning prescribed in regulation 2(9) of the Education (Student Support) Regulations 2008, regulation 4(2) of the Education (Student Loans), (Scotland), Regulations 2007 or regulation 2(8) of the Education (Student Support) Regulations (Northern Ireland) 2007, as the case may be;

**'standard maintenance grant'** means—

- (a) except where paragraph (b) or (c) applies, in the case of a student attending or undertaking a course of study at the University of London or an establishment within the area comprising the City of London and the Metropolitan Police District, the amount specified for the time being in paragraph 2(2)(a) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 ('the 2003 Regulations') for such a student;
- (b) except where paragraph (c) applies, in the case of a student residing at his parent's home, the amount specified in paragraph 3 thereof;
- (c) in the case of a student receiving an allowance or bursary under the Education (Scotland) Act 1980, the amount of money specified as 'standard maintenance allowance' for the relevant year appropriate for the student set out in the Student Support in Scotland Guide issued by the student Awards Agency for Scotland, or its nearest equivalent in the case of a bursary provided by a college of further education or a local education authority;
- (d) in any other case, the amount specified in paragraph 2(2) of Schedule 2 to the 2003 Regulations other than in sub-paragraph (a) or (b) thereof;

**'student'** means a person, other than a person in receipt of a training allowance, who is attending or undertaking—

- (a) a course of study at an educational establishment; or
- (b) a qualifying course;

**'student' loan'** means a loan towards a student's maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998, section 73 of the Education (Scotland) Act 1980 or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 and shall include, in Scotland, a young student's bursary paid under regulation 4(1)(c) of the Student's Allowances (Scotland) Regulations 2007

35.2 For the purposes of the definition of 'full-time student', a person shall be regarded as attending or, as the case may be, undertaking a full-time course of study or as being on a sandwich course:

- (a) in the case of a person attending or undertaking a part of a modular course which would be a full-time course of study for the purposes of this Part, for the period beginning on the day on which that part of the course starts and ending;
  - (i) on the last day on which he is registered with the educational establishment as attending or undertaking that part as a full-time course of study; or
  - (ii) on such earlier date (if any) as he finally abandons the course or is dismissed from it;
- (b) in any other case, throughout the period beginning on the date on which he starts attending or undertaking the course and ending on the last day of the course or on such earlier date (if any) as he finally abandons it or is dismissed from it.

35.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;

- (a) where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a

full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;

(b) any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

**36.0 Students who are excluded from entitlement to council tax reduction.**

36.1 Students (except those defined in paragraph (3)) are not able to claim Council tax reduction under Classes D of the authority's reduction scheme.

36.2 To be eligible for reduction, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full-time student or a person from abroad within the meaning of section 7 of this scheme (persons from abroad).

36.3 Paragraph 36.2 shall not apply to a student:

- (a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;
- (b) who is a lone parent;
- (c) who is in receipt of a Personal Independence Payment;
- (d) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
- (e) (who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989),
- (f) who is;
  - (i) aged under 21 and whose course of study is not a course of higher education, or
  - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);
- (g) in respect of whom
  - i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
  - ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
  - iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;
  - iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; or

on account of his disability by reason of deafness.

36.4 For the purposes of paragraph (3(f)(i)) the student must have begun or been enrolled or accepted onto the course before attaining the age of 19.

36.5 The reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

36.6 An intercalating student may be eligible for a reduction if the following circumstances are met:

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
  - (i) engaged in caring for another person; or
  - (ii) ill;

- (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph (7).

36.7 The period specified for the purposes of paragraph (6) is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
- (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,

which shall first occur.

**37.0 Students - Calculation of grant income**

37.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs (2) and (3), be the whole of his grant income.

37.2 There shall be excluded from a student's grant income any payment;

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the student's disability;
- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
- (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
- (f) intended to meet the cost of books and equipment;
- (g) intended to meet travel expenses incurred as a result of his attendance on the course;
- (h) intended for the childcare costs of a child dependant.
- (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

37.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;

- (a) the sum of £303 per academic year in respect of travel costs; and
- (b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.

The above amounts shall be adjusted annually in line with the Housing Benefit Regulations 2006.

37.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.

37.5 Subject to paragraphs (6) and (7), a student's grant income shall be apportioned;

- (a) subject to paragraph (8), in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
- (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.

37.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.

37.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

37.8 In the case if a student on a sandwich course, any periods of experience within the period of study shall be excluded and the student's grant income shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which immediately follows the last day of the period of experience and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study.

**38.0 Students - Calculation of covenant income where a contribution is assessed.**

38.1 Where a student is in receipt of income by way of a grant during a period of study and a contribution has been assessed, the amount of his covenant income to be taken into account for that period and any summer vacation immediately following shall be the whole amount of the covenant income less, subject to paragraph (3), the amount of the contribution.

38.2 The weekly amount of the student's covenant shall be determined–

- (a) by dividing the amount of income which falls to be taken into account under paragraph (1) by 52 or 53, whichever is reasonable in the circumstances; and
- (b) by disregarding from the resulting amount, £5.

**39.0 Students - Covenant income where no grant income or no contribution is assessed.**

39.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

- (a) any sums intended for any expenditure specified in the calculation of grant income necessary as a result of his attendance on the course shall be disregarded;
- (b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
- (c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded in the calculation of grant income had the student been in receipt of the standard maintenance grant; and
- (d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

39.2 Where a student is in receipt of income by way of a grant and no contribution has been assessed, the amount of his covenanted income shall be calculated in accordance with sub-paragraphs (a) to (d) of paragraph (1).

**40.0 Students - Covenant Income and Grant income – non-disregard**

40.1 No part of a student's covenant income or grant income shall be disregarded under this scheme.

**41.0 Treatment of student loans**

41.1 A student loan shall be treated as income.

41.2 In calculating the weekly amount of the loan to be taken into account as income:

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
  - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
  - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term,
 and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
  - (i) the first day of the first reduction week in September; or
  - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term,
 and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

and, in all cases, from the weekly amount so apportioned there shall be disregarded £10.

41.3 A student shall be treated as possessing a student loan in respect of an academic year where;

- (a) a student loan has been made to him in respect of that year; or
- (b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

41.4 Where a student is treated as possessing a student loan under paragraph (3), the amount of the student loan to be taken into account as income shall be, subject to paragraph (5).

- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
  - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
  - (ii) any contribution whether or not it has been paid to him;
- (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;

(i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and  
(ii) no deduction in that loan was made by virtue of the application of a means test.

41.5 There shall be deducted from the amount of income taken into account under paragraph (4)

- (a) the sum of £303 per academic year in respect of travel costs; and
- (b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

The above amounts shall be adjusted annually in line with the Housing Benefit Regulations 2006.

**42.0 Students - Treatment of fee loans**

42.1 A loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

**43.0 Students - Treatment of payments from access funds**

43.1 A payment from access funds, other than a payment to which paragraph 43.2 applies, shall be disregarded as income.

43.2 a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and  
b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.

43.3 Where a payment from access funds is made—  
(a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or  
(b) before the first day of the course to a person in anticipation of that person becoming a student,  
that payment shall be disregarded as income.

**44.0 Students - Disregard of contribution**

44.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of assessing that other partner's income.

**45.0 Further disregard of student's income**

45.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

**46.0 Students - Income treated as capital.**

46.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.

46.2 Any amount paid from access funds as a single lump sum shall be treated as capital.

46.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

**47.0 Students - Disregard of changes occurring during summer vacation.**

47.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's course if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

**48.0 Maximum Council Tax Reduction**

48.1 Subject to paragraphs (2) to (4), the amount of a person's maximum Council Tax Reduction in respect of a day for which he is liable to pay council tax, shall be 90 per cent, of the amount A divided by B where;

- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
- (b) B is the number of days in that financial year,

In this paragraph "relevant financial year" means, in relation to any particular day, financial year within which the day in question falls.

48.2 In calculating a person's maximum Council Tax Reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

48.3 Subject to paragraph (4), where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student who is excluded from entitlement to Council Tax Reduction applies, in determining the maximum Council Tax Reduction in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

48.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (3) shall not apply in his case.

**49.0 Date on which entitlement is to begin.**

49.1 Subject to paragraph (2), any person to whom or in respect of whom a claim for council tax reduction is made and who is otherwise entitled to that reduction shall be so entitled from the date on which that claim is made or is treated as made.

49.2 Where a person is otherwise entitled to council tax reduction and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the reduction week in which his claim is made or is treated as made, he shall be so entitled from the date of claim.

**50.0 Date on which change of circumstances is to take effect.**

50.1 A change of circumstances which affects entitlement to, or the amount of, a reduction under the authority's scheme ("change of circumstances"), takes effect from date on which the change actually occurs.

50.2 Where the change of circumstances is that income, or an increase in the amount of income, is paid in respect of a past period and there was no entitlement to income of that amount during that period, the change of circumstances shall take effect from the first day on which such income, had it been paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

**51.0 Making an application.**

51.1 In the case of a couple or members of a polygamous marriage an application is to be made by whichever one of them they agree should so apply or, in default of agreement, by such one of them as the authority determines.

51.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;

- (a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
- (b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or
- (c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985, or the Mental Capacity Act 2005 or otherwise,

that deputy, judicial factor, guardian, or attorney, as the case may be, may make an application on behalf of that person.

51.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.

51.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).

51.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);

- (a) it may at any time revoke the appointment;
- (b) the person appointed may resign his office after having given 4 weeks' notice in writing to the authority of his intention to do so;
- (c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).

51.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.

51.7 The authority must;

- (a) inform any person making an application of the duty imposed on them
- (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and

(c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

**52.0 Procedure by which a person may apply for a reduction under the authority's scheme<sup>1</sup>**

52.1. Paragraphs 2 to 7 apply to an application made under the authority's scheme.

52.2. An application may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with Part 4 of this Schedule, or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- (d) a notification of a new claim for Universal Credit from DWP, may be treated by the authority as a claim for reduction.

52.3 An application which is made in writing must be made to the designated office on a properly completed form. The form must be provided free of charge by the authority for the purpose.

52.4 Where an application made in writing is defective because—

- (a) it was made on the form supplied for the purpose but that form is not accepted by the authority as being properly completed; or
- (b) it was made in writing but not on the form approved for the purpose and the authority does not accept the application as being in a written form which is sufficient in the circumstances of the case having regard to the sufficiency of the written information and evidence,

the authority may, in a case to which sub-paragraph (a) applies, request the applicant to complete the defective application or, in the case to which sub-paragraph (b) applies, supply the applicant with the approved form or request further information and evidence.

52.5 An application made on a form provided by the authority is properly completed if it is completed in accordance with the instructions on the form, including any instructions to provide information and evidence in connection with the application.

52.6 If an application made by electronic communication is defective the authority must provide the person making the application with an opportunity to correct the defect. An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.

52.7 In a particular case the authority may determine that an application made by telephone is only valid if the person making the application approves a written statement of his circumstances provided by the authority.

52.8 If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect. An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.

52.9 Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.

52.10 Where an applicant ('C') makes a claim which includes (or which C subsequently requests should include) a period before the claim is made, the authority may, at its discretion, where there is a

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<sup>1</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

good reason, treat the claim as made on an earlier date up to one year (or the beginning of the financial year) in which the request is received by the authority.

**53.0 Date on which an application is made<sup>2</sup>**

53.1 Subject to sub-paragraph (7), the date on which an application is made is;

(a) in a case where;

- (i) an award of state pension credit which comprises a guarantee credit has been made to the applicant or his partner, and
- (ii) the application for a reduction is made within one month of the date on which the claim for that state pension credit which comprises a guarantee credit was received at the appropriate DWP office,

the first day of entitlement to state pension credit which comprises a guarantee credit arising from that claim;

(b) in a case where;

- (i) an applicant or his partner is a person in receipt of a guarantee credit,
- (ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling he occupies as his home, and
- (iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(c) in a case where;

- (i) an award of income support, an income-based jobseeker's allowance, or an income-related employment and support allowance or an award of universal credit has been made to the applicant or his partner, and
- (ii) the application is made within one month of the date on which the claim for that income support, jobseeker's allowance, employment and support allowance or universal credit was received,

the first day of entitlement to income support, an income-based jobseeker's allowance, an income-related employment and support allowance or universal credit arising from that claim;

(d) in a case where;

- (i) an applicant or his partner is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance or has an award of universal credit,
- (ii) the applicant becomes liable for the first time to pay council tax in respect of the dwelling which he occupies as his home, and
- (iii) the application is received at the designated office within one month of the date of the change,

the date on which the change takes place;

(e) in a case where;

- (i) an applicant is the former partner of a person who was, at the date of his death or their separation, entitled to a reduction under the authority's scheme, and
- (ii) the applicant makes an application for a reduction under that scheme within one month of the date of the death or the separation,

the date of the death or separation;

(f) except where paragraph (a), (b) or (e) is satisfied, in a case where a properly completed application is received within one month (or such longer period as the authority considers reasonable) of the date on which an application form was issued to an applicant following the applicant first notifying, by whatever means, the authority of an intention to make an application, the date of first notification;

(g) in any other case, the date on which an application is received at the designated office.

53.2 For the purposes only of sub-paragraph (1)(c) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately

<sup>2</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

	<p>precede the first day in that award and on which he would, but for regulations made under;</p> <p>(a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or</p> <p>(b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the Welfare Reform Act 2007 (waiting days), have been entitled to that allowance.</p>
53.3	<p>Where there is a defect in an application by telephone;</p> <p>(a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;</p> <p>(b) is not corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.</p>
53.4	<p>The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.</p>
53.5	<p>The conditions are that—</p> <p>(a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or</p> <p>(b) where an application is not on approved form or further information requested by authority applies;</p> <p>(i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;</p> <p>(ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,</p> <p>in either case, within such longer period as the authority may consider reasonable; or</p> <p>(c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.</p>
53.6	<p>Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority's scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.</p>
53.7	<p>Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority's scheme in the reduction week immediately following the date of his application but the authority is of the opinion that unless there is a change of circumstances, he will be entitled to a reduction under its scheme for a period beginning not later than;</p> <p>(a) in the case of an application made by;</p> <p>(i) a pensioner, or</p> <p>(ii) a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit, the seventeenth reduction week following the date on which the application is made, or</p> <p>(b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made, the authority may treat the application as made on a date in the reduction week</p>

	immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.
53.8	In this paragraph “appropriate DWP office” means an office of the Department for Work and Pensions dealing with state pension credit or an office which is normally open to the public for the receipt of claims of income support, a job seekers allowance or an employment and support allowance.
<b>54.0</b>	<b>Submission of evidence electronically</b>
54.1	The authority may accept such evidence, documents, and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim.
<b>55.0</b>	<b>Use of telephone provided evidence.</b>
55.1	The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim.
<b>56.0</b>	<b>Information and evidence<sup>3</sup></b>
56.1	Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority’s scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.
56.2	This sub-paragraph is satisfied in relation to a person if— (a) the application is accompanied by; (i) a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or (ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or (b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by; (i) evidence of the application for a national insurance number to be so allocated; and (ii) the information or evidence enabling it to be so allocated.
56.3	Sub-paragraph (2) does not apply; (a) in the case of a child or young person in respect of whom an application for a reduction is made; (b) to a person who; (i) is a person treated as not being in Great Britain for the purposes of this scheme; (ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and (iii) has not previously been allocated a national insurance number.
56.4	Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority’s scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person’s entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.
56.5	Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information, or evidence relating to a payment to which sub-paragraph (7)

<sup>3</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

applies.

56.6 Where the authority makes a request under sub-paragraph (4), it must;

- (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
- (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.

56.7 This sub-paragraph applies to any of the following payments;

- (a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, or the London Bombings Relief Charitable Fund; and
- (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);

56.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;

- (a) the name and address of the pension fund holder;
- (b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.

**57.0 Amendment and withdrawal of application<sup>4</sup>**

57.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.

57.2 Where the application was made by telephone the amendment may also be made by telephone.

57.3 Any application amended is to be treated as if it had been amended in the first instance.

57.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.

57.5 Where the application was made by telephone, the withdrawal may also be made by telephone.

57.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.

57.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.

**58.0 Duty to notify changes of circumstances<sup>5</sup>**

58.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;

- (a) between the making of an application and a decision being made on it, or

<sup>4</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>5</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

(b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.

58.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;

- (a) in writing; or
- (b) by telephone—
  - (i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or
  - (ii) in any case or class of case where the authority determines that notice may be given by telephone; or
- (c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably practicable after the change occurs, whichever is later.

58.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying:

- (a) changes in the amount of council tax payable to the authority;
- (b) changes in the age of the applicant or that of any member of his family;
- (c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.

58.4 For the purposes of sub-paragraph (3)(c) "relevant benefit" means income support, an income-based jobseeker's allowance or an income-related employment and support allowance or universal credit.

58.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.

58.6 The duty imposed on a person by sub-paragraph (1) includes in the case of a person falling within alternative maximum council tax reduction, giving written notice to the authority of changes which occur in the number of adults in the dwelling or in their total gross incomes and, where any such adult ceases to be in receipt of state pension credit, the date when this occurs.

58.7 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances.

**59.0 Decisions by the authority<sup>6</sup>**

59.1 The authority must make a decision on an application under its scheme within 14 days or as soon as reasonably practicable thereafter.

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<sup>6</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

## **60.0 Notification of decision<sup>7</sup>**

60.1 The authority must notify in writing any person affected by a decision made by it under its scheme;

- (a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;
- (b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

60.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;

- (a) informing the person affected of the duty imposed by paragraph 9(1);
- (b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and
- (c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

60.3 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement as to how that entitlement is to be discharged.

60.4 In any case, the notification under sub-paragraph (1) must inform the person affected of the procedure by which an appeal may be made and must refer the person to the provisions in the authority's scheme relating to the procedure for making an appeal.

60.5 A person affected to whom the authority sends or delivers a notification of decision may, within one month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.

60.6 The written statement referred to in sub-paragraph (5) must be sent to the person requesting it within 14 days or as soon as reasonably practicable thereafter.

60.7 For the purposes of this paragraph a person is to be treated as a person affected by a decision of the authority under its scheme where the rights, duties or obligations of that person are affected by that decision and the person falls within sub-paragraph (8).

60.8 This sub-paragraph applies to—

- (a) the applicant;
- (b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
  - (i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
  - (ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000(3) who has power to apply or, as the case may be, receive benefit on the person's behalf; or
  - (iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985, or the Mental Capacity Act 2005 or otherwise,
- (c) a person appointed by the authority to act for a person unable to act.

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<sup>7</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

## **61.0 Time and manner of granting council tax reduction<sup>8</sup>**

61.1 Where a person is entitled to a reduction under this authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year ("the chargeable year"), the authority must discharge his entitlement;

- (a) by reducing, so far as possible, the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 refers; or
- (b) where;
  - (i) such a reduction is not possible; or
  - (ii) such a reduction would be insufficient to discharge the entitlement to a reduction under the authority's scheme; or
  - (iii) the person entitled to the reduction is jointly and severally liable for the council tax and the authority determines that such a reduction would be inappropriate, by making payment to him of the amount of reduction to which he is entitled, rounded where necessary to the nearest penny.

61.2 The authority must notify the person entitled to a reduction under this scheme of the amount of that reduction and how his entitlement is to be discharged in pursuance of paragraph (1).

61.3 In a case to which paragraph (1)(b) refers;

- (a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
  - (i) must be paid to that person if he so requires; or
  - (ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
- (b) if that person has ceased to be liable for the authority's council tax and has discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter
- (c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

61.4 For the purposes of this paragraph "instalment" means any instalment of the authority's council tax to which regulation 19 of the Council Tax (Administration and Enforcement) Regulations 1992 refers (council tax payments).

## **62.0 Persons to whom reduction is to be paid<sup>9</sup>**

62.1 Subject to paragraph (2), any payment of the amount of a reduction must be made to that person.

62.2 Where a person other than a person who is entitled to a reduction under this authority's scheme made the application for the reduction and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

<sup>8</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>9</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

### **63.0 Shortfall in reduction<sup>10</sup>**

63.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

- (a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or
- (b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonably practicable, as soon as possible afterwards.

### **64.0 Payment on the death of the person entitled<sup>11</sup>**

64.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

### **65.0 Offsetting**

65.1 Where a person has been allowed or paid a sum of council tax reduction under a decision which is subsequently revised or further revised, any sum allowed or paid in respect of a period covered by the subsequent decision shall be offset against arrears of entitlement under the subsequent decision except to the extent that the sum exceeds the arrears and shall be treated as properly awarded or paid on account of them.

### **66.0 Payment where there is joint and several liability<sup>12</sup>**

66.1 Where;

- (a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;
- (b) the person entitled to the reduction is jointly and severally liable for the council tax; and
- (c) the authority determines that discharging his entitlement by reducing the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992(7) refers would be inappropriate,

it may make a payment to him of the amount of the reduction to which he is entitled, rounded where necessary to the nearest penny.

66.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.

66.3 Where a person other than a person who is entitled to a reduction under the authority's scheme made the application and that first person is a person acting pursuant to an appointment this scheme or is treated as having been so appointed, the amount of the reduction may be paid to that person.

### **67.0 Use of information from and to the Department for Work and Pensions (DWP) and His Majesty's Revenue and Customs (HMRC)**

67.1 The authority will use information provided by the DWP and HMRC for the purposes of Council

<sup>10</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>11</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>12</sup> Inserted by Schedule 8 of the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012

Tax Reduction, council tax liability, billing, administration, and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

67.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Reduction with the DWP or HMRC as appropriate and in accordance with Data Protection requirements<sup>13</sup>.

#### **68.0 Collection of information**

68.1 The authority may receive and obtain information and evidence relating to claims for council tax reduction, the council may receive or obtain the information or evidence from–

- (a) persons making claims for council tax reduction;
- (b) other persons in connection with such claims;
- (c) other local authorities; or
- (d) central government departments including the DWP and HMRC

68.2 The authority may verify relevant information supplied to or obtained.

#### **69.0 Recording and holding information.**

69.1 The authority may

- (a) may make a record of such information; and
- (b) may hold that information, whether as supplied or obtained or recorded, for the purpose of forwarding it to the person or authority for the time being administering council tax reduction.

#### **70.0 Forwarding of information.**

70.1 The authority may forward it to the person or authority for the time being administering claims to or awards of council tax reduction to which the relevant information relates, being:

- (i) a local authority;
- (ii) a person providing services to a local authority; or
- (iii) a person authorised to exercise any function of a local authority relating to council tax reduction.

#### **71.0 Persons affected by Decisions.**

71.1 A person is to be treated as a person affected by a relevant decision of the authority where that person is;

- (a) an applicant;
- (b) in the case of a person who is liable to make payments in respect of a dwelling and is unable for the time being to act
  - (i) a Deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit or reduction on his behalf,
  - (ii) in Scotland, a tutor, curator, judicial factor, or other guardian acting or appointed in terms of law administering that person's estate, or
  - (iii) an attorney with a general power or a power to receive benefit or reduction appointed by the person liable to make those payments under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985, or the Mental Capacity Act 2005 or otherwise;
- (c) a person appointed by the authority under this scheme;

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<sup>13</sup> Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

## **72.0 Terminations**

72.1 The authority may terminate, in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;

- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
- (b) a decision as to an award of such a reduction should be revised or superseded.

Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax. Where the amount of reduction reduces to zero, the award will end.

## **73.0 Procedure by which a person may make an appeal against certain decisions of the authority<sup>14</sup>**

73.1 A person who is aggrieved by a decision of the authority, which affects;

- (a) the person's entitlement to a reduction under its scheme, or
- (b) the amount of any reduction to which that person is entitled,

may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.

73.2 The authority must

- (a) consider the matter to which the notice relates;
- (b) notify the aggrieved person in writing;

- (i) that the ground is not well founded, giving reasons for that belief; or
- (ii) that steps have been taken to deal with the grievance, stating the steps taken.

73.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act<sup>15</sup>.

## **74.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act<sup>16</sup>**

74.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with this scheme or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

74.2 Where;

- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
- (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

## **75.0 Exceptional Hardship Scheme**

75.1 The authority may provide additional help to an applicant who is entitled to reduction under its Exceptional Hardship Scheme.

75.2 Such payments shall be deemed to be made under S13A (1)(a) of the 1992 Act.

<sup>14</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>15</sup> As amended by the Tribunal Procedure (Amendment No 3 ) Rules 2014

<sup>16</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

## **76.0 Interpretation for the use of electronic communication**

76.1 In this Part;  
“information” includes an application, a certificate, notice or other evidence; and  
“official computer system” means a computer system maintained by or on behalf of an authority for sending, receiving, processing, or storing of any information.

## **77.0 Conditions for the use of electronic communication**

77.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme.

77.2 A person other than the authority may use an electronic communication in connection with the matters referred to in sub-paragraph (1) if the conditions specified in sub-paragraphs (3) to (6) are satisfied.

77.3 The first condition is that the person is for the time being permitted to use an electronic communication by an authorisation given by means of a direction of the Chief Executive of the authority.

77.4 The second condition is that the person uses an approved method of;  
(a) authenticating the identity of the sender of the communication;  
(b) electronic communication;  
(c) authenticating any application or notice delivered by means of an electronic communication; and  
(d) subject to sub-paragraph (7), submitting to the authority any information.

77.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.

77.6 The fourth condition is that the person maintains such records in written or electronic form as may be specified in a direction given by the Chief Executive of the authority.

77.7 Where the person uses any method other than the method approved of submitting any information, that information is to be treated as not having been submitted.

77.8 In this paragraph “approved” means approved by means of a direction given by the Chief Executive of the authority for the purposes of this section.

## **78.0 Use of intermediaries**

78.1 The authority may use intermediaries in connection with;  
(a) the delivery of any information by means of an electronic communication; and  
(b) the authentication or security of anything transmitted by such means,  
and may require other persons to use intermediaries in connection with those matters.

## **79.0 Effect of delivering information by means of electronic communication.**

79.1 Any information which is delivered by means of an electronic communication is to be treated as having been delivered in the manner or form required by any provision of an authority’s scheme on the day the conditions imposed;  
(a) by this section; and  
(b) by or under an enactment,  
are satisfied.

79.2 The authority may determine that any information is to be treated as delivered on a

different day (whether earlier or later) from the day provided for in sub-paragraph (1).

79.3 Information may not be taken to have been delivered to an official computer system by means of an electronic communication unless it is accepted by the system to which it is delivered.

**80.0 Proof of identity of sender or recipient of information**

80.1 If it is necessary to prove, for the purpose of any legal proceedings, the identity of—  
(a) the sender of any information delivered by means of an electronic communication to an official computer system; or  
(b) the recipient of any such information delivered by means of an electronic communication from an official computer system,  
the sender or recipient, as the case may be, is to be presumed to be the person whose name is recorded as such on that official computer system.

**81.0 Proof of delivery of information**

81.1 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any information this is presumed to have been the case where;  
(a) any such information has been delivered to the relevant authority, if the delivery of that information has been recorded on an official computer system; or  
(b) any such information has been delivered by the relevant authority if the delivery of that information has been recorded on an official computer system.

81.2 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any such information, this is presumed not to be the case if that information delivered to the relevant authority has not been recorded on an official computer system.

81.3 If it is necessary to prove, for the purpose of any legal proceedings, when any such information sent by means of an electronic communication has been received, the time and date of receipt is presumed to be that recorded on an official computer system.

**82.0 Proof of content of information**

82.1 If it is necessary to prove, for the purpose of any legal proceedings, the content of any information sent by means of an electronic communication, the content is presumed to be that recorded on an official computer system.

**83.0 Counter Fraud and compliance**

83.1 In order to protect the finances of the authority and also in the interests of all council taxpayers, the authority will undertake such actions as allowed by law to;  
(a) Prevent and detect fraudulent claims and actions in respect of Council tax reduction;  
(b) Carry out investigations fairly, professionally and in accordance with the law; and  
(c) Ensure that sanctions are applied in appropriate cases.

83.2 The authority believes that it is important to minimise the opportunity for fraud and;  
(a) will implement rigorous procedures for the verification of claims for council tax reduction;  
(b) will employ sufficient Officers to fulfil the authority's commitment to combat fraud;  
(c) will actively tackle fraud where it occurs in accordance with this scheme;  
(d) will co-operate with the Department for Work and Pensions (DWP), His Majesty's Revenue and Customs and take part in joint working including prosecutions; and  
(e) will in all cases seek to recover all outstanding council tax.

83.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph (1) and (2) can be carried out successfully. In particular the authority shall undertake actions provided by the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

**Schedule 1**

**Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme.**

1. The authority's Council Tax Reduction scheme from 2026/27 shall be calculated on the basis of the following Banded Discount Scheme:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
<b>WEEKLY Income Ranges</b>							
<b>Band 1*</b>	90%	£0 - £126.77	£0 - £200.80	£0 - £275.17	£0 - £177.47	£0 - £257.89	£0 - £326.00
<b>Band 2</b>	72%	£126.78 - £228.17	£200.81 - £301.20	£275.18 - £368.99	£177.48 - £304.22	£257.90 - £353.49	£326.01 - £426.30
<b>Band 3</b>	36%	£228.18 - £272.54	£301.21 - £320.03	£369.00 - £437.78	£304.23 - £367.60	£353.50 - £402.56	£426.31 - £501.54
<b>Band 4</b>	23%	£272.55 - £323.24	£320.04 - £351.40	£437.79 - £562.87	£367.61 - £430.99	£402.57 - £465.45	£501.55 - £601.85
	0%	Over £323.24	Over £351.40	Over £562.87	Over £430.99	Over £465.45	Over £601.85

2. The amount of discount to be granted is to be based on the following factors:

- The maximum Council Tax Reduction as defined within this scheme;
- The Council Tax family as defined within this scheme;
- The income of the applicant and partner as defined within this scheme; and
- The capital of the applicant and partner as defined within this scheme.

3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.

4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme).

5. Any applicant and any partner whose capital is greater than £10,000 shall not be entitled to any Council Tax Reduction whatsoever including where the authority determines that 8 below applies, but not where 7 only applies.

6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation decided by the Council.

7. \*Where an applicant or partner is in receipt of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance, discount will be awarded at Band 1 level except where the authority determines that 8 below applies.

8. Where an applicant is otherwise entitled to discount in bands 1 to 4, where that band is determined as a result of state benefit entitlement, but the authority has evidence or there has been a failure to respond to a request for evidence concerning income or capital that would otherwise mean no discount then no discount may be granted.

**Schedule 2**

**Sums to be disregarded in the calculation of income other than earnings.**

1. Any amount paid by way of tax on income,
2. Any payment made to the applicant and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills, and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
4. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
  - (a) engaged by a charitable or voluntary organisation, or
  - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
5. Any payment in respect of expenses arising out of the applicant’s participation in a service user group.
5. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively, and necessarily incurred in the performance of the duties of the employment.
6. Where an applicant is on income support, an income-based jobseeker’s allowance or an income-related employment and support allowance the whole of his income.
7. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker’s allowance, the whole of the applicant’s income.
8. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker’s allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
9. Any disability living allowance or personal independence payment or AFIP
10. Any concessionary payment made to compensate for the non-payment of;
  - (a) income support;
  - (b) an income-based jobseeker’s allowance.
  - (c) an income-related employment and support allowance.
11. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
12. Any attendance allowance.
13. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
14. (1) Any payment–
  - (a) by way of an education maintenance allowance made pursuant to;
    - (i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc);
    - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act

1980 (power to assist persons to take advantage of educational facilities);  
 (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992

(b) corresponding to such an education maintenance allowance, made pursuant to;  
 (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or  
 (ii) regulations made under section 181 of that Act; or  
 (iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

(2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;  
 (a) regulations made under section 518 of the Education Act 1996;  
 (b) regulations made under section 49 of the Education (Scotland) Act 1980; or  
 (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

15. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.

16 (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;  
 (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;  
 (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or  
 (c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training, or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.

(2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

17 (1) Subject to sub-paragraph (2), any of the following payments;  
 (a) a charitable payment;  
 (b) a voluntary payment;  
 (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;  
 (d) a payment under an annuity purchased;  
 (i) pursuant to any agreement or court order to make payments to the applicant; or  
 (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or  
 (e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

(2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by—  
 (a) a former partner of the applicant, or a former partner of any member of the applicant's family; or  
 (b) the parent of a child or young person where that child or young person is a member of the applicant's family.

18. 100% of any of the following, namely  
 (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);  
 (b) a war widow's pension or war widower's pension;  
 (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;  
 (d) a guaranteed income payment;  
 (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;  
 (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;  
 (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

19. £15 of any;  
 (a) widowed mother's allowance paid pursuant to section 37 of the Act;  
 (b) widowed parent's allowance paid pursuant to section 39A of the Act.

20. (1) Any income derived from capital to which the applicant is or is treated as beneficially entitled.

21. Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating—  
 (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student's award;  
 (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student's bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or  
 (c) the student's student loan,  
 an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

22. (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;  
 (a) is not in receipt of any award, grant, or student loan in respect of that education; or  
 (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship, or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,  
 and the applicant makes payments by way of a contribution towards the student's maintenance, other than a parental contribution defined within this scheme.  
 (2) For the purposes of sub-paragraph (1), the amount shall be equal to—  
 (a) the weekly amount of the payments; or

(b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance, or payment referred to in sub-paragraph (1)(b), whichever is less.

23. Any payment made to the applicant by a child or young person or a non- dependant.

24. Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family—

- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
- (b) where the aggregate of any such payments is £20 or more per week, £20.

25. (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to—

- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. of such payments;
- (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. of the excess over £20.00.

(2) In this paragraph, ‘board and lodging accommodation’ means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.

26. (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.

(2) The reference in sub-paragraph (1) to ‘income in kind’ does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.

27. Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.

28. (1) Any payment made to the applicant in respect of a person who is a member of his family—

- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(b) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
- (b) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child’s maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
- (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child’s maintenance);

(a) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);

(2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.

29. Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made

(a) by a local authority under–

(i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),

(ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or

(iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or

(b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).

30. Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by–

(a) a health authority;

(b) a local authority but excluding payments of housing benefit made in respect of the person concerned;

(c) a voluntary organisation;

(d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;

(e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or

(f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006

31. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).

32. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;

(a) was formerly in the applicant's care, and

(b) is aged 18 or over, and

(c) continues to live with the applicant.

33. (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;

(a) on a loan which is secured on the dwelling which the applicant occupies as his home; or

(b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.

(2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to–

- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
- (b) meet any amount due by way of premiums on—
  - (i) that policy; or
  - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).

34. Any payment of income which is to be treated as capital.

35. Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013

36. Any payment under Part 10 of the Act (Christmas bonus for pensioners).

37. Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.

38. (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, or the Independent Living Fund (2006).

(2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
  - (i) to that person's parent or step-parent, or
  - (ii) where that person at the date of the payment is a child, a young person or a

	<p>student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.</p> <p>(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which subparagraph (1) refers, where;</p> <ul style="list-style-type: none"> <li>(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and</li> <li>(b) the payment is made either <ul style="list-style-type: none"> <li>(i) to that person's parent or step-parent, or</li> <li>(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,</li> </ul> </li> </ul> <p>but only for a period of two years from the relevant date.</p> <p>(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.</p> <p>(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.</p>
39.	Any Housing Benefit or where the applicant is entitled to an award of Universal Credit which includes a housing element, any sum determined by the authority as the proportion of housing costs award.
40.	Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
41.	Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.
42.	Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
43.	<p>(1) Any payment or repayment made–</p> <ul style="list-style-type: none"> <li>(a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);</li> <li>(b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);</li> <li>(c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).</li> </ul> <p>(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers, or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in subparagraph (1).</p>
44.	Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).

45. Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.

46. (1) Where an applicant's family includes at least one child or young person, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.

(2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments shall be aggregated and treated as if they were a single payment.

(3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).

47. (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.

(2) In paragraph (1)

'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;

(a) the Child Support Act 1991;

(b) the Child Support (Northern Ireland) Order 1991;

(c) a court order;

(d) a consent order;

(e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;

'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.

48. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.

49. Any guardian's allowance.

50. (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.

(2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.

51. Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.

52. In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.

53. (1) Any payment which is

(a) made under any of the Dispensing Instruments to a widow, widower or

(b) surviving civil partner of a person;

- (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
- (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.

(2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).

54. Any council tax reduction or council tax benefit to which the applicant is entitled.

55. Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).

56. (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person—

- (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
- (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

(2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account

57. (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

58. Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.

59. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.

60. Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.

61. (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.

(2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.

62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)

63. Any payment of child benefit.

- 64. Any Windrush compensation payment.
- 65. Any payment made under the We Love Manchester Emergency Fund.
- 66. Any payment made under the London Emergency Trust.
- 67. Carers Allowance.
- 68. The support component of Employment and Support Allowance.
- 69. Where the applicant, partner or any dependant / young person is deemed to be disabled, a further disregard of £40 shall be made from their weekly income.
- 70. Any Local Welfare Payment paid to the applicant by the authority;
- 71. Any payment of Council Tax Rebate paid under the Government announcement on 3<sup>rd</sup> February 2022.
- 72. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
  - (a) an applicant's entitlement to a reduction under the scheme; or
  - (b) the amount of any reduction to which the applicant is entitled.

"The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.
- 73. The Disabled Child , Child Care, Limited Capability for Work, Limited Capability for Work and Work Related Activity, Carers or Severe Disability elements of Universal Credit (this includes any transitional award).
- 74. **Provision for all applicants: Homes for Ukraine scheme**
  - (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
    - (a) an applicant's entitlement to a reduction under the scheme; or
    - (b) the amount of any reduction to which the applicant is entitled.
  - (2) In this regulation—
 

"the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

**Schedule 3**  
**Capital to be disregarded.**

1. The dwelling together with any garage, garden, and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills, and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
4. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
5. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
6. Any premises occupied in whole or in part-
  - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
  - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
7. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
8. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
9. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.
10. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.
  - (2) The assets of any business owned in whole or in part by the applicant where-
    - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
    - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

	<p>or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.</p> <p>(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.</p> <p>(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.</p>
11.	<p>(1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;</p> <p>(a) an income-related benefit;</p> <p>(b) an income-based jobseeker's allowance;</p> <p>(c) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;</p> <p>(d) working tax credit and child tax credit</p> <p>(e) an income-related employment and reduction allowance</p>
	<p>but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.</p>
12.	<p>Any sum</p> <p>(a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or</p> <p>(b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement, or improvement.</p>
13.	<p>Any sum –</p> <p>(a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;</p> <p>(b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.</p>
14.	<p>Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.</p>
15.	<p>The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.</p>
16.	<p>Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.</p>
17.	<p>(1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.</p> <p>(2) But sub-paragraph (1)</p> <p>(a) applies only for the period of 52 weeks beginning with the day on which the</p>

applicant first receives any payment in consequence of that personal injury;

- (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
- (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
- (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.

(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).

18. The value of the right to receive any income under a life interest or from a life rent.
19. The surrender value of any policy of life insurance.
20. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
21. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
22. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.
 

(2) Sub-paragraph (1) applies only where A;

  - (a) was formerly in the applicant's care, and
  - (b) is aged 18 or over, and
  - (c) continues to live with the applicant.
23. Any social fund payment.
24. Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
25. Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
26. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
27. Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation, or the Charitable Fund.
28. Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

(a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;

(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or

(c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts and which is made to or for the benefit of—

(a) the person who is suffering from haemophilia or who is a qualifying person;

(b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or

(c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts where—

(a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian,

but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts where

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either;

(i) to that person's parent or step-parent; or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) Any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

29. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph 'dwelling' includes any garage, garden, and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

30. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

31. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

32. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

33. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

34. The value of the right to receive an occupational or personal pension.

35. The value of any funds held under a personal pension scheme

36. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.

37. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation, or the Independent Living Fund (2006).

38. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.

39. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.

40. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used–

- (a) to purchase premises intended for occupation as his home; or
- (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,

for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs, or alterations to be completed and the applicant to commence occupation of those premises as his home.

41. Any arrears of supplementary pension which is disregarded under this scheme but only for a period of 52 weeks from the date of receipt of the arrears.

42. (1) Any payment or repayment made–  
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);  
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);  
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),  
 but only for a period of 52 weeks from the date of receipt of the payment or repayment.  
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers, or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.

43. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.

44. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).

45. Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.

46. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.

47. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.

48. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.  
 (2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.

49. (1) Any sum of capital to which sub-paragraph (2) applies and  
 (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;  
 (b) which can only be disposed of by order or direction of any such court; or  
 (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.  
 (2) This sub-paragraph applies to a sum of capital which is derived from;  
 (a) an award of damages for a personal injury to that person; or  
 (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

50. Any sum of capital administered on behalf of a person in accordance with an order made under

section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from

- (a) award of damages for a personal injury to that person; or
- (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

51. Any payment to the applicant as holder of the Victoria Cross or George Cross.

52. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.

53. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).

(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.

54. (1) Any payment;

- (a) by way of an education maintenance allowance made pursuant to-
  - (i) regulations made under section 518 of the Education Act 1996;
  - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
  - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
- (b) corresponding to such an education maintenance allowance, made pursuant to;
  - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
  - (ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.

(2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;

- (a) regulations made under section 518 of the Education Act 1996;
- (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
- (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992,

in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).

55. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.

56. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

57. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st

February 2001 in consequence of the imprisonment or interment of—

- (a) the applicant;
- (b) the applicant's partner;
- (c) the applicant's deceased spouse or deceased civil partner; or
- (d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

58. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is

- (a) a diagnosed person;
- (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
- (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
- (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.

(2) Where a trust payment is made to;

- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
- (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending—
  - (i) two years after that date; or
  - (ii) on the day before the day on which that person—
    - (aa) ceases receiving full-time education; or
    - (bb) attains the age of 20,

whichever is the latest.

(3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is—

- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
- (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
- (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death,

but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.

(4) Where a payment as referred to in sub-paragraph (3) is made to—

- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
- (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending—
  - (i) two years after that date; or

(ii) on the day before the day on which that person  
 (aa) ceases receiving full-time education; or  
 (bb) attains the age of 20,  
 whichever is the latest.

(5) In this paragraph, a reference to a person—  
 (a) being the diagnosed person's partner;  
 (b) being a member of a diagnosed person's family;  
 (c) acting in place of the diagnosed person's parents,  
 at the date of the diagnosed person's death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home, or an independent hospital on that date.

(6) In this paragraph— 'diagnosed person' means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;  
 'relevant trust' means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;  
 'trust payment' means a payment under a relevant trust.

59. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant's partner, the applicant's deceased spouse or deceased civil partner or the applicant's partner's deceased spouse or deceased civil partner  
 (a) was a slave labourer or a forced labourer;  
 (b) had suffered property loss or had suffered personal injury; or  
 (c) was a parent of a child who had died,  
 during the Second World War.

60. (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.

(2) For the purposes of sub-paragraph (1) 'local authority' includes in England a county council.

61. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).

62. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.

63. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).

64. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments),

65. Any Windrush compensation payment.

66. Any payment made under the We Love Manchester Emergency Fund.

67. Any payment made under the London Emergency Trust.

68. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:  
 (a) an applicant's entitlement to a reduction under the scheme; or  
 (b) the amount of any reduction to which the applicant is entitled.  
 "The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of

energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.

**69. Provision for all applicants: Homes for Ukraine scheme**

(1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—

- (c) an applicant's entitlement to a reduction under the scheme; or
- (d) the amount of any reduction to which the applicant is entitled.

(2) In this regulation—

“the Homes for Ukraine scheme” means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

**Schedule 4**

**Class E - Care Leavers**

1. The Council has determined that defined care leavers will have an entitlement under this scheme where they are liable to pay Council Tax.

#### **Definition of a Care Leaver for the purposes of this scheme**

2. The term 'care leaver' is defined in The Children (Care Leavers) Act 2000 and refers to eligible, relevant, and former relevant children:
  - The person is someone for whom a council has acted previously as a corporate parent;
  - Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17; and
  - Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.
3. Care leavers can also be classified as a 'qualifying' care leaver. This category applies to young people who:
  - (a) Left care after 1st October 2001, after they had turned 16, but who are not 'eligible' or 'relevant' because they did not fulfil the 13-week criteria;
  - (b) Were accommodated, but in residential education, mental/health provision private fostering or Special Guardianship; or
  - (c) For the purposes of this policy 'qualifying care leavers' will be treated in the same way as 'care leavers'.
4. Additionally former care leavers born before 2001 will be designated as a qualifying care leaver for the purposes of this policy.

#### **Entitlement to a reduction**

5. Where the care leaver meets the definition as defined above **and** either the care leaver or their partner (if they have one) is liable for Council Tax, all income and capital (of the care leaver and their partner) shall be disregarded.
6. In such cases, the maximum Council Tax Reduction as calculated under Section 48 shall be 100%.

#### **Transition from S13A(1)(C)**

7. Previously the Council provided assistance to care leavers under Section 13A(1) (c) of the Local Government Finance Act 1992. Where the care leaver is moved to this scheme, any claim for reduction received no later than 30th June 2024, shall be treated as effective from 1st April 2024. Section 52.10 shall not apply to care leavers defined in this schedule.

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Template for Impact Assessment Level 1: Initial screening assessment  
Appendix 3

<b>Subject of assessment:</b>	Council Tax Reduction Scheme 2026/27			
<b>Coverage:</b>	Service specific (affects all wards)			
<b>This is a decision relating to:</b>	<input checked="" type="checkbox"/> Strategy	<input checked="" type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input checked="" type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input checked="" type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"><li>○ Key aims, objectives and activities</li><li>○ The aim is to ensure a cost effective, simple Council Tax Reduction Scheme with effect from 1<sup>st</sup> April 2026</li><li>○ The proposed changes are:<ol style="list-style-type: none"><li>1) Increases to income bandings that are individual according to the household composition, so that the current level of support for claimants is maintained as far as possible and to continue to provide appropriate support for the town's financially vulnerable residents.</li><li>2) Minor legislative amendments made by government</li></ol></li><li>○ The new scheme will affect all working age applicants who are currently in receipt of Council Tax Reduction on 1<sup>st</sup> April 2026 or those who apply after 1<sup>st</sup> April 2026. The scheme will not affect pension age applicants.</li><li>○ <a href="#">Statutory drivers (set out exact reference)</a></li><li>○ The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Support Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Support scheme by no later than 11 March each year. In line with legislation authorisation of the scheme is subject to full council approval.</li><li>○ <a href="#">Differences from any previous approach</a></li><li>○ There are only minor changes to the scheme and these are as shown above.</li><li>○ <a href="#">Key stakeholders and intended beneficiaries (internal and external as appropriate)</a></li><li>○ The key stakeholders include working age residents on low incomes and precepting authorities such as Cleveland Police.</li><li>○ <a href="#">Intended outcomes</a>.</li><li>○ Incorporate legislative amendments and increase income bands in line with benefits uprating.</li></ul>
<b>Live date:</b>	1 <sup>st</sup> April 2026
<b>Lifespan:</b>	The scheme will be in place for the 2026-2027 financial year. Each year the Council needs to confirm its scheme by 11 <sup>th</sup> March.
<b>Date of next review:</b>	Annually – reviews can be made mid-year and the Council will consider what changes need to be implemented for the following year.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The scheme is in line with the current Council Tax Reduction scheme.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The scheme is in line with the current Council Tax Reduction scheme.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed scheme should not impact negatively on relationships between different groups, communities or interest or neighbourhoods within the town. The scheme continues to be fair and consistent.
<b>Armed Forces</b> Could the decision impact negatively on those who are currently members of the armed forces or former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provision is made within the scheme for members of the armed forces disregarding income.
<b>Care leavers</b> Could the decision impact negatively on those who are care experienced?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provision is made within the scheme to support care leavers until the age of 25.
<b>Reducing Poverty</b> Could the decision impact negatively on the Council's ambitions to reduce poverty in the town?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The scheme is designed to provide support to low income households, supporting the ambition to reduce poverty.
<b>Next steps:</b>				
<ul style="list-style-type: none"> <li>⇒ If the answer to all of the above screening questions is No then the process is completed.</li> <li>⇒ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Kellie Appleyard	<b>Head of Service:</b>	Janette Savage
<b>Date:</b>	15.12.25	<b>Date:</b>	17.12.25

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

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MIDDLESBROUGH COUNCIL



<b>Report of:</b>	Corporate Director of Finance (s151 Officer), Andrew Humble
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<b>Relevant Executive Member:</b>	The Mayor, Chris Cooke Executive Member for Finance, Cllr. Nicky Walker
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<b>Submitted to:</b>	Council
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<b>Date:</b>	18 February 2026
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<b>Title:</b>	2026/27 Revenue Budget, Medium Term Financial Plan, and Council Tax setting
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Council Plan priority:</b>	All
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<b>Key decision:</b>	Yes
<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards

<b>Subject to call in?</b>	No
<b>Why:</b>	Part of the statutory budget setting process

### Proposed decision(s)

This report contains a number of issues for consideration and approval by Council, and also a number of issues to note. These are detailed in Section 2.

### Executive summary

The 2025/26 Budget and MTFP report to Council in February 2025 and the quarterly budget monitoring reports to Executive throughout 2025/26 have highlighted a significant improvement in the Council's financial position and financial resilience from that which existed at 2024/25 budget setting, and this has been backed up by improved governance and budgetary control measures being strengthened. However, there still needs to be a continuing focus on the Council's finances in the future.

This report provides for approval by Council of the proposed budget for 2026/27 and the Medium Term Financial Plan (MTFP) to 2029/30, following on from the previous reports presented to Executive on 17 December 2025 and 4 February 2026.

The annual budget report and MTFP is by its nature a detailed and complex report which forms the basis of the Budget and Policy Framework. Members need to have regard to all information presented in the main report which highlights the key issues for consideration and provides substantial detail in the supporting appendices.

The report reflects the Final Local Government Finance Settlement (LGFS) published 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 (LGFS) published on 17 December 2025. It incorporates the following key points from the Final LGFS and the conclusion of the recent budget consultation:

- 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)
- 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 includes 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 has been provided (paragraphs 4.59 to 4.61 and Appendix 1)
- Savings totalling £2.458m p.a. are removed from the MTFP. which are now found to be unachievable in the manner originally intended (Table 8 in paragraph 4.65)
- Proposed Service Budget Growth totalling £6.460m from 2026/27 as summarised in the table below and detailed in Appendix 3

<b>Growth Area</b>	<b>£m</b>
Continuing to improve the look and feel of our Town	1.700
Making our town safer	0.650
Improving housing standards	0.300
Improving Play Parks	0.200
Supporting our communities	0.600
Supporting and protecting vulnerable residents	0.870
Childhood Enrichment	0.900
Supporting our carers and foster families	0.110
Supporting Growth and Jobs	0.630
Spending more on culture and events	0.500
<b>Total Proposed Service Budget Growth</b>	<b>6.460</b>

- Proposed Corporate Demand of £0.499m p.a. from 2026/27, and the continuation of the Member Led Ward Schemes budget of £0.235m p.a. from 2026/27 (Table 7 in paragraph 4.62)
- The Mayor and Executive propose 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 (paragraph 4.30 and Appendix 11)
- Proposed 2026/27 Net Revenue Budget of £200.840m (Appendix 5) and a balanced Medium Term Financial Plan (MTFP) for the period 2026/27 to 2029/30 (Table 12 in paragraph 4.74)
- 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 (Appendix 9)
- The Flexible Use of Capital Receipts (FUoCR) Strategy for 2026/27 totalling £5.789m (Appendix 10)
- 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 (Appendix 6)
- Budget Consultation feedback (paragraphs 4.76 to 4.86 and Appendix 4)
- The Financial Reserves Policy for 2026/27 and the forecast level of Reserves over the MTFP period (Appendix 7)
- The proposed Fees and Charges Policy for 2026/27 (Appendix 8)
- Education funding and the current level of the Dedicated Schools Grant (DSG) Deficit and the risk to the Council (Appendix 12)
- The Pay Policy Statement 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)

This report contains a number of issues for consideration and approval by Council, and also a number of issues to note. These are detailed in Section 2.

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

The report should be read in conjunction with the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 report elsewhere on this agenda. That report translates 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 is governed.

## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

- 1.1 This report proposes a 2026/27 net revenue budget of £200.840m, and a Medium Term Financial Plan (MTFP) for the period 2026/27 to 2029/30 following the publication of the Final Local Government Finance Settlement (LGFS) and sets out the financial planning assumptions applicable to the budget based upon the best information available at this time.
- 1.2 A Council Tax increase for 2026/27 of 2% is proposed, comprising of no increase in the Core (general) Council Tax but a 2% increase in Council Tax for 2026/27 relating to the Adult Social Care precept to fund increased costs of statutory duties in Adult Social Care. This is within the referendum limits set by Government of a total increase of 4.99% (comprising of 2.99% core (general) increase and 2% for Adult Social Care precept).
- 1.3 The report proposes a Capital Programme of £79.483m for 2026/27 and totalling £183.741m over the period from 2026/27 to 2029/30 together with a financing statement comprising a combination of external funding and council resources. In addition, the proposed capital strategy sets out the Council's approach to capital investment and financing, including the forecast levels of borrowing. The Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 report elsewhere on this agenda translates 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 is governed. It includes the Minimum Revenue Provision (MRP) Policy which governs how the Council accounts for debt repayment in accordance with statutory regulations.
- 1.4 A summary of the Schools' Budget and allocation of the Dedicated Schools Grant (DSG) as determined under the Department for Education's (DfE's) National Funding Formula, together with an overview of the financial pressures on the DSG High Needs Block and forecast deficit which currently presents a financial risk to the Council.
- 1.5 The s151 Officer's recommended Reserves Policy for 2026/27 sets out the plan for replenishing and maintaining unrestricted usable revenue reserves over the period of the MTFP in order to achieve financial recovery and re-establish the Council's financial resilience.
- 1.6 The s151 Officer's recommended Fees and Charges Policy sets out the proposed framework within which discretionary charges for services will be reviewed and fees

and charges set in the future in order to ensure financial viability of discretionary services.

1.7 The report is underpinned by the Section 151 Officer's report in accordance with s25 of the Local Government Act 2003 which assesses the robustness of budget estimates and the adequacy of financial reserves in the context of the known financial risks that exist in the Council's operating environment. The report sets out the responsibilities of all officers and members to work collaboratively together in order to enable the Council to successfully achieve financial sustainability over the medium term. Under s31A of the Local Government Finance Act 1992, the Council is required to have regard to this report when making decisions on agreeing the budget and setting the Council Tax.

1.8 The Pay Policy Statement sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. This includes various employee policies relevant to the remuneration of Chief Officers in operation within the Council. The actual content of those policies included within the statement will continue to be determined by current mechanisms. The Pay Policy Statement must be approved by Full Council before publication on the Council's website and must be published before 31st March each year.

<b>Our ambitions</b>	<b>Summary of how this report will support delivery of these ambitions and the underpinning aims</b>
<b>A successful and ambitious town</b>	The MTFP underpins the delivery of the Council's vision for Middlesbrough and therefore supports all the ambitions within the Council Plan.
<b>A healthy Place</b>	
<b>Safe and resilient communities</b>	
<b>Delivering best value</b>	The proposed recommendations are consistent with and will promote the achievement of the Council's general legal duty to achieve Best Value in accordance with Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007). The report provides assurance that the Council has effective corporate governance and financial planning arrangements in place, and that the Council is working towards managing its finances by the development of a balanced budget for 2026/27 and MTFP to 2029/30 for approval by Council on 18 February 2026, whilst also ensuring that resilience and sustainability are not impacted. The forward planning for and setting of a robust budget and balanced MTFP enables the Council to provide and deliver services within its overall corporate and financial planning framework.

## 2. Recommendations

2.1 That the Council is requested **to approve the following** as set out in **2.1.1 to 2.1.11** below

- 2.1.1 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)
- 2.1.2 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)
- 2.1.3 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)
- 2.1.4 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)
- 2.1.5 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)
- 2.1.6 The proposed General Fund revenue budget for 2026/27 with a net budget requirement of £200.840m (Appendix 5)
- 2.1.7 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
- 2.1.8 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)
- 2.1.9 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)

2.1.10 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)

2.1.11 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)

2.2 The Council is requested to **note** the key issues as set out at **2.2.1 to 2.2.10** below:

2.2.1 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)

2.2.2 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)

2.2.3 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.

2.2.4 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)

2.2.5 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)

- 2.2.6 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)
- 2.2.7 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)
- 2.2.8 The feedback of the budget consultation exercise (paragraphs 4.76 to 4.86 and Appendix 4)
- 2.2.9 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
- 2.2.10 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)

### **3. Rationale for the recommended decision(s)**

- 3.1 The forward planning for and setting of a robust budget and balanced MTFP enables the Council to provide and deliver services within its overall corporate and financial planning framework. The MTFP underpins the delivery of the Council's vision for Middlesbrough to be a thriving, healthier, safer, and more ambitious place where people want to live, work, invest, and visit, and where we will support our residents to live fulfilling lives, to ensure that our communities thrive.
- 3.2 All Council elected members have a legal obligation to agree a balanced robust budget and set the Council Tax by 11 March 2026. In addition, the Council has a Best Value duty to demonstrate financial sustainability through the delivery of a balanced MTFP over a period of at least 3 years. The setting of the budget is part of the budget and policy framework and therefore requires Full Council approval.
- 3.3 The recommendations enable the Council to progress towards meeting its statutory responsibility to set a balanced revenue budget in 2026/27 and the requirement to secure financial sustainability of the period of the MTFP.
- 3.4 The Council is required to take a systematic, coherent, and controlled approach to addressing its ongoing financial challenges over the medium-term, while enabling the delivery of the Mayor's vision and priorities for Middlesbrough through delivery of the wider Council Plan.

#### **4. Background and relevant information**

4.1 The Council Plan is the Council's overarching business plan for the medium term and is typically refreshed on an annual basis. It sets out the ambitions and priorities of the Elected Mayor of Middlesbrough and the wider priorities that the Council is required to deliver. Executive on 3 December 2025 approved the proposed approach and revisions to refresh the Council Plan as part of its 2026/27 refresh. This included the adoption of an outcome driven approach to the Council Plan. The aims and outcomes have been further refined to ensure they reflect the Council Plan priorities fully, and a further report will be presented to Executive in March 2026 for adoption. The proposed service budget growth detailed in Appendix 3 and summarised in Table 9 in paragraph 4.67 are linked to the achievement of the proposed outcomes contained within that report.

4.2 The Medium Term Financial Plan (MTFP) is a financial interpretation of the Council Plan and incorporates the annual revenue and spending plans which aim to align to deliver the Council's ambitions.

4.3 The 2025/26 Budget and MTFP report to Council in February 2025 and the quarterly budget monitoring reports to Executive throughout 2025/26 have highlighted a significant improvement in the Council's financial position and financial resilience (including increased levels of reserves in the medium term) from that which existed in 2023/24 and at 2024/25 budget setting. This has been backed up by improved governance existing throughout the Council, and budgetary control measures being strengthened along with quicker and more effective intervention when budgets are overspending (including the requirement for services to produce recovery plans). However, there still needs to be a continuing focus on the Council's finances in the future.

4.4 It is therefore essential that the Council develops a robust medium term financial strategy to achieve financial sustainability over the course of its MTFP whilst demonstrating that it is achieving Best Value in its use of resources. It is essential that the 2026/27 budget process achieves the following key objectives:

- Set and deliver a balanced General Fund budget for 2026/27
- Continue to ensure the Council's financial resilience through the achievement of a balanced MTFP and rebuilding of revenue reserves
- Further develop and establish programmes and projects that deliver improved outcomes at lower cost whilst meeting the Mayor's priorities within a Council Plan

4.5 The report presented to Executive on 17 December 2025 provided an update to Executive of the issues affecting the Council's current MTFP at that time, including local government funding, the general economic climate, service demand pressures (in particular within relation to Adults and Children's Social Care), savings now found to be unachievable, Dedicated Schools Grant (DSG), pay awards, and the 2025 Pension Fund triennial valuation.

4.6 This report updates the 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.

4.7 The December 2025 Executive report outlined the estimated additional Government funding that the Council was likely to receive from the Fair Funding Review 2.0 based on the latest information at the time writing that report and set out a number of budget proposals for consultation, and the additional Government funding was then updated in the report to Executive on 4 February 2026 based on the Provisional LGFS. This report provides an update on the Government funding available to the Council following the Final LGFS and includes the budget proposals to be submitted for approval by Council.

### **LOCAL GOVERNMENT FUNDING**

4.8 The report to Executive on 17 December 2025 provided details of the review of Local Government Funding (known as Fair Funding Review 2.0), which was a fundamental review of local government finance and involved a number of substantial changes to the formulae for calculating the amount of Government funding to local authorities and also included Council Tax Equalisation plans, a full business rates baseline reset and the rolling of a number of existing grants into the main Revenue Support Grant (RSG). The approach by the Government aimed to make the way funding is provided for local authorities fairer and simpler and move funding to authorities who have the greatest need, such as Middlesbrough.

4.9 The approach is well overdue and welcomed as authorities such as Middlesbrough have suffered significant cuts in local government funding since 2013, with Middlesbrough suffering a significant reduction in general Government funding in the form of RSG and Business Rates Top Up Grant with a reduction of £35m (43%) from £81.2m received in 2013/14 to £46.2m in 2025/26 (this does not take into account inflation). It reflects a change in the mix of funding over the years including an increasing percentage of overall funding from Council Tax and a reducing percentage from RSG. It should be noted that some of this reduction has been offset by growth in service specific grants, such as the Local Authority Better Care Fund, and the Social Care grant. Due to the reduced Government funding Middlesbrough Council has had to make cumulative savings of approximately £123m since 2013 in order to balance its budget.

4.10 The Government in the Fair Funding Review 2.0 also indicated that local authorities would receive a multi-year settlement covering the 3 year period from 2026/27 to 2028/29. This is the first time in a number of years that a multi-year settlement has been published by the Government, and this helps to provide a level of assurance of funding over the MTFP period and enable improved financial planning.

4.11 The report to Executive on 17 December 2025 included the expected increases in Government funding for Middlesbrough Council based on the initial analysis by Pixel Financial Management (PIXEL) as at 1 December 2025 following the Local Government Finance Policy Statement announcement on 20 November 2025 and other information available at the time of writing that report. This indicated that Middlesbrough was likely to obtain substantial additional funding from the proposed new approach, due to a recognition of the needs and demands that Middlesbrough

faces in providing services and the fact that Middlesbrough has not received appropriate funding to meet its needs in previous years.

4.12 The Provisional Local Government Finance Settlement (LGFS) was published on 17 December 2025 by the Government, and this outlined the grant funding for local authorities for the period from 2026/27 to 2028/29. This was issued after the publication of the report to Executive on 17 December 2025.

4.13 The 2026/27 Provisional LGFS announcement, alongside other changes since the December 2025 report, were reflected in the report to Executive on 4 February 2026. There were only minor changes from that contained in the Provisional LGFS in the Final LGFS published on 9 February 2026, and these are reflected in this report.

4.14 Settlement Funding is the amount of funding assumed by the Ministry of Housing, Communities and Local Government (MHCLG) to be available to an authority through the Fair Funding Allocation following the Fair Funding Review 2.0 and includes the estimated business rates share and general grant funding. **Table 1a** summarises the total amount of funding assumed by MHCLG to be available to the Council through the Fair Funding allocation for 2026/27 (including previous specific grants which have been rolled into it), with details of the individual components of the funding being provided in the paragraphs below. **Table 1b** shows the increase from that received in 2025/26 under the previous funding system. The £14.171m funding for 2026/27 is an increase of approximately £3.5m from the estimate for 2026/27 reported to Executive in December 2025, due to clarification of the funding as part of the Final LGFS. Further details of the changes made to the MTFP since the December 2025 report are shown in Table 11.

**Table 1a: Final Local Government Finance Settlement 2026/27 – Fair Funding Allocation**

Main Element of Settlement	Provisional Settlement 2026/27 £m
Revenue Support Grant*	49.069
Local Authority Better Care Fund	10.666
Business Rates Baseline	24.475
Business Rates Top Up	46.750
<b>Total</b>	<b>130.960</b>

\*Fair Funding documentation produced by Government for 2026/27 includes £10.666m of Local Authority Better Care Fund grant funding. This will be rolled into RSG from 2027/28, in 2026/27 it will still be paid as a separate grant, outside of RSG

**Table 1b: Final Local Government Finance Settlement 2026/27 – increases in Government Funding from Fair Funding Allocation**

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	TOTAL £m
Increase in Government Funding from Fair Funding Allocation	(14.171)	(13.116)	(13.181)	(0.511)	(40.979)

It should be noted that as well as the above Government funding, other funding will be provided by the Government to the Council in the form of specific grants. The basis of distribution varies from grant to grant. This budget has again been constructed on the established basis that if specific grant funding reduces then the associated expenditure and activity will reduce accordingly.

## Core Spending Power (CSP)

4.15 Core Spending Power (CSP) is the Government calculation used to illustrate the overall impact of local authority funding. This includes the Settlement funding, the Government's assessment of Council Tax income, and various specific grants. This measure attempts to assess the total resources over which the Council can exercise discretion on how it can spend its funding.

4.16 As part of the Final LGFS the Government published their assessment of Middlesbrough's overall Core Spending Power for 2026/27, 2027/28, and 2028/29. This and the calculation is set out in Table 2 below:

**Table 2: Core Spending Power (CSP)**

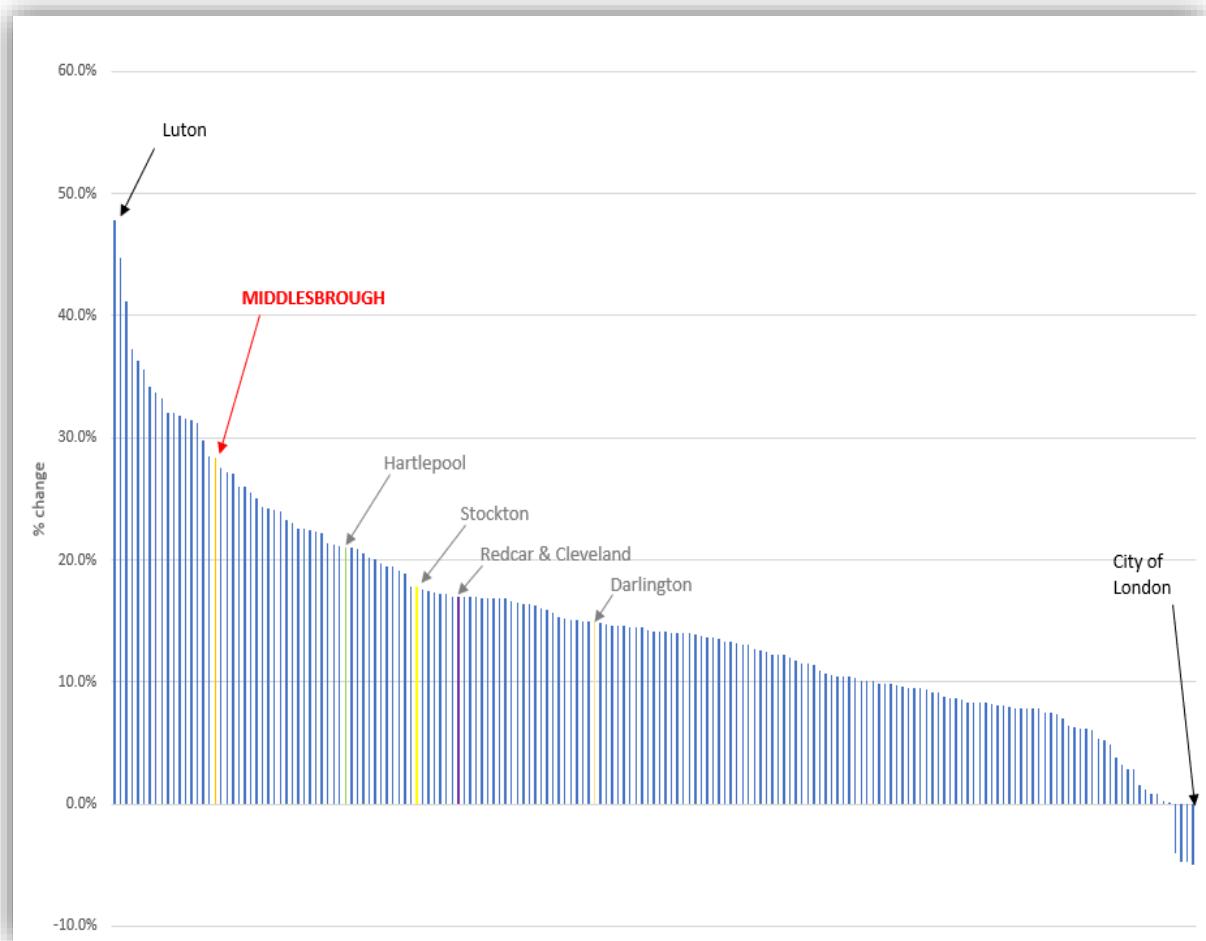
	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
<b>Fair Funding Allocation</b>					
• of which: Baseline Funding Level	-	-	130.960	144.076	157.257
• of which Revenue Support Grant	-	-	71.225	72.859	74.328
• of which: Local Authority Better Care Grant	-	-	49.069	71.217	82.929
<b>Legacy Funding Assessment</b>	109.940	115.028	-	-	-
• of which: Legacy Business Rates	60.735	61.609	-	-	-
• of which: Legacy Grant Funding	40.559	42.753	-	-	-
• of which: Local Authority Better Care Grant	8.646	10.666	-	-	-
<b>Council Tax Requirement</b>	71.400	75.742	80.674	85.928	91.524
<b>Homelessness, Rough Sleeping and Domestic Abuse</b>	0.689	1.596	1.884	2.061	2.354
<b>Families First Partnership</b>	1.303	3.426	4.243	4.243	3.624
<b>Grants rolled in to Revenue Support Grant</b>	1.190	1.457	-	-	-
<b>Recovery Grant</b>	-	5.410	5.410	5.410	5.410
• of which: Recovery Grant	-	5.410	5.410	5.410	5.410
<b>Core Spending Power</b>	<b>184.521</b>	<b>202.659</b>	<b>223.172</b>	<b>241.719</b>	<b>260.170</b>
Core Spending Power year on year change (£m)		18.138	20.513	18.547	18.451
Core Spending Power year on year change (%)		9.8%	10.1%	8.3%	7.6%
Core Spending Power change since 2024 (£m)		18.138	38.650	57.197	75.648
Core Spending Power change since 2024 (%)		9.8%	20.9%	31.0%	41.0%
Core Spending Power change since 2025 (£m)			20.513	39.060	57.511
Core Spending Power change since 2025 (%)			10.1%	19.3%	28.4%

4.17 In the Final LGFS the Government have shown the increase in CSP to 2028/29 both from 2024/25 and 2025/26. As shown in Table 2 above the increase in CSP from **2025/26 to 2028/29 is £57.511m or 28.4% and from 2024/25 to 2028/29 £75.648m or 41.0%**.

4.18 In the information provided with the Final LGFS the Government also showed the increase in CSP per head of population (using projected population). This for Middlesbrough is **£1,436 or 20.9% from 2024/25 to 2026/27 and £1,666 or 41.0% from 2024/25 to 2028/29**. This is above the England figures of £1,320 and 14.2% from 2024/25 to 2026/27 and £1,424 and 24.3% from 2024/25 to 2028/29.

4.19 **Figure 1** below shows that Middlesbrough will receive a substantial change in CSP by 2028/29 compared to other similar upper tier local authorities, with it receiving the 18<sup>th</sup> highest increase in CSP over the period.

**Figure 1: change in 3-year CSP from 2025/26 to 2028/29**



4.20 As mentioned in paragraph 4.9 the source of local authority funding has altered in recent years with a greater proportion of overall funding coming from Council Tax and less from Revenue Support Grant (RSG). Nationally by 2028/29 55% of local authority funding in the CSP will be from Council Tax, which is an increase from 53% in 2025/26. For Middlesbrough there is actually a reduction from 37% to 35% due to the increased Government funding for Middlesbrough in the Final LGFS.

4.21 It is important to note that the Government's calculation of Core Spending Power assumes that the local authority increases the Council Tax by the maximum permitted. Therefore, the extent to which the Council has determined Council Tax increases below the maximum permitted, results in a level of funding below the assessed Core Spending Power.

## Collection Fund

- 4.22 Statutory regulations require councils to account for annual Council Tax / Business Rates income in a manner different to normal accounting arrangements as would apply if using International Financial Reporting Standards (IFRS). This means any difference between the budgeted net Council Tax and Business Rates income and the actual is held on the Council's balance sheet to be distributed in subsequent years.
- 4.23 Councils are required to calculate an estimated position of the Collection Fund in January which is used by the precepting authorities in setting its budget for the forthcoming year.
- 4.24 An annual review is undertaken to assess the estimated level of collection, the likely balance of the funds and to advise the precepting authorities (Fire and Police) of their share of any surplus/deficit. This enables them to take this into account in their own budget calculations.
- 4.25 It is currently estimated that there will be a total surplus on the Collection Fund of **(£2.116m)** with the Council's share being **(£2.087m)**. This comprises a surplus on the Council Tax Collection Fund of **(£3.054m)** with the Council share of this being **(£2.546m)**. It is estimated that there will be a deficit on the Business Rates Collection Fund of **£0.938m** with the Council share of this being **£0.459m**. Surpluses on the Collection Fund will be fully transferred to the Financial Resilience Reserve to provide some financial resilience by rebuilding reserves, which are still at a relatively low level. This will also help to provide resilience in the future against changes in Council Tax and Business Rates income which may affect the budget in the future.

## Council Tax Income and Proposed Level for 2026/27

- 4.26 As mentioned in paragraphs 4.9 and 4.20 Council Tax income has increased as a proportion of total income over the last 12 years as the level of RSG has reduced. This presents a particular financial challenge for Middlesbrough Council given it has a particularly low Council Tax base with 49.7% of dwellings in Band A, 17.4% in Band B, and 17.5% in Band C. This is a higher proportion than the national Band A to C percentage and means that a greater proportion of our residents pay a Band A to C than comparable Councils. This means that a higher rate of Council Tax is needed to raise the same income yield compared with many other Councils. Every 1% of Council Tax raises approximately £0.750m per year.
- 4.27 Middlesbrough Council with a Band D Council Tax of £2,074.34 in 2025/26 was in the upper quartile (highest) for all single tier authorities and has a Band D Council Tax more than double that for Westminster Council. However, due to the fact that approximately 85% of Middlesbrough households are in Band A to C and pay less than the Band D Council Tax it was in the lower quartile for Average Council Tax per dwelling at £1,437 in 2025/26 against the national average of £1,770 and was the lowest in the Tees Valley. There are significant anomalies in the current Council Tax system which result in extreme variances in council tax levels both regionally and nationally.

4.28 Over time, local authorities have become increasingly reliant on locally generated revenue from Council Tax, but the ability to raise Council Tax has not been fully accounted for when allocating funding. Within the Fair Funding Review 2.0 the Government has attempted to act as an equaliser for local government income, directing funding towards the places that are less able to meet their needs through locally raised income. This is demonstrated by the level of Government funding to be received by Middlesbrough Council as shown in Tables 1a and 1b.

4.29 In the Fair Funding Review 2.0 and the Provisional and Final LGFS the Government confirmed their intention that the maximum permissible Council Tax increase for 2026/27 without the need for a referendum would remain at 4.99% (which includes a 2.99% increase in the core (general) Council Tax and the continuation of the 2% Adult Social Care precept). The Government will assume that local authorities will increase the Council Tax by the maximum permissible in their calculation of the Council's Core Spending Power, which is a measure of how much the Government believes local authorities can raise from Council Tax and that they have available to spend.

4.30 The Mayor and Executive are however in light of the increased Government funding proposing that the maximum permissible Council Tax increase of 4.99% is not adopted in 2026/27. Instead, the Mayor and Executive are proposing that there is no increase in core (general) Council Tax for 2026/27 but are proposing that the Council Tax is only increased for the 2% Adult Social Care Precept for 2026/27 in order to fund the increased costs of statutory duties within Adult Social Care. This will financially help residents and also help to continue the aims of the Fair Funding Review 2.0 in equalising Council Tax and lessen the gap that currently exists. Decisions on future years Council Tax increases will be confirmed at a later date when more certainty is available on Government funding over the medium term.

4.31 The Council's s151 Officer would recommend that the Council increases the Council Tax each year by the maximum allowed by the Government, due to the fact that the Government will assume that the maximum permissible increase of 4.99% is applied and will use this in their calculations of Government funding to the Council and also in any potential future evaluation of the Council's finances. It should be noted that the lost income arising from any increase in Council Tax below the maximum allowed will be permanently lost forever in future years. If a 2% increase in Council Tax is applied in 2026/27 this will mean that approximately £2.250m p.a. of Council Tax income is lost in 2026/27 and each year in the future. This means that approximately £9m of Council Tax income is permanently lost forever to the Council over the period of the MTFP from 2026/27 to 2029/30.

4.32 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 (as mentioned in paragraph 4.3), and the amount of the increased 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.

4.33 Currently a 2% increase p.a. relating to the Adult Social Care precept to reflect the increased costs of the statutory duties required for Adult Social Care has been

assumed for the remainder of the Fair Funding Review 2.0 period (2027/28 to 2028/29), however this will be subject to further review at a later date when there is more certainty on the financial position. For 2029/30 a Council Tax increase of 4.99% has been assumed as the Fair Funding Review 2.0 does not cover 2029/30 and no information has yet been provided regarding Government funding levels for 2029/30, and therefore the current maximum level of increase in Council Tax allowed has been applied.

- 4.34 The Council Tax Base for 2026/27 for the whole of Middlesbrough was set at 37,062.20 in the report to Executive on 3 December 2025, based upon an assumed Council Tax in year collection rate of 98.3% for 2026/27. This will produce an estimated £1.138m in 2026/27 and on an ongoing basis, based on the 2025/26 Basic Council Tax. Currently similar levels of growth have been assumed for 2027/28 to 2029/30.
- 4.35 Appendix 11 sets out the Council Tax base, proposed Council Tax increase and detailed calculations for 2026/27 which are required by statute to determine the Council Tax applicable to each Council Tax band. Appendix 11 also provides details of the Council Tax for areas covered by a Parish Council, and the Fire (subject to formal approval) and Police elements, which make up the total Council Tax charged to residents.
- 4.36 It shows that if the final budget proposed in this report is approved by Council the Net Revenue Budget requirement for 2026/27 will be £200.840m with a Council Tax Requirement of £78.460m, equating to a Council Tax (Band D) for non-parish areas (Middlesbrough Council only element) of £2,115.86 and Band A of £1,410.57. This represents a total increase in Council Tax of 2% for 2026/27 comprising of a core (general) increase of 0% and an Adult Social Care precept of 2%.
- 4.37 Council Tax along with Business Rates is collected via the Collection Fund as highlighted in paragraphs 4.22 to 4.25 and this will be closely monitored during 2026/27.
- 4.38 The Executive recognises the financial challenge faced by many households due to the cost of living crisis and provides financial support in the form of reductions to Council Tax for the most financially vulnerable households in addition to grants under the Household Support Fund and its Welfare Strategy.
- 4.39 Whilst the Council takes a very firm and fair approach to collection there are a number of support solutions which are available to assist financially vulnerable households. Through the Council's proposed Council Tax Reduction Scheme 2026/27, which is a separate paper on this agenda to be approved by Council, a maximum of 90% support is provided. This equates to an overall level of expenditure to support financially vulnerable households of approximately £22.2m per year is provided to 18,500 households across the town. The Council has considered increasing the scheme to 100%, which would mean more working age households would have nothing to pay, however this would likely cost the Council around an additional £2m to implement and operate and this is not considered affordable at present.

4.40 In addition to the Council Tax Reduction Scheme a number of other support solutions exist. The Council has a Welfare Strategy which is designed to support households who may be struggling financially. The range of support is extensive and can include such things like maximising benefits, support with any shortfall in rent, as well as help with white goods, furniture, food, and energy referrals. The Council takes a firm but fair and persistent approach to collection of debt including full benefit and welfare checks to ensure that households have access the right level of support to help them meet their Council Tax obligations.

### **Business Rates Retention and Reset**

4.41 The Fair Funding Review 2.0 included a full business rates baseline reset. As part of this the Government has calculated the total amount of business rates to be retained by local government and estimated how much each local authority will collect from April 2026 based on the methodology confirmed in the response to the Government's technical consultation on resetting the business rates retention system.

4.42 The Baseline Funding Level (BFL) calculates the amount of an individual local authority's Fair Funding Assessment allocation provided through the local share of the retained business rates income. BFLs for Middlesbrough for the period 2026/27 to 2028/29 are shown in Table 2 CSP, with the BFL being set at **£71.225m for 2026/27, £72.859m for 2027/28 and £74.328m for 2028/29**. These amounts are guaranteed in the Settlement to be received by the Council.

4.43 An authority's Business Rates Baseline (BRB) is an estimate of the authority's business rates income generating ability determined on an individual basis. This has been recalculated as part of the business rates reset. A calculator was published alongside the Provisional LGFS to show local authorities how new BRBs have been calculated, and this is shown in Table 3 below, which shows the total gross rateable value of businesses in Middlesbrough offset by various deductions for appeals. The locally retained element of Business Rates is 50%, of which the Council retains 49% and 1% is received by Cleveland Fire Authority. The BRB calculation for Middlesbrough is therefore calculated at **£24.475m for 2026/27**. Calculations for 2027/28 and 2028/29 were not provided in the Provisional LGFS and the Government indicated that the Business Rates Baselines will be revised at some point in the future, however no further details of when have yet been provided. In the absence of any further information these have been currently estimated to increase in line with inflation to £25.030m for 2027/28, £25.540m for 2028/29, and £26.051m for 2029/30.

**Table 3: Calculation of Business Rates Baseline (BRB) for Middlesbrough for 2026/27**

	<b>£m</b>
Gross Rates Payable	54.395
Appeals deduction	2.040
Bad Debt deduction	0.326
Cost of Collection deduction	0.163
Designated Areas deduction	1.676
Renewables deduction	0.242
City of London offset	-
	<b>49.949</b>
<b>of which Middlesbrough share (49%)</b>	<b>24.475</b>

4.44 The Council submitted to MHCLG a NNDR1 return for 2026/27 on 6 February 2026, which showed an estimated business rates income for the year similar to that outlined above. Funding for the BRB is guaranteed and therefore this has been assumed to be used for the Retained Business Rates income for 2026/27. MHCLG has stated that any changes from the BRB will be accounted for in the Collection Fund.

4.45 There are currently numerous rating appeals lodged with the Government's Valuation Office in respect of rateable values. Not all of these will be successful either in full or part. The cost of any successful appeals will be met from the monies received and hence will impact the Council's overall funding. The Council holds an earmarked provision to secure a degree of protection against such appeals which could otherwise cause in-year budget management issues.

### Business Rates Top-up Payment

4.46 Under the retained Business Rates system any local authority whose Business Rates Baseline is less than their Baseline Funding Level, as is the case for Middlesbrough, will receive the balance as a 'top-up' grant. The Council will receive **£46.750m** for 2026/27. Other authorities, whose Business Rates income is greater than their initial baseline funding level, pay a 'tariff'. It is the combination of 'tariffs' and 'top-ups' that balances the system nationally.

### Revenue Support Grant (RSG)

4.47 Most authorities currently continue to receive RSG from the Government in addition to their retained Business Rates. The Council will receive **£49.069m** in 2026/27. Under the Fair Funding Review 2.0 the Government have rolled into the RSG a number of grants in order to simplify and de-ringfence the funding and provide local authorities with greater certainty and freedom to deliver their own priorities. The following grants totalling £39.057m have been calculated to be rolled into the RSG and will therefore be distributed using the new Fair Funding system:

**Table 4: Grants rolled into Revenue Support Grant 2026/27**

Grant	£m
<b>Revenue grants rolled into RSG</b>	
Biodiversity Net Gain Planning Requirement Grant	0.027
Employer National Insurance Contributions Grant	1.458
Enforcement of Location and Volume Price Promotions Restrictions Grant	0.001
Enforcement of OOH Calorie Labelling Regulations Grant	0.001
Homelessness Prevention Grant - Temporary Accommodation	0.511
Local Government Finance Data Review New Burdens Grant	0.001
Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding	0.016
Market Sustainability and Improvement Fund	3.316
New Homes Bonus	0.031
Social Care Grant	22.504
Virtual School Head Extension to Children With a Social Worker and Children in Kinship Care Grant	0.139
War Pensions Disregard Grant	0.048
Historic business rates grant compensation for under-indexation of tax rates, Green Plant and Machinery exemptions, and Small Business Rates Relief lost supplementary income	11.004
<b>Total</b>	<b>39.057</b>

## **Recovery Grant**

4.48 The Recovery Grant, which was introduced as part of the 2025/26 LGFS to target places with greater need and demand for services due to deprivation and were also less ability to raise income locally, is to be continued for 2026/27 to 2028/29 as part of the Fair Funding Review 2.0 with the same allocations as in 2025/26. It was expected that this grant would end following the introduction of the Fair Funding review, but the Government has decided to continue it. In the MTFP set as part of the 2025/26 budget setting the Council had made the prudent assumption that it would be a one off grant for 2025/26 only and therefore there is a benefit to the MTFP of the grant continuing.

4.49 Middlesbrough Council will receive **£5.410m** of Recovery Grant each year for 2026/27 to 2028/29. This is likely to not continue in 2029/30, and this has currently been assumed in the updated MTFP. This grant will not be ringfenced, nor are grant conditions imposed on its use. The grant is included in Core Spending Power.

## **Local Authority Better Care Fund**

4.50 This grant was created in 2024/25 following the consolidation of the two previously existing grants known as the improved Better Care Fund (iBCF) and the ASC Discharge Fund. The grant is required to be pooled as part of the BCF and is distributed using the current iBCF methodology. Local authorities should work with their local NHS partners and wider public services to plan their integrated use of the BCF. Supporting the recovery of urgent and emergency care services remains a priority, and local areas will be expected to use the grant to reduce delayed hospital discharges, as part of meeting the objectives that will be set out in the framework. The allocation for 2026/27 remains unchanged from that received in 2025/26 at **£10.666m**.

4.51 The Final LGFS outlined plans that this grant would be rolled into RSG from 2027/28 to link in with the planned Better Care Fund reform, and that this would be confirmed at a later date. It has therefore currently been assumed in the updated MTFP that this £10.666m grant would roll into RSG from 2027/28.

## **Consolidated Grants**

4.52 As part of the Provisional LGFS and confirmed in the Final LGFS the Government published details of four new consolidated grant streams that have been created to simplify funding from a range of different sources. Some grants from within the current CSP are included (Domestic Abuse Safe Accommodation Grant, Children's Social Care Prevention Grant). Other grants are being brought together from outside the current settlement. The largest grant stream is the Public Health Grant. Some of the new Consolidated Grants will be within CSP whilst some will not be. Also, there will be ringfencing of some of the grant funding by the use of grant conditions. It should be noted that currently there is still a degree of uncertainty regarding some of the Consolidated Grants, and further information will be received later regarding these. Details of the four new consolidated grant streams based on information currently available are shown below:

### Children, Families and Youth Grant

The new consolidated Children, Families and Youth Grant is a combination of both existing and newly announced funding as part of the funding simplification process. This grant will distribute £3.1 billion to local authorities over the multi-year Settlement. The five funding streams have been rolled in are as follows:

- Children's Social Care Prevention Grant
- Supporting Families (previously part of the Children and Families Grant in 2025/26)
- Holiday Activities and Food Programme
- Post-16 Pupil Premium Plus Programme
- New funding for children's social care reform (from the Transformation Fund announced in the Spending Review and then increased in the Policy Statement).

All these grants, except the Holiday Activities and Food Programme and the Post-16 Pupil Premium Plus Programme, will be included in CSP.

### Homelessness, Rough Sleeping and Domestic Abuse Grant

This consolidated grant will distribute £2.7 billion to local authorities in total over the spending review period, including £272m over the spending review period (£91m increase for 2026/27) in additional allocations announced as part of the Final LGFS, including new burdens funding associated with the Renters Rights Act and £159m for Supported Housing. It includes the following grants:

- The prevention and relief and staffing element of the Homelessness Prevention Grant
- Rough sleeping accommodation programme
- Rough sleeping prevention and recovery grant
- Domestic abuse safe accommodation support

The domestic abuse component of the grant will be ringfenced for domestic abuse only. Provisional allocations for the Domestic Abuse Safe Accommodation Duty are based on flat cash value of £480m. The Final Settlement reflects the £19m uplift that the Government announced on 15 December 2025.

Allocations are based on the existing formulae. All the funding from this consolidated grant is included in CSP and therefore is not additional to CSP.

### Crisis and Resilience Fund

The Government has announced that this consolidated grant will be worth £2.5 billion over the multi-year Settlement and sit outside of CSP and will include:

- Households Support Fund
- Discretionary Housing Payment funding

### Public Health Grant

Public Health Grant is to be combined with related grants. Over the three-year period from 2026/27 to 2028/29, £13.45 billion will be provided through the new consolidated Public Health Grant, using, as far as possible, the same distribution approach as in previous years. This grant includes:

- Public Health Grant
- Drug and Alcohol Treatment and Recovery Improvement Grant, including the

Rough Sleeping Drug and Alcohol Treatment Grant

- Individual Placement and Support Grant
- Local Stop Smoking Services and Support Grant and Swap to Stop scheme

The new consolidated Public Health Grant will continue to be funded by, and administered by, Department of Health and Social Care (DHSC) and will be ringfenced. There will be service specific ringfences for smoking cessation and drug and alcohol treatment funding. Public Health Grant will not form part of Core Spending Power.

4.53 Table 5 below details the Consolidated Grants for Middlesbrough as published in the Final LGFS. It should be noted that allocations for 2027/28 and 2028/29 are currently only indicative and will be confirmed in the LGFS for those years.

**Table 5: Final LGFS – Consolidated Grants 2026/27 to 2028/29 Middlesbrough**

Consolidated Grant	2026/27 £m	2027/28 £m	2028/29 £m	TOTAL £m
Homelessness, Rough Sleeping and Domestic Abuse Grant	1.884	2.061	2.354	6.299
Public Health Grant	24.041	24.261	24.496	72.798
Crisis and Resilience Fund	3.999	3.997	3.950	11.946
Children, Families and Youth Grant	5.415	5.379	4.760	15.554
<b>Total</b>	<b>35.339</b>	<b>35.698</b>	<b>35.560</b>	<b>106.597</b>

4.54 There still remains a number of grants which will be received outside of the key settlement figures and are not included in the calculation of Core Spending Power. The basis of distribution varies from grant to grant. This budget has again been constructed on the established basis that if specific grant funding reduces then the associated expenditure and activity will reduce accordingly.

### Extended Producer Responsibility

4.55 Whilst not part of the LGFS the Government has confirmed separately that funding for the Extended Producer Responsibility (EPR), which started from 2025, will continue in the future. The funding arises where some organisations and businesses have to pay a fee for the packaging they supply to or import into the UK market.

4.56 The money collected will go to local authorities (LAs) and it will cover net costs of collecting, managing, recycling and disposing of household packaging waste to enable more efficient and effective waste services.

4.57 Local authorities receive a basic payment calculated using a model based on certain LA characteristics, national policies and circumstances, amount of waste collected and managed, and the estimated composition of this waste. Data about tonnages, operations and unit costs are submitted by LAs and any adjustments will be based on data to the Scheme Administrator and is therefore unpredictable. Whilst the funding is un-ringfenced it is intended that the funding will be used on waste activities and to cover additional responsibilities, such as the revenue costs associated with food waste collection which is to be introduced as part of Simpler Recycling in 2026/27.

4.58 Middlesbrough Council have been notified by PackUK (the Government's chosen administrator for the scheme) that they will receive at least **£3.921m** in 2026/27. For future years beyond 2026/27 it has been assumed that the amount received will reduce by 10% per annum until the funding in 2029/30 reduces to £2.475m as organisations and businesses reduce the packaging they use.

## **REVENUE MEDIUM TERM FINANCIAL PLAN 2026/27 TO 2029/30**

### **Forecast Service Demand Pressures and Re-basing of Budgets**

4.59 As reported in the September and December 2025 reports to Executive and quarterly budget monitoring reporting there are a number of existing service demand/inflation pressures that are continuing, and further financial pressures are emerging. There are also a number of budgets that require re-basing due to other reasons such as re-evaluating achievable income levels against current budgets and changes to services required due to legislative changes.

4.60 Table 6 below summarises the updated current and future Forecast Service Demand Pressures and Re-basing of Budgets across the MTFP period with further details being provided below and in Appendix 1. These form a significant driver of cost with the MTFP, with a total of £15.549m in 2026/27 rising to £35.963m in 2029/30.

***Table 6: Summary of Forecast Service Demand Pressures and Re-basing of Budgets per Directorate (including for reduced income levels and legislative requirements)***

Directorate	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Cumulative £m
Regeneration & Housing	1.089	(0.089)	-	-	1.000
Public Health	-	0.447	-	-	0.447
Environment, Communities & Culture	3.107	(0.221)	1.589	0.205	4.680
Children's Services	3.084	3.000	3.000	1.500	10.584
Education & Partnerships	0.720	-	-	-	0.720
Adult Social Care & Health	6.782	3.548	3.691	3.733	17.754
Legal & Corporate Services	0.465	-	-	-	0.465
Finance	0.132	0.005	0.005	-	0.142
Chief Executive's Office	0.170	-	-	-	0.170
<b>Total</b>	<b>15.549</b>	<b>6.690</b>	<b>8.285</b>	<b>5.438</b>	<b>35.963</b>

Further details of the forecast service demand pressures and re-basing of budgets in the following key areas of service provision are provided below:

- Adult Social Care – a total of £6.782m has been included for 2026/27 rising to £17.754m in 2029/30 mainly for increased demand for services (in particular in residential care) and also in order so that services provided comply with statutory requirements and meet the needs of service users. This includes a total of £8.277m over the period of the MTFP for the increased charges from commissioned care providers due to increases in the National Living Wage rates, with the Budget 2025 published by the Government on 26 November 2025 announcing that the National Living Wage for 21 year olds and over will increase to £12.71 per hour from 1 April 2026 from the current level of £12.21 per hour (a £0.50 per hour and 4.1% increase). The amounts that are allocated in the updated MTFP to cover the increases expected as a result of this have been revised accordingly, with £1.877m being allocated in 2026/27 and £8.277m over the period of the MTFP.
- Children's Social Care – continuing increased demand for care and increased complexity of cases, in particular for external residential placements. £3.000m p.a. of funding has been provided for 2026/27 to 2028/29 and a further £1.500m in 2029/30.

- Integrated Transport Service – forecast growth in home to school transport for children and transport for vulnerable adults with £0.500m p.a. being provided from 2026/27.
- Potential shortfalls on income from strategic commercial investments arising from potential tenancy changes, with £1.000m p.a. being provided from 2026/27.
- Crematorium – reduced demand and associated reduction in income has meant a need to revise budgets with £0.250m p.a. being provided from 2026/27.
- Fleet Management – increased staff costs due to recruitment and retention challenges and a sharp increase in the cost of vehicle parts with £0.300m p.a. additional budget being provided from 2026/27.
- School meals catering – a shortfall in income due to rising food prices and the prices of meals not being increased accordingly due to a political decision taken by Executive not to increase prices in order to support families, there is a need to adjust the budget by £0.230m p.a. in 2026/27 rising to £0.371m p.a. by 2029/30. This is included as a recommendation for approval by Executive to be forwarded to Council for formal approval on 18 February 2026.
- Waste Services - £2.279m remaining annual revenue costs are required to be incurred from 2026/27 onwards relating to Simpler Recycling – Legislation changes for Waste Streams as detailed in the report to Executive on 16 July 2025. The Government have confirmed as part of the Spending Review 2025 published on 11 June 2025 that local authorities will continue to receive Extended Producer Responsibility (EPR) funding (currently assumed to total £3.921m in 2026/27), and it is proposed that EPR funding will be used to cover the annual revenue costs arising from Simpler Recycling.
- Waste Disposal - the budget has been reviewed over the period of the MTFP taking into account latest estimates on tonnages and costs per tonne. This has included evaluation of the effect of the introduction of Simpler Recycling in 2026/27 on waste tonnages. It should also be noted that whilst outside the current MTFP period there is a new waste disposal contract and Tees Valley Energy Recovery Facility planned to operate from 2030 which could impact on the price per tonne of waste disposed that the Council has to pay.
- Emissions Trading Scheme (ETS) – the Government have announced the planned introduction of the ETS from 2028/29. This will increase waste disposal costs for local authorities, particularly those operating energy-from-waste (EfW) facilities or incinerators. This is because the ETS puts a price on carbon emissions, and waste management operations that produce emissions will need to purchase permits to cover their carbon footprint. It is currently estimated that this will cost £1m p.a. from 2028/29 but this will be updated as further information becomes available. EPR funding will be used to offset the costs of ETS.

4.61 These will be constantly monitored and challenged and updated in future revisions of the MTFP where appropriate when further information is available. A centrally held Corporate Contingency Budget will continue to be maintained to utilise against any increased service demand which may occur above that provided and to avoid the use of reserves for this purpose. This will total £0.873m in 2026/27. Consideration of funding from the Corporate Contingency budget will only be made following the production of a detailed business case and full evaluation. Use of the Contingency budget will be reported via the quarterly budget monitoring process.

### **Corporate Demand Pressures**

4.62 There are a number of other demand pressures which have arisen corporately from developments of services with the Council and reviews of required corporate enabling services as detailed in Table 7 below. These are seen as essential for the continued development of the Council as it continues to transform. It is proposed that the following are recommended for approval by Full Council as part of the 2026/27 budget and MTFP.

***Table 7: Corporate Demand Pressures***

Directorate	Detail	£m
Chief Executive's Office	Additional capacity to provide further improvement in corporate governance and policy and embed continuous improvement across the Council	0.128
		0.128
Legal and Corporate Services	Creation of budget to support Mayoral Initiatives	0.100
Legal and Corporate Services	Additional HR capacity	0.056
Legal and Corporate Services	Creation of Civics & Armed Forces Officer post	0.045
Legal and Corporate Services	ICT Services Restructure	0.170
		0.371
<b>Total</b>		<b>0.499</b>
Members	Continuation of Member Led Ward schemes	0.235

### **Budget Savings**

4.63 The increased Government funding to be available to the Council as shown in Tables 1a and 1b means that the Executive is currently able to propose that there is no requirement to implement any further additional budget savings in 2026/27. However, work will continue to identify and deliver efficiencies and savings in the future through robust budget monitoring and the Transformation Programme.

#### **Additional Budget Savings already approved in previous years**

4.64 It should however be noted that there are a number of additional budget savings totalling £3.517m relating to 2026/27 that were approved in previous years budget reports which are built into the MTFP, and the MTFP assumes that they will be fully achieved or replaced with alternative savings. These are detailed in Appendix 2.

#### **Removal of savings now found to be unachievable in the manner originally intended**

4.65 The December 2025 Executive report detailed a number of previously approved budget savings totalling £2.458m p.a. that are now unlikely to be achievable in the

future in the manner originally intended, and it is now proposed that they are removed from the MTFP and funded from the increased Government funding estimated to be received. These are summarised in Table 8 below:

**Table 8: Unachievable savings proposed to be removed from MTFP**

Detail	Budget Report in which saving first introduced	Reason for removal	£m
Charging residents for issuing parking permits Savings ref. ECS08	2024/25	As announced at Full Council on 26 March 2025 the plan to charge for residents parking permits approved as part of the 2024/25 budget setting process was being paused	0.250
<b>Total Environment, Communities &amp; Culture</b>			<b>0.250</b>
Recharge Discretionary Home to School Transport Services Savings ref. EDC05	2025/26	It has not been possible to achieve this saving by the means previously intended	0.078
<b>Total Education</b>			<b>0.078</b>
Savings relating to Business Rates and Council Tax totalling £1.186m Savings ref. FIN02-05	2024/25	Whilst savings will be made as intended these are recognised in the Collection Fund rather than the General Fund. Due to the prescribed mechanisms for operating the Collection Fund under legislation, the savings in the Collection Fund do not impact the General Fund position until the next year in the form of a surplus on the Collection Fund which can be used in the budget setting. Budgeting for surpluses on the Collection Fund is not recommended, as whilst surpluses may exist on the Collection Fund which can be used for budget setting it is better practice to not budget for these in the MTFP. It is therefore recommended that these budgeted savings are considered for removal from the MTFP	1.186
Contractual Spend Review savings for 2025/26 Savings ref. FIN13	2025/26	This has now been identified as a double count	0.700
Senior Management Review savings of £0.244m Savings ref. CEN02	2023/24	The Senior Management Review proposed by the Chief Executive does not achieve any savings in the budget. This will allow the Council to maintain a stable leadership team and continue the progress that is being made by the Council	0.244
<b>Total Education</b>			<b>2.130</b>
<b>Total</b>			<b>2.458</b>

### **Service Budget Growth in line with Council Plan priorities**

4.66 As detailed in the December 2025 Executive report, after allocating the estimated additional Government funding in the order set out in paragraph 4.7 of that Executive report, an amount of £6.460m remained to invest in service budget growth in order to reinvest in some direct services to the community and reinvestment in the resilience of enabling services, in line with the Council Plan priorities.

4.67 The Mayor led on developing proposals with Directors in conjunction with their relevant Executive Members which met the Council Plan priorities and proposed that the service budget growth proposals totalling £6.460m were subject to public consultation. It should be noted that this is recurring funding and is not one-off funding. No changes have been made to these following the budget consultation. These are summarised in Table 9 below with full details provided in Appendix 3, including how the proposals are linked to the achievement of the proposed outcomes contained within the Council Plan 2026/27-29: Outcomes Refresh report approved by Executive on 3 December 2025.

**Table 9: Summary of proposed service budget growth (recurring funding)**

Growth Area	£m
Continuing to improve the look and feel of our town	1.700
Making our town safer	0.650
Improving housing standards	0.300
Improving play parks	0.200
Supporting our communities	0.600
Supporting and protecting vulnerable residents	0.870
Childhood enrichment	0.900
Supporting our carers and foster families	0.110
Supporting growth and jobs	0.630
Spending more on culture and events	0.500
<b>Total</b>	<b>6.460</b>

4.68 Implementation plans have been developed by Directors for the implementation of the service budget growth following approval of the budget by Council, and progress against the plans will be closely monitored. Further reports will be submitted to Executive where appropriate, for example where details of implementation have not yet currently been fully finalised and further detailed work is required to implement the service budget growth, or where approval is required under legislation.

### **Transformation**

4.69 The Council will continue to change the way it delivers services and engages with the community, to reduce costs, maintain return on investment, and improve outcomes for residents. Due to the improved financial position, there is no requirement to include any budget savings relating to this in the current revised MTFP. However, as mentioned in paragraph 4.63, the Council will continue to identify opportunities to improve outcomes for its residents and deliver change. These opportunities will be identified within the revised Performance Management framework of the organisation. When budget savings occur, these will be reported in the quarterly budget monitoring reports. This helps to move the focus from a savings led approach to one of continuous improvement to ensure the Council becomes more efficient in the future. Long term projects will be used to bring about town level change. Improving resident and town outcomes will be seen as a valuable return, with returns on investment potentially being over a longer term and they may land in other agencies focused on the town. A further report on the Council's approach to performance management, transformation and continuous improvement will be submitted to Executive in March 2026.

### **Key MTFP Assumptions**

4.70 The MTFP is based on a number of financial planning assumptions that have been updated 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.

4.71 The main assumptions regarding Local Government Funding, Council Tax, and budget proposals are detailed in the paragraphs above but there are a number of other key assumptions which have currently been used in the development of the updated MTFP.

**Table 10: MTFP assumptions**

<b>Budget heading</b>	<b>Assumption</b>
Pay award	3% for 2026/27, 2.5% for 2027/28 and 2% for 2028/29 onwards.
Employers pension contribution	Revised to reflect the latest information provided by the Actuary that there will be a 1.5% reduction p.a. in contributions from 2026/27 (equalling an estimated annual reduction of £1.211m in the amount required to be paid), following the triennial valuation of the Teesside Pension Fund that took place on 31 March 2025.
Contractual Inflation	£1.797m provided for 2026/27, reducing to £1.547m p.a. for 2027/28 to 2029/30, being provided for in relation to specific contracts, mainly around Adult Social Care purchasing budgets and Children's Care external residential and fostering contracts.
Energy costs	Updated to reflect Current forecasts provided by NEPO (North East Purchasing Organisation).
General supplies and services inflation	None provided - to be funded from service budgets
Discretionary fees and charges	Inflationary increase of 2% p.a. A Fees and Charges Policy and Schedule of Charges is attached at Appendix 8.
Income from Commercial Developments	Latest information regarding occupancy and leases used.
Capital financing (borrowing) costs	Reviewed to reflect the updated Capital Programme in Appendix 9. The s151 Officer has, in line with CIPFA guidance, issued an affordability threshold that the total annual cost of principal and interest repayments should not exceed 10% of the Net Revenue budget over the period of the MTFP to 2029/30.
Savings	All savings already approved in previous years will be fully achieved or replaced with alternative savings (paragraph 4.64) with the exception of those savings now found to be unachievable in the manner intended which are proposed to be removed from the MTFP (detailed in paragraph 4.65).
Contingencies	A centrally held Corporate Contingency budget will continue to be maintained over the period of the MTFP. This will total £0.873m in 2026/27.
Reserves	Reserves levels are increased over the MTFP period as a minimum in line with the Reserves Policy (Appendix 7) in order to achieve financial sustainability over the medium term and to meet any unplanned overspends resulting from failure to deliver the financial outturn within the approved budget. The Council must avoid unplanned use of reserves without plans to replenish them, in order to secure its financial recovery going forward.

## **Changes to the MTFP since December 2025**

4.72 There have been a few changes to the MTFP since the report to Council in December 2025 and these are summarised in Table 11 below and are reflected in the updated MTFP in Table 12. These mainly relate to slightly increased funding following the publication of the Final LGFS.

***Table 11: movement in budget gap since 17 December 2025 Executive report***

Item	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Cumulative £m
<b>Original Budget Gap as at December 2025</b>	<b>(6.460)</b>	-	-	-	<b>(6.460)</b>
<i>Used for:</i>					
• Service budget growth added in	6.460	-	-	-	6.460
	-	-	-	-	-
<b>Funding movements</b>					
• Revenue Support Grant changes	16.143	8.101	8.451	8.788	41.483
• Business Rates Retained changes	(3.190)	(3.356)	(3.476)	(3.596)	(13.618)
• Business Rates Top up changes	(16.394)	(17.094)	(17.677)	(18.277)	(69.442)
	<b>(3.441)</b>	<b>(12.349)</b>	<b>(12.702)</b>	<b>(13.085)</b>	<b>(41.577)</b>
<i>Used for:</i>					
<b>Corporate Demand Pressures</b>					
• Creation of budget to support Mayoral Initiatives	0.100	-	-	-	0.100
• Additional capacity to provide further improvement in corporate governance and policy and embed continuous improvement across the Council	0.128	-	-	-	0.128
• Additional HR Capacity	0.056	-	-	-	0.056
• Creation of Civics & Armed Forces Officer post	0.045	-	-	-	0.045
• ICT Restructure	0.170	-	-	-	0.170
	0.499	-	-	-	0.499
<b>Capital Financing changes</b>					
• Additional capital financing funding for impact of capital plan	0.446	0.165	(0.417)	0.627	0.820
	0.446	0.165	(0.417)	0.627	0.820
<b>Contingencies and Reserves</b>					
• Continuation of centrally held Corporate Contingency Budget	0.872	0.894	0.490	0.026	2.282
• Changes in contributions to/from Budget Smoothing Reserve	-	(2.758)	(2.405)	(2.588)	(7.752)
• Changes to brought forward budgets as a result of funding changes in previous year	-	3.441	15.107	15.107	33.655
	<b>0.872</b>	<b>1.577</b>	<b>13.192</b>	<b>12.545</b>	<b>28.186</b>
<b>Grant Funding changes</b>					
• Changes to Children's Social Care Prevention Grant as now ringfenced	1.442	-	-	-	1.442
• Change to amount of grant rolled into formula - Homelessness Prevention Grant	0.060	-	-	-	0.060
• War Pensions Disregard grant rolled into formula	0.048	-	-	-	0.048
• Local Reform & Community Voices - Deprivation of Liberty Safeguards Funding grant rolled into formula	0.016	-	-	-	0.016
• Biodiversity Net Gain Planning Requirement grant rolled into formula	0.027	-	-	-	0.027
• Local Authority Better Care Fund grant rolled into formula from 2027/28	-	10.666	-	-	10.666
	<b>1.593</b>	<b>10.666</b>	-	-	<b>12.259</b>
<b>Other changes</b>					
• Revision to expected reduction in employers superannuation saving	0.072	-	-	-	0.072
• Revision to inflationary increase for fees and charges	(0.046)	(0.060)	(0.074)	(0.088)	(0.268)
• Increase in Environment Agency Levy	0.005	-	-	-	0.005
	0.031	(0.060)	(0.074)	(0.088)	(0.191)
	-	-	-	-	-
<b>Collection Fund Surplus</b>					
<i>Used for:</i>					
• Top up of Financial Resilience Reserve for 2026/27 only from Collection Fund Surplus	<b>(2.087)</b>	-	-	-	<b>(2.087)</b>
• Changes to brought forward budgets as a result of Collection Fund surplus available in previous year only	2.087	(2.087)	-	-	-
	-	2.087	-	-	2.087
	<b>0.000</b>	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-
<b>GAP / (SURPLUS) - December 2025</b>	<b>(6.460)</b>	-	-	-	<b>(6.460)</b>
<b>CURRENT GAP / (SURPLUS)</b>	-	-	-	-	-
<b>Movement in gap since December 2025</b>	<b>6.460</b>	-	-	-	<b>6.460</b>

Note: Revenue Support Grant and Business Rates changes are due to the funding outlined in the Final Local Government Finance Settlement, which changes the mix of the funding between these elements

## Updated MTFP

4.73 Table 12 below shows the major components of the updated MTFP reflecting the above amendments and budget assumptions, which are based upon the best information available at the time of writing the report.

4.74 This shows that there is currently a balanced budget for 2026/27 to 2029/30. There is a high level of uncertainty relating to 2029/30, and the figures for 2029/30 will be reviewed and updated when further information is made in the future available regarding Government funding levels.

**Table 12: updated MTFP 2026/27 to 2029/30**

Budget Item	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
<b>Net Budget brought forward</b>	<b>140.252</b>	<b>200.840</b>	<b>224.688</b>	<b>237.888</b>
Pay Inflation	2.402	3.101	2.543	2.594
Contractual inflation	1.797	1.547	1.547	1.547
Other inflation	0.008	-	-	-
Fees & Charges inflation	(0.694)	(0.708)	(0.722)	(0.736)
<b>Inflation total</b>	<b>3.513</b>	<b>3.940</b>	<b>3.368</b>	<b>3.405</b>
Removal of Middlesbrough Priorities Fund (one off for 2025/26 only)	(4.367)	-	-	-
Member Led Ward schemes	0.235	-	-	-
Corporate Demand Pressures	0.499	-	-	-
Service Demand pressures	15.549	6.691	8.286	5.438
<b>Demand pressures total</b>	<b>11.916</b>	<b>6.691</b>	<b>8.286</b>	<b>5.438</b>
Service Growth	6.460	-	-	-
<b>Service Growth total</b>	<b>6.460</b>	-	-	-
Removal of one off contribution to Financial Resilience Reserve for 2025/26 only	(1.370)	-	-	-
One off top up to Financial Resilience Reserve from Collection Fund surplus (2026/27 only)	2.087	(2.087)	-	-
Budgeted Contribution to Financial Resilience Reserve	-	0.750	0.750	0.750
Changes to Planned Contribution to Change Fund Reserve	(0.730)	0.730	-	-
Contributions to/(from) Budget Smoothing Reserve	-	0.577	3.343	(3.920)
Changes to Corporate Contingency budget	(0.454)	0.895	(0.343)	0.027
Changes to Pay & Prices Contingency budget	0.275	-	-	-
Removal of Savings Delivery Risk budget	(2.000)	-	-	-
Grant Funding adjustments (including grants rolled into formula)	41.005	11.058	0.392	5.802
Capital Financing adjustments	0.946	1.871	0.746	0.627
Savings - approved in previous years	(3.517)	-	-	-
Savings - approved in previous years now removed	2.458	-	-	-
<b>Other adjustments total</b>	<b>38.699</b>	<b>13.794</b>	<b>4.888</b>	<b>3.286</b>
<b>PROJECTED NET BUDGET</b>	<b>200.840</b>	<b>225.265</b>	<b>241.231</b>	<b>250.017</b>
Council Tax	(78.459)	(81.189)	(83.974)	(89.325)
Business Rates Retained	(24.475)	(25.030)	(25.540)	(26.051)
Business Rates Top up Payment	(46.750)	(47.829)	(48.788)	(49.761)
Estimated 25/26 Collection Fund Surplus	(2.087)	-	-	-
Revenue Support Grant	(49.069)	(71.217)	(82.929)	(84.880)
<b>Assumed Funding</b>	<b>(200.840)</b>	<b>(225.265)</b>	<b>(241.231)</b>	<b>(250.017)</b>
<b>Incremental Budget Gap + / Surplus ()</b>	-	-	-	-
<b>Cumulative Budget Gap + / Surplus ()</b>	-	-	-	-

4.75 The MTFP and the assumptions used will remain subject to constant review throughout 2026/27, and any changes will be reflected in future updates to the MTFP which will be presented to Executive in 2026/27.

## Budget Consultation Feedback 2026/27 (Appendix 4)

4.76 This section provides a summary of consultation activity and responses, along with impact assessments included at Appendix 4.

4.77 A near 4 week public consultation on the 2026/27 MTFP proposals and Council Tax increase commenced on 18 December 2025 and concluded on 11 January 2026 with consultation taking place via a general public survey on the Council's website, a general consultation email address, and an in-person public consultation event led by the Executive Member for Finance and the Corporate Director of Finance.

4.78 Consultation received the views of range of people through diverse channels of engagement, below is a summary of consultation activity:

- The budget consultation was promoted to over 45,000 residents via an email Council newsletter and promoted on the Council website and social media (Facebook and X).
- 302 responses to the Council's consultation survey
- a public consultation in person event led by the Executive Member for Finance and the Corporate Director of Finance and attended by senior officers at the Town Hall on 5 January 2026, was attended by 2 people
- a number of consultations with staff
- briefings for all Elected Members
- Elected Members were provided with details of the budget consultation to enable them to share with residents in their ward
- consultation on the budget with the Financial Resilience Working Group (FRWG) comprising cross party member representation with 5 meetings being held on 13 October 2025, 27 October 2025, 20 November 2025, 22 December 2025 and 14 January 2026
- consultation with the Council's Overview and Scrutiny Board (OSB), and attendance of the Mayor and Executive Member for Finance at Overview and Scrutiny Board on 18 December 2025
- consultation with the Council's partners and the local business sector, including consultation with the town's Chamber of Commerce, at a meeting on 10 December 2025

4.79 The on-line survey invited respondents to tell us about their views on the proposed draft budget and service budget growth and the proposed Council Tax increase for 2026/27.

4.80 Analysis of the budget consultation survey responses received shows the following main points:

- 54% of respondents who answered the question were in favour of a Council Tax increase of 2%. 43% were against, and 3% did not answer the question
- The survey asked those who disagreed with the proposed budget to provide alternative suggestions they thought should be considered. 155 comments were received. Analysis of the free text responses to this question identified general themes around the current cost of Council Tax, lack of information on how it is

spent, and the need for more support for families who are struggling but do not qualify for benefits support.

4.81 Consultation responders were also asked if they agreed with each of the areas of budget growth separately that had been proposed in the budget. 302 people viewed the questions as to whether they supported, were neutral, or opposed the areas of growth. Not all people answered each question. The figures for those who viewed the questions are set out below for each proposal, and this shows that the majority of those people agreed with all the areas of proposed budget growth:

- Continuing to improve the look and feel of our Town – 242 (80%) agreed with this proposed area of growth, 26 (9%) opposed it and 34 (11%) were neutral or did not answer
- More money for Youth services – 221 (73%) agreed with this proposed area of growth, 26 (9%) opposed it and 55 (18%) were neutral or did not answer
- Boosting schools and holiday clubs - 187 (62%) agreed with this proposed area of growth, 44 (15%) opposed it and 71 (23%) were neutral or did not answer
- Giving more children the experience they deserve - 152 (50%) agreed with this proposed area of growth, 54 (18%) opposed it and 96 (32%) were neutral or did not answer
- Supporting businesses and helping people to find jobs - 186 (62%) agreed with this proposed area of growth, 48 (16%) opposed it and 68 (22%) were neutral or did not answer
- Spending more on events and museums - 172 (57%) agreed with this proposed area of growth, 47 (16%) opposed it and 83 (27%) were neutral or did not answer
- Making our town safer – 263 (87%) agreed with this proposed area of growth, 11 (4%) opposed it and 28 (9%) were neutral or did not answer
- Improving housing - 210 (70%) agreed with this area of growth, 33 (11%) opposed it and 59 (19%) were neutral or did not answer
- Improving play parks - 195 (65%) agreed with this area of growth, 33 (11%) opposed it and 74 (24%) were neutral or did not answer
- Supporting and protecting people - 212 (70%) agreed with this proposal, 31 (10%) disagreed with it and 59 (20%) were neutral or did not answer
- Supporting our carers and foster families – 190 (63%) agreed, 25 (8%) disagreed and 87 (29%) were neutral or did not answer
- Supporting our communities – 169 (56%) agreed, 43 (14%) disagreed and 90 (30%) were neutral or did not answer

4.82 The key points from the responses to the consultations as set out in paragraph 4.80 have been considered by the Mayor and Executive as part of the budget process as set out as follows:

#### Current cost of Council Tax

Whilst the Council sets the Council Tax each year the Government assumes that the Council (as the case with other local authorities) increase their Council Tax by the maximum allowed and assumes this in their calculation of funding available to the Council. The Mayor and Executive are however proposing a lower than maximum Council Tax increase of 2% relating to the Adult Social Care Precept in 2026/27 in

order to help reduce the cost of Council Tax to residents (see paragraph 4.30 for details). As outlined in paragraph 4.27 there are significant anomalies in the current Council Tax system which result in extreme variances in council tax levels both regionally and nationally. The Government have recognised this and have provided for council tax equalisation in the government funding provided under the Fair Funding Review 2.0. However, a fundamental review of the Council Tax system and bands is required by Government so that a fairer Council Tax system can exist.

Lack of information on how Council Tax is spent

Information is included with Council Tax bills and will be provided on the Council's website regarding this following approval of the budget by Council planned on 18 February 2026.

The need for more support for families who are struggling but do not qualify for benefits support

The Council currently provides for this through the Welfare Strategy (see paragraph 4.40 for details) and through the extension of the Household Support Fund to provide support to these families. It will also seek to target these such families where possible in the future. The proposal to freeze school meal prices for those not on free school meals will also benefit these families.

4.83 As part of the consultation process at OSB and in the FRWG elected members suggested two potential amendments to the proposed budget in light of the additional Government funding. Firstly, a number of elected members suggested that the charges for the Green Waste Service could potentially be reduced from the current charges of £40 per year for the first bin and £20 per year for each subsequent bin. It was also suggested by the Executive Member for Finance and an elected member at OSB that car parking charges could be reduced from current levels or that there could potentially be the provision of a free period of parking in order to encourage people to visit the town centre and boost the local economy. These have been considered by the Mayor and Executive as part of the budget process as set out in the following paragraphs.

Suggested reduction in Green Waste service charge

An analysis of the cost of implementing this proposal is to be undertaken. An income target of £0.406m was set for this when the charge was introduced in 2024/25 and due to increased take up of the service above that expected a further income target of £0.450m was set in 2025/26, making a total income target of £0.856m. Currently the income forecast to be received in 2025/26 is £0.879m. Executive are minded to agree to a suggested reduction in charges, however it will not be possible to implement this for 2026/27 due to the time required to consult residents and implement it. Executive will consider options regarding this during the early part of 2026/27 and a report to Executive containing their preferred option for approval will be produced by the end of December 2026, with implementation of the potential reduced charge planned for 2027/28.

Suggested reduction in car parking charges or provision of a period of free parking

The Mayor and Executive generally supported the provision of a period of free parking but have asked for a full analysis and potential options to be provided. A report on this will be submitted to Executive by the end of April 2026 and following that any adjustments required to the car parking charges and the MTFP will be made. In the meantime, the car parking charges will be levied as per those contained in the Schedule of proposed Fees and Charges for 2026/27 as part of the Fees and Charges Policy 2026/27 (Appendix 8 Annex 1).

- 4.84 While the Mayor and Executive are not obliged to change their budget proposals in light of the outcome of the consultation, they are required to have due regard to it in making their decisions around the Council's Council Tax levels and the Medium Term Financial Plan.
- 4.85 Following consultation, the recommendation is to proceed with the budget proposals presented in the 17 December 2025 Executive MTFP report,
- 4.86 Responses to the budget consultation survey were analysed to assess whether there were any concerns about impacts from proposals that varied by protected characteristic, which could give an indication of an unintended impact or a concern that there would be a disproportionate adverse impact on individuals or groups because they held one or more protected characteristics. This analysis is set out in the Human Rights, Equality and Data Protection section (section) of this report. Impact assessments for the budget proposals that were subject to public consultation and an overall impact assessment are set out in Appendix 4.

**Report of the Corporate Director of Finance (s151 Officer) under s25 of the Local Government Finance Act 2003 (Appendix 6)**

- 4.87 Section 25 of The Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to the Council on:
  - the robustness of the estimates made for the purpose of the budget calculations.
  - the adequacy of the proposed financial reserves.
- 4.88 The Council is required by law to take this report into account when making its decisions in relation to setting the annual budget and setting the Council Tax for the financial year 2026/27.
- 4.89 Section 26 of the Local Government Act 2002 places an onus on the CFO (the Corporate Director of Finance and s151 Officer) to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.
- 4.90 The s151 Officer's report is extremely important and sets the context within which the 2026/27 budget and MTFP report and the Treasury Management Strategy reports should be considered. It provides a summary of the risks and issues that need to be addressed as a priority in order to strengthen the Council's grip on its financial management arrangements to deliver financial recovery and achieve financial

resilience over the period of the MTFP. It also sets out the accountabilities and responsibilities of all members and officers in relation to delivering in accordance with the 2026/27 Budget and MTFP in order to secure the financial future of the organisation.

4.91 The s25 report is detailed in Appendix 6 and includes the following sections

- Legal Framework
- Chief Finance Officer Overall Opinion
- Current context and financial standing of the Council
- Recommendations in relation to financial recovery and resilience
- Robustness of Estimates
- Governance
- Accounting Practice
- Budget Savings Delivery
- Key Risks impacting Budget Delivery
- Adequacy of Reserves

### **Reserves and Financial Reserves Policy (Appendix 7)**

4.92 Details of the current level of the Council's General Fund reserves and provisions are included in the separate Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026.

4.93 The Financial Reserves Policy at Appendix 7 provides an overview of the Council's Reserves, the planned replenishment of the usable reserves over the term of the MTFP in order to achieve financial resilience and sets out the principles governing their use. The Policy is reviewed and updated annually as part of the annual budget setting cycle.

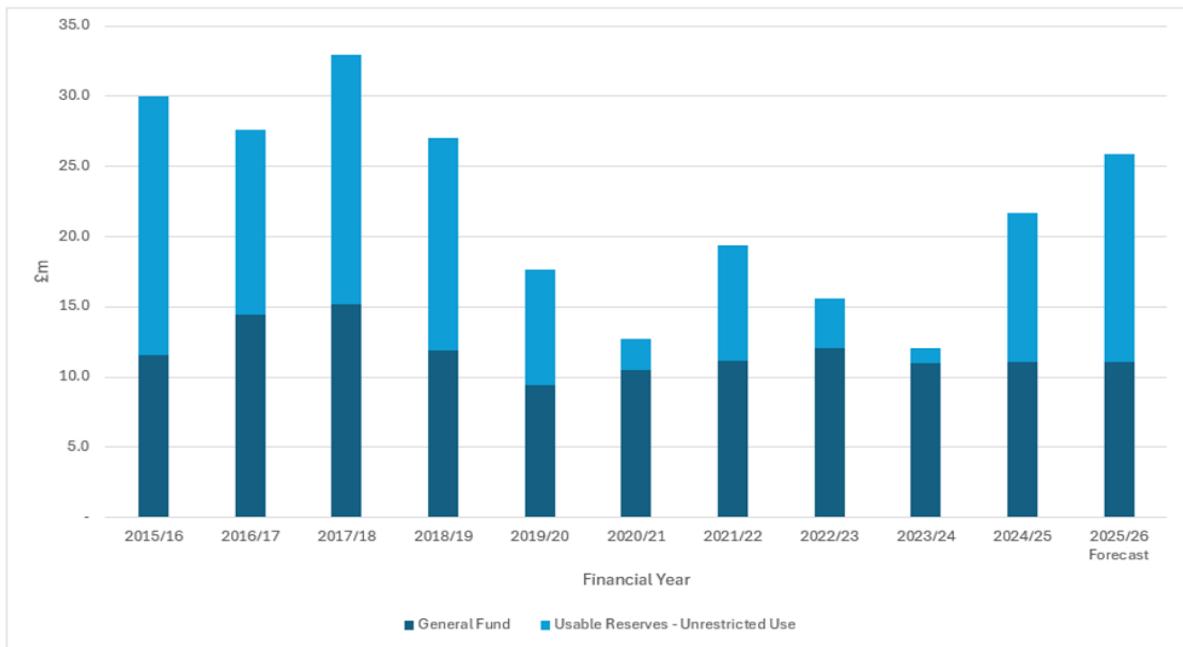
4.94 The Council must continue to rebuild its unrestricted revenue reserves over the period of the MTFP in order to strengthen the Council's financial resilience and to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the current MTFP period. Reserves will increase in future years due to planned contributions to reserves as set out in the Financial Reserves Policy at Appendix 7, and the budget proposed has no adverse effect on these planned increases over the MTFP period.

4.95 The s151 Officer recommends that the minimum balance on the General Fund Reserve should be maintained at a level of at least £11.1m over the MTFP period to 2029/30. Whilst the value of the General Fund Reserve is the same as that in the 2025/26 Financial Reserves Policy, the percentage has reduced from 7.75% in 2025/26 to 5.5% in 2026/27 due to the increase in the proposed net revenue budget arising from the additional government funding and the rolling in of a number of grants into RSG. The increase in other unrestricted usable reserves also means that this Reserve can be maintained at the same level.

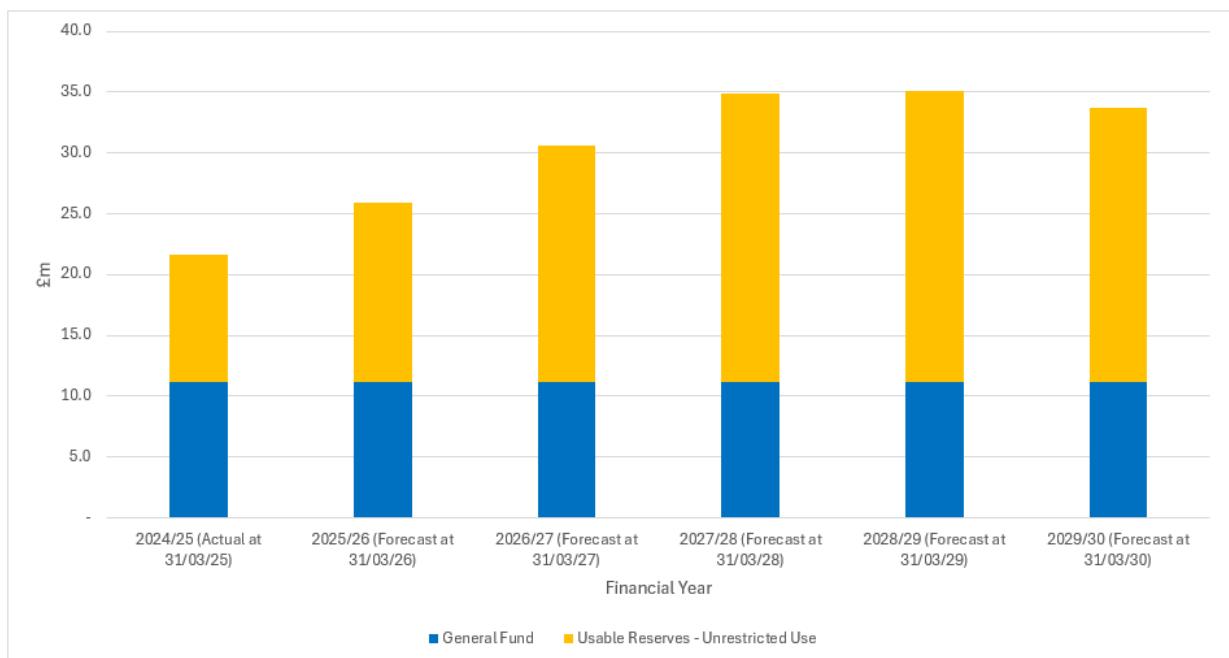
4.96 In addition, the s151 Officer recommends the build-up of the Financial Resilience Reserve to at least £10m in 2026/27 and at least £20m by the end of 2029/30 to strengthen the Council's financial resilience.

4.97 Figure 2 below shows that in 2023/24 the level of the total value of the Council's unrestricted usable reserves had declined to a critical level, however they have then started to be rebuilt in the last few years. Rebuilding of reserves will continue over the period of the MTFP to increase reserves to acceptable levels by the end of the MTFP period as shown in Figure 3 below, however, this will depend on any unplanned drawdowns of reserves. The uncertainty regarding Government funding for 2029/30 onwards means reserves have been increased further than that originally planned.

**Figure 2 – Movement in unrestricted usable reserves 2015/16 to 2025/26 forecast**



**Figure 3 - Forecast Unrestricted Usable Reserves from closing balance 2024/25 through to closing balance 2029/30 (following planned contributions and drawdowns)**



## **Fees and Charges Policy 2026/27 (Appendix 8)**

4.98 Appendix 8 details the Fees and Charges policy for 2026/27, which applies sector wide good practice on the levying of fees and charges into Middlesbrough's context.

4.99 Appendix 8 Annex 1 provides a Schedule of proposed Fees and Charges for 2026/27 for services provided by the Council arising from the application of the proposed policy for 2026/27, for approval by Council.

## **Capital Programme 2026/27 to 2029/30 & Capital Strategy 2026/27 (Appendix 9)**

4.100 The Council Plan for Middlesbrough acknowledges that a sustainable Capital Programme, and the strategy and controls to shape and manage it, is a critical contributor to the future ambitions, overall service delivery, and financial position of the Council going forwards.

4.101 The Council must consider how capital expenditure is paid for and what the long-term financial implications are of undertaking this investment. The Council is permitted to borrow funds to finance the Capital Programme under the Local Government Act 2003. It needs to consider the impact on the revenue budget in relation to repayment of borrowing proposed, how it funds the repayment of this debt and the period over which it is repaid.

4.102 The Council operates a strict approach to considering and prioritising schemes for inclusion in the Capital Programme set against available resources including a technical review process, as set out in the proposed Capital Strategy in Appendix 9 for approval by Council.

4.103 The Council's Capital Programme is reviewed each quarter via the quarterly budget monitoring reports. A review of the Council's Capital Programme has taken place prior to budget setting and the process for the review was detailed in the 17 December 2025 Executive report. As mentioned in the December 2025 report further work has been undertaken regarding this, in particular with relation to profiling over the years of the MTFP, and this has been revised in this report.

4.104 The main points arising from the review of the Capital Programme and the Capital Strategy detailed in Appendix 9 are:

- Proposed new schemes and additions to current schemes and an extension of schemes deemed Business as Usual totalling £11.735m in 2026/27 and rising to £56.633m by 2029/30. These are for essential expenditure required to support the delivery of the Council's objectives and priorities (details are provided in Section 3).
- The total capital expenditure over the MTFP period from 2026/27 to 2029/30 of £183.741m, with a programme of £79.483m for 2026/27. This is funded by a combination of external borrowing, grants and contributions, capital receipts and flexible capital receipts for transformation purposes.
- Notes the inclusion of transformation and redundancy expenditure which can be capitalised under the Flexible Use of Capital Receipts strategy (FUoCR) of

£5.789m in 2026/27 (as part of planned £26.700m Transformation Programme from 2024/25 to 2028/29) and the proposed annual Flexible Use of Capital Receipts (FUoCR) Strategy in Appendix 10 which will be presented to Council for consideration and approval on 18 February 2026 as part of the budget report.

- Notes that the capital financing requirement (need to borrow) will need to increase to £333.755m in 2026/27 and external debt will increase to £326.028m in 2026/27 to support these plans.
- Notes that a capital financing cost expected to be £14.151m or 7.1% of the revenue budget being proposed of £200.675m.

4.105 Provision has been made in the MTFP in respect of the potential capital financing costs arising from the new capital investment proposed to be included in the updated Capital Programme. An affordability limit that capital financing costs should not be more than 10% of the net revenue budget has been set by the Council's s151 Officer in line with CIPFA guidance, and the proposed capital investment will adhere to this. Full details regarding this are included in the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 report to this Council.

4.106 The Council needs to control its spending plans over the medium to long term and seek to fund expenditure via external funding sources or capital receipts from asset sales rather than borrowing which needs to be rationed going forward in order to maintain affordability. The overall capital financing position makes it more important that the Council controls its revenue expenditure within budget, delivering its savings plans in full and realises the planned capital receipts to fund transformation and future capital investment.

### **Education Funding and Dedicated Schools Grant (DSG) (Appendix 12)**

4.107 The key points relating to Education Funding are:

- As detailed in the separate Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to this Executive and in Appendix 12 the DSG deficit is predicted to increase by £9m during 2025/26 and it is currently forecast that there will be a total cumulative DSG deficit of £31.213m at 31 March 2026, including £32.515m relating to the High Needs Block which is partly offset by £1.302m of surplus forecast across the other blocks. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing. The position will be closely monitored during 2026/27 and reported through the quarterly budget monitoring process.
- The Government indicated in the Budget 2025 published on 26 November 2025 that it is proposing that it will take over the future funding of Special Educational Needs and Disabilities (SEND) from 2028/29 when the statutory override ends at the end of 2027/28, and that they would not expect local authorities to fund future SEND costs from general funds.
- On 12 December Department for Education (DfE) announced that at least £3 billion of capital funding between 2026/27 and 2029/30 would be provided to deliver 50,000 specialist places nationally, in addition to 10,000 places to be delivered through special and AP free schools or alternative funding for local

authorities. This funding will be repurposed from funding previously intended for mainstream free school projects.

- In the Education Written Ministerial Statement published alongside the Provisional LGFS on 17 December 2025 the Government confirmed that the Schools White Paper to be published early in the new year will include plans for reform of Special Educational Needs and Disabilities (SEND) provision.
- It was also announced on 17 December 2025 that further details on plans to support local authorities with historic and accruing Dedicated Schools Grants deficits and conditions for accessing such support will be provided later in the Local Government Finance Settlement process.
- Following the Written Ministerial Statement as part of the Provisional LGFS, the DfE published on 17 December 2025 local authorities' allocations through the Dedicated Schools Grant (DSG) for schools, high needs, central schools' services and early years for 2026/27. This showed total indicative grant funding for Middlesbrough is **£222.114m** for 2026/27, after deductions for national non domestic rates and direct funding of high needs by DfE (further details are provided in Appendix 12).
- This is a total increase of **£14.945m (7.2%)** from the 2025/26 indicative budget after deductions.
- The figures currently are indicative, and the grant will be amended throughout the year as the Schools Block includes amounts which are passported straight to academies.
- In the Final LGFS published on 9 February 2026 the Government announced that it was committed to supporting local authorities with their DSG deficits in the transition to a reformed SEND system, and will introduce support for local authorities in phases. The first phase will address historic deficits accrued up to the end of 2025/26. All local authorities with a SEND deficit will be eligible in 2026/27 to receive a High Needs Stability Grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025/26. The issuing of this grant will be subject to the Government validating the amount of a local authority's historic deficit up to the end of 2025/26 and that all spending included in it is eligible, and also it is subject to a local authority submitting and securing the Department for Education's approval of a local SEND reform plan.
- In the Final LGFS the Government also confirmed that the Statutory Override will remain in place until the end of 2027/28 (31 March 2028). While it remains in effect, all DSG deficits including any proportion of the historic deficit up to 2025/26 not covered by grant ("the residual deficit") will remain in the associated statutory reserve ("the unusable reserve") and will not affect local authorities' wider financial positions. Also to note whilst the High Needs Stability Grant will be received in 2026/27 this grant cannot be applied to the DSG deficit until 2028/29 when the statutory override ends and must be held

in a separate reserve until then. The Government has stated that local authorities will need to plan to be able to meet the cost of the residual deficit from their own resources in 2028/29, including setting aside appropriate reserves in the preceding years.

- The Government have recognised that SEND reform will take time to fully embed and local authorities will need further support. For deficits that arise in 2026/27 and 2027/28, they have stated that local authorities can expect that the Government will continue to take an appropriate and proportionate approach, though it will not be unlimited. Whilst recognising the challenges of the current system, it remains vital that every authority provides appropriate high-quality support for children and young people's education whilst ensuring robust controls as we work together to reform the SEND system. They have also said that they will support local authorities and their partners to do this through their Local SEND Reform Plans.
- Therefore, even with the significant financial support announced in the Final LGFS there remains a risk around satisfying the conditions of the High Needs Stability Grant, along with the remaining historic deficit and accruing future deficits post 2025/26. In order to mitigate this risk an amount of approximately £5m has been provisionally set aside from the Financial Resilience Reserve in 2028/29 to cover the 10% remaining historic deficit and also 10% of forecast deficits for each of 2026/27 and 2027/28, pending further clarification from the Government on how to address these deficits and the publication of the Schools White Paper.
- There also remains a risk about the future of SEND provision and the fact that the statutory override will end on 31 March 2028. The timing and content of the proposed reforms to SEND provision will have a significant impact on the remaining periods in which local authorities remain responsible for funding these services and in which deficits are expected to continue accumulating. In addition, it is not clear what role local authorities will continue to play as key partners in complex local delivery systems including partners in education (state and private), healthcare, children and families, and transport providers. Transitions for those who might require continuing support as working age adults with learning disabilities will continue to need careful operational and financial planning.
- This will remain a risk whilst the Council awaits further detailed announcements on how the Government will deal with future accruing deficits and the detail of the Schools White Paper which is due to be published shortly.
- The DSG risk is included in the Council's Strategic Risk Register and was reflected in the Annual Governance Statement for 2024/25, and its inclusion in future years will be evaluated in light of further Government announcements and analysis of DSG deficit.

- The DSG deficit has potentially resulted in a capital financing cost to the Council. The effect of expenditure being greater than income on this grant has depressed overall cash balances, incurring an opportunity cost of the investment income that could have been earned.
- Further details of the DSG budget and DSG deficit and the management actions being taken following the completion of the Delivering Better Value programme to manage the deficit are provided in Appendix 12. The Council must continue to demonstrate strong leadership including engagement with all local system partners and apply robust financial control and operational; rigour so that all expenditure and related deficits are managed appropriately.

### **Pay Policy Statement 2026/27 (Appendix 13)**

4.108 The Council must publish a Pay Policy Statement each year which sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. This includes various employee policies relevant to the remuneration of Chief Officers in operation within the Council. The actual content of those policies included within the statement will continue to be determined by current mechanisms. The Pay Policy Statement must be approved by Full Council before publication on the Council's website and must be published before 31st March each year.

4.109 The Pay Policy Statement for 2026/27 is attached to this report in Appendix 13.

### **5. Ward Member Engagement if relevant and appropriate**

- 5.1 All elected members, including ward members, have a role to play in the budget setting process.
- 5.2 As detailed in 3 September 2025 Executive report the annual budget financial planning cycle requires a collaborative and co-ordinated approach by all elected members and officers in order to achieve a balanced budget and MTFP and ensure the financial sustainability of the Council. Briefings for all elected members will be arranged at various points of the process to ensure that key issues are understood, including the holding of a full briefing to all elected members when the Executive papers for the 17 December 2025 report were published on 9 December 2025, and also on 29 January 2026 after the papers for Executive on 4 February 2026 were published.
- 5.3 The Financial Resilience Working Group (FRWG) comprising cross party member representation has met five times during the budget setting process on 13 October 2025, 27 October 2025, 20 November 2025, 22 December 2025 and 14 January 2026. A further meeting will be held in late February / early March following approval of the budget to update members on the implementation of the budget proposals.

## 6. Other potential alternative(s) and why these have not been recommended

6.1 The Council is required by law to set a balanced budget and to operate robust and meaningful financial planning arrangements and this report is a key part of achieving that objective. Therefore, no other options are feasible.

## 7. Impact(s) of the recommended decision(s)

Topic	Impact
	<p>Financial (including procurement and Social Value)</p> <p>This report represents a key step in the budget process and reports on the current position at the time of writing the report 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.</p> <p>Council approval of the 2026/27 budget and proposed Council Tax is sought at this Council meeting of 18 February 2026 in order to comply with the statutory deadline of 11 March 2026 and to enable the billing of Council Tax to Middlesbrough households to be undertaken.</p> <p>The detailed financial implications associated with the report are set out throughout the main body of the report and are summarised below.</p> <ul style="list-style-type: none"> <li>• 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)</li> <li>• 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)</li> <li>• 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 includes the decision by Executive not to increase school</li> </ul>

	<p>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).</p> <ul style="list-style-type: none"> <li>• That it is proposed that savings totalling £2.458m p.a. are removed from the MTFP. which are now found to be unachievable in the manner originally intended (paragraph 4.65).</li> <li>• Proposed Service Budget Growth totalling £6.460m from 2026/27 as detailed in Appendix 3</li> <li>• Proposed Corporate Demand of £0.499m p.a. from 2026/27, and the continuation of the Member Led Ward Schemes budget of £0.235m p.a. from 2026/27 (Table 7 in paragraph 4.62)</li> <li>• The Mayor and Executive propose 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 (paragraph 4.30). Appendix 11 details the proposed Council Tax to be set for 2026/27.</li> <li>• Proposed 2026/27 Net Revenue Budget of £200.675m (Appendix 5) and a balanced Medium Term Financial Plan (MTFP) for the period 2026/27 to 2029/30 (Table 12 paragraph 4.74)</li> <li>• 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 (Appendix 9)</li> <li>• The Flexible Use of Capital Receipts (FUoCR) Strategy for 2026/27 totalling £5.789m (Appendix 10)</li> <li>• Education funding and Dedicated Schools Grant (DSG) and the risk to the Council arising from the DSG deficit (Appendix 12)</li> <li>• The Pay Policy Statement for 2026/27 which sets out the Council's policies on remuneration of its staff in</li> </ul>
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	<p>accordance with Section 38 of the Localism Act 2011 (Appendix 13)</p> <p>The report should be read in conjunction with the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27 report elsewhere on this agenda. That report translates 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 is governed.</p> <p>There are no direct Procurement implications arising from the report, but there are potentially Procurement implications arising from the budget proposals for service budget growth if they are approved as part of the Council budget on 18 February 2026.</p> <p>A number of the service budget growth proposals should positively provide social value.</p>
Legal	<p>The Council is required by law to set a legally balanced budget by 11 March for each year. Failure to do so will result in the statutory requirement for the s151 Officer to issue a s114 notice under s114(3) of the Local Government Act 1988.</p> <p>The Medium Term Financial Plan and revenue and capital budgets form part of the Council's policy framework, as set out in its constitution. The approach outlined within the document will enable the Council to operate within the resources available and continue to meet its many statutory duties.</p> <p>Elected members (individually and collectively) have a fiduciary duty to local taxpayers and so duty to facilitate, rather than frustrate, the setting of a lawful budget, and not to do so would bring damaging legal, financial, operational, and reputational consequences for the Council, and precepting authorities such as the police, fire service and local parish councils. It may also give rise to personal liability for individual members for misfeasance in public office, negligence, or breach of statutory duty, should they be found to be purposely failing to set a lawful budget.</p>
Risk	<p>The revision of the Council's Medium Term Financial Plan for 2026/27 to 2029/30 plays a fundamental role in ensuring that the Council Plan is delivered effectively.</p>

	<p>The proposed approach will ensure a positive impact on the strategic risk (SR01) that the Council fails to maintain a balanced budget and Medium Term Financial Plan. The proposed approach also aligns with legal requirements around consultation and assessing the impact of proposals. It therefore impacts positively on the risks that the Council could fail to achieve good governance or comply with the law (SR01 and SR04).</p> <p>The uncertainties of the economic environment over the short to medium term present a high risk to the authority as reflected in the pressures being experienced and reflected in the Quarter Three forecast year-end overspend for 2025/26. It is essential that Directors in consultation with Executive Members are focused upon continuing to develop and deliver financial recovery plans to attempt to control expenditure within the approved budget for 2025/26. Any increases in the overspend in 2025/26 will impact upon the 2026/27 budget and MTFP to 2029/30.</p>
Human Rights, Public Sector Equality Duty and Community Cohesion	<p>The Council must ensure that, in line with the Public Sector Equality Duty, that any budget saving proposals, other budget proposals, or proposed Council Tax increases thought to impact on those with protected characteristics are assessed, mitigated where possible and/or justified. An Impact Assessment has been completed on the proposed budget. It did not identify any concerns that the Budget could have a disproportionate, adverse impact on individuals or groups, because they hold one or more protected characteristics. The budget and growth areas are relevant to the following protected characteristics and will positively impact on them - Age and disability. No concerns were identified as a result of the budget consultation process that the budget proposals could have a disproportionate adverse impact on one or more groups because they hold one or more protected characteristics.</p>
Reducing Poverty	<p>A number of the service budget growth proposals should positively help to reduce poverty.</p>
Climate Change / Environmental	<p>The proposed recommendations in this report do not directly impact on Climate Change/Environmental issues.</p>
Children and Young People Cared for by the Authority and Care Leavers	<p>A number of the service budget growth proposals should positively impact upon Children and Young People Cared for by the Authority and Care Leavers.</p>
Data Protection	<p>The proposed recommendations in this report do not directly impact on Data Protection issues.</p>

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

Action	Responsible Officer	Deadline
If approved by Council on 18 February 2026, the proposals set out in this report will form the basis of the 2026/27 revenue and capital budgets of the Council	Corporate Director of Finance (s151 Officer)	18/2/26

## Appendices

<b>1</b>	Forecast Service Demand Pressures and Re-basing of Budgets (including for reduced income levels and legislative requirements)
<b>2</b>	Additional Budget Savings already approved in previous years
<b>3</b>	Proposed Service Budget Growth in line with Council Plan priorities
<b>4</b>	Budget Consultation – overall budget impact assessment 2026/27
<b>5</b>	Details of net revenue budget by Directorate 2026/27
<b>6</b>	s151 Officer Statement on Robustness of the budget and adequacy of reserves, required under s25 of The Local Government Act 2003 (Pt 1)
<b>7</b>	Financial Reserves Policy
<b>8</b>	Fees and Charges Policy 2026/27
<b>9</b>	Capital Programme 2026/27 to 2029/30 and Capital Strategy 2026/27
<b>10</b>	Flexible Use of Capital Receipts (FUoCR) Strategy 2026/27
<b>11</b>	Council Tax setting 2026/27
<b>12</b>	Education Funding 2026/27 and Dedicated Schools Grant (DSG)
<b>13</b>	Pay Policy Statement 2026/27

## Background papers

Body	Report title	Date
Executive	2025/26 Budget, Medium Term Financial Plan 2025/26 to 2028/29, and Council Tax setting	5/2/25
Council	2025/26 Budget, Medium Term Financial Plan 2025/26 to 2028/29, and Council Tax setting	19/2/25
Executive	2024/25 Outturn Report	11/6/25
Executive	Medium Term Financial Plan (MTFP) update and 2026/27 budget development approach and timetable	3/9/25
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter One 2025/26	3/9/25

Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Two 2025/26	3/12/25
Executive	Calculation of Council Tax Base for 2026/27	3/12/25
Executive	Treasury Management Mid-Year Review – 2025/26	3/12/25
Executive	Council Plan 2026/27-29: Outcomes Refresh	3/12/25
Executive	2026/27 Draft Budget and Medium Term Financial Plan 2026/27 to 2029/30	17/12/25
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26	4/2/26
Executive	Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy 2026/27	4/2/26
Executive	2026/27 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	4/2/26

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## Appendix 1 - Forecast Service Demand Pressures and Re-basing of Budgets (including for reduced income levels and legislative requirements)

Directorate	Detail	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Cumulative £m
<b>Regeneration &amp; Housing</b>						
• Trading Standards (26/27 only - remaining 25/26 Priorities Fund)	Additional Trading Standards Officer on a fixed term basis to increase proactive work on product safety, counterfeit products and illicit tobacco products, including further and sustained operations targeting repeated offenders and premises, with enhanced partnership working with HMRC, Immigration and the Police	0.039	(0.039)	-	-	-
• Financial Investigator (26/27 only - remaining 25/26 Priorities Fund)	Accredited Financial Investigator post on a fixed term basis to increase the financial investigation capabilities of the Council, to improve criminal case outcomes, increase civil debt recovery and increase asset recovery under Proceeds of Crime Act	0.050	(0.050)	-	-	-
• Changes to commercial income assumptions	Potential shortfalls on income from strategic commercial investments arising from potential tenancy changes	1.000	-	-	-	1.000
		1.089	(0.089)	-	-	1.000
<b>Public Health</b>						
• Relocation of Live Well Centre	Drugs Support Service relocation	-	0.447	-	-	0.447
<b>Environment, Communities &amp; Culture</b>						
• Member Allocations to Wards (26/27 only - remaining 25/26 Priorities Fund)	For ward specific initiatives, led by Ward Members	0.055	(0.055)	-	-	-
• In-house Arbor Team (26/27 only - remaining 25/26 Priorities Fund)	Management of the Council's own tree stock, monitoring of tree standards and safety across the town, enhanced adherence to tree management and maintenance legislation, management of tree disease, tree surveys and responding to tree safety concerns	0.280	(0.280)	-	-	-
• MUSINC Project (26/27 only - remaining 25/26 Priorities Fund)	Replacement of musical instruments/enhancement of offer currently provided by the Service	0.075	(0.075)	-	-	-
• Tree Maintenance	£0.500m was allocated to tree maintenance from one-off funding in 2025/26 to enable works required to be completed, this was due to be removed from 2026/27, but £0.100m has been retained in the budget permanently to meet ongoing demands	(0.400)	-	-	-	(0.400)
• Simpler Recycling	Costs of revised recycling scheme following legislative changes imposed by Government, including food waste, paper, card and microfilm plastics	2.279	-	-	-	2.279
• School Meals Catering	Continuing shortfalls on income achieved from school meals due to rising food prices and the prices of meals not being increased accordingly due to a political decision not to increase prices in order to support families	0.230	0.046	0.047	0.048	0.371
• Residual waste disposal costs	Changes to estimated demand, based on estimated contract prices and tonnages. Includes £1m from 2028/29 for Emissions Trading Scheme (ETS) potential costs	0.038	0.143	1.542	0.157	1.880
• Crematorium income pressures	Continuing reduced demand and associated decline in income from Cremations	0.250	-	-	-	0.250
• Fleet expenditure pressures	Increased staff costs due to recruitment and retention challenges and a sharp increase in the cost of vehicle parts	0.300	-	-	-	0.300
		3.107	(0.221)	1.589	0.205	4.680
<b>Children's Care</b>						
• Additional funds for S17 cases	Increased demand, including for overnight emergency accommodation and legal/financial support costs	0.084	-	-	-	0.084
• Increased demand for services	Continuing increased demand for care and increased complexity of cases, in particular for external residential placements	3.000	3.000	3.000	1.500	10.500
		3.084	3.000	3.000	1.500	10.584
<b>Education &amp; Partnerships</b>						
• Integrated Transport Service	Forecast increased demand for home to school transport for children and transport for vulnerable adults	0.500	-	-	-	0.500
• Inclusion & Specialist support	Staffing increases to support increased demand for Inclusion and Specialist Support services relating to statutory assessments, permanent exclusions and suspensions, elective home education and other services	0.220	-	-	-	0.220
		0.720	-	-	-	0.720
<b>Adult Social Care &amp; Health</b>						
• Living Wage; external commissioned services	Effect of the National Living Wage on services commissioned from external adult social care providers	1.877	2.011	2.168	2.221	8.277
• Domestic Abuse Coordinator (26/27 only - remaining 25/26 Priorities Fund)	Fixed term post of Domestic Abuse Coordinator, to support and track learning and actions from Domestic Homicide Reviews as outlined by the Community Safety Partnership and Internal Audit	0.040	(0.040)	-	-	-
• Homeless Interventions (26/27 only - remaining 25/26 Priorities Fund)	Development of a small intensive intervention team to work with the ten most complex individuals currently contributing to a high system cost across numerous stakeholders including health, police and retail	0.050	(0.050)	-	-	-
• Staffing investment	For areas experiencing complexity and higher demand, and to drive improvements in practice and data quality	0.080	-	-	-	0.080
• Social Work Practice Lead and Case Auditor	Strengthen governance and quality assurance for social care practice.	0.123	-	-	-	0.123
• Access & Safeguarding	Improve safeguarding and manage demand at service entry point	0.146	0.078	-	-	0.224
• Head of Homeless & Domestic Abuse	Lead for Homelessness and Domestic Abuse services	0.024	-	-	-	0.024
• Service Director of Operations	To increase senior management capacity	0.141	-	-	-	0.141
• Increase staff training budget	To support staff training for statutory duties	0.015	-	-	-	0.015
• Business Change continuous improvement	To drive continuous improvement and maintain journey of change in accordance with CQC inspection requirements	0.015	0.046	-	-	0.061
• Sensory Lead	To support clients with sensory loss to live independent lives, development of expertise in specialist technology to identify independence opportunities	0.057	-	-	-	0.057
• Estates Office	To support the increasing number of appointeeships to ensure clients can continue to contribute to their costs of care	0.042	-	-	-	0.042
• Staff Development	Develop a care academy and workforce strategy	-	0.074	0.023	0.012	0.109
• Advocacy Services legislative changes	Change to Mental Health Act re: advocacy whereby users will have to opt out rather than opt in - resulting in expected significant increase in demand for advocacy services	0.080	-	-	-	0.080
• Mental Capacity Assessments legal requirement	Legal requirement to process Mental Capacity Assessments - resources currently insufficient to meet demand	0.131	(0.071)	-	-	0.060
• Annual Review of Care Packages	To support requirement for individuals in receipt of care and support with an annual review to ensure care needs have not changed and the services in place are still appropriate - resources currently insufficient to meet demand	0.216	-	-	-	0.216
• Mental Health Act (people with learning disabilities)	Mental Health Act requirements for prevention of any individual with learning disabilities from being subject to a section and a requirement they are supported in the community, there are currently no suitable provisions for support in the community for this level of complexity	0.150	-	-	-	0.150
• Relocation of Contact Centre	Additional staff (Reception/Building Manager) required following relocation from Middlesbrough House	0.075	-	-	-	0.075
• Demand Pressures - 2025/26	Demand for services increase from 2025/26 built into base budget from 2026/27	2.020	-	-	-	2.020
• Demand Pressures - 2026/27 & ongoing	Forecast demand for services increase per year built into budget in each year, rather than retrospectively	1.500	1.500	1.500	1.500	6.000
		6.782	3.548	3.691	3.733	17.754
<b>Legal &amp; Corporate Services</b>						
• Directorate wide staffing	Increased staffing requirement across Democratic Services, Legal, Human Resources and LMT Business Support	0.415	-	-	-	0.415
• Coroners additional staff/pay award	4 additional staff in Coroners, plus pay award for Coroner (as Coroner pay awards now negotiated locally, rather than by Home Office). The amount shown is Middlesbrough share only as this is a Shared Service	0.050	-	-	-	0.050
		0.465	-	-	-	0.465
<b>Finance</b>						
• Investment in Counter Fraud capacity	Investment to strengthen the Council's arrangements to protect the Council's financial interests	0.042	-	-	-	0.042
• Customer Payments System/Bank charges	Historical pressures on Customer Payments System and Bank Charges - covered in previous years by one off underspends	0.090	0.005	0.005	-	0.100
		0.132	0.005	0.005	-	0.142
<b>Chief Executive's Office</b>						
• Staffing	Increased staffing requirement in Strategy, Information & Governance	0.170	-	-	-	0.170
		0.170	-	-	-	0.170
<b>Forecast Service Demand Pressures and Re-basing of Budgets</b>		<b>15.549</b>	<b>6.690</b>	<b>8.285</b>	<b>5.438</b>	<b>35.963</b>

**NOTE**

The above reflects the current position. Some of the above were included in the 2025/26 budget and MTFP report to Council in February 2025 but have since been updated to reflect the current position (e.g. Children's Care demand, Living Wage, commercial income).

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## Appendix 2 - Additional Budget Savings Approved in Previous Years

## APPENDIX 2

<b>2024/25 Savings Initiatives for delivery in 2026/27 by Directorate</b>						
<b>Adult Social Care &amp; Health</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
ASC12	Transformation of Adult Social Care Services	(0.750)	-	-	(0.750)	
<b>Total Adult Social Care &amp; Health</b>		<b>(0.750)</b>	-	-	<b>(0.750)</b>	
<b>Children's Care</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
CC03	Improvement of Internal Residential Capacity through the purchase of suitable properties and refurbishment of existing Council properties into residential homes	(0.615)	-	-	(0.615)	
CC05	Other savings - Maximising Grants	(0.100)	-	-	(0.100)	
<b>Total Children's Care</b>		<b>(0.715)</b>	-	-	<b>(0.715)</b>	
<b>Environment, Communities &amp; Culture</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
ECS06	Increase in education and enforcement around recycling	(0.020)	-	-	(0.020)	
<b>Total Environment, Communities &amp; Culture</b>		<b>(0.020)</b>	-	-	<b>(0.020)</b>	
<b>Regeneration &amp; Housing</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
REG07	Investing in better coordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people	(0.200)	-	-	(0.200)	
<b>Total Regeneration &amp; Housing</b>		<b>(0.200)</b>	-	-	<b>(0.200)</b>	
<b>Finance</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
FIN03	Collection of Council Tax	(0.037)	-	-	(0.037)	
FIN04	Collection of Council Tax (Charging Orders)	(0.103)	-	-	(0.103)	
FIN05	Collection of Business Rates	(0.042)	-	-	(0.042)	
<b>Total Finance</b>		<b>(0.182)</b>	-	-	<b>(0.182)</b>	
<b>TOTAL 2024/25 SAVINGS FOR DELIVERY IN FUTURE YEARS</b>						
		<b>(1.867)</b>	-	-	<b>(1.867)</b>	
<b>2025/26 Savings Initiatives for delivery in 2026/27 by Directorate</b>						
<b>Children's Care</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
CC08	<b>Modernising foster care</b> This project aims to increase local authority foster carers to reduce the number of children in residential and other settings to reduce costs and better meet children's needs.	(0.368)	-	-	(0.368)	
CC10	<b>Introduce Edge of Care team</b> The team would support families who are experiencing difficulties, with the aim of keeping the family together. This will avoid children needing to be taken into care.	(0.400)	-	-	(0.400)	
<b>Total Children's Care</b>		<b>(0.768)</b>	-	-	<b>(0.768)</b>	
<b>Environment, Communities &amp; Culture</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
ECS15	<b>Grant funding</b> Funding from the Capital Transport Strategy Grant would be used to cover the costs of management.	0.060	-	-	0.060	
ECS17	<b>One off - Use of Capital grant funding</b> One off charging of eligible expenditure to capital on street lighting. There would be no change to levels of street lighting maintenance.	0.200	-	-	0.200	
ECS18	<b>One off - Maximisation of grants</b> Further use of external grant funding to cover appropriate staffing costs within community safety	0.200	-	-	0.200	
<b>Total Environment, Communities &amp; Culture</b>		<b>0.460</b>	-	-	<b>0.460</b>	
<b>Finance</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
FIN16	<b>Accounts payable staffing change</b> A vacant post within the accounts payable finance team will be held temporarily vacant for 2025/26	0.015	-	-	0.015	
<b>Total Finance</b>		<b>0.015</b>	-	-	<b>0.015</b>	
<b>Corporate Vacancy Factor</b>						
Ref:	Budget Savings Proposal	26/27 £m	27/28 £m	28/29 £m	TOTAL £m	
CRC01-2526	<b>Financial Management of Pay budgets</b> This initiative standardises the budgeting for employee costs across all directorates to recognise underspends that occur naturally due to staff turnover. It also tightens budgetary control arrangements relating to the management of over and underspending to control expenditure within the overall approved budget.	(1.357)	-	-	(1.357)	
<b>Total Corporate Vacancy Factor</b>		<b>(1.357)</b>	-	-	<b>(1.357)</b>	
<b>TOTAL 2025/26 SAVINGS FOR DELIVERY IN FUTURE YEARS</b>						
		<b>(1.650)</b>	-	-	<b>(1.650)</b>	
<b>TOTAL SAVINGS APPROVED IN PREVIOUS YEARS</b>						
		<b>(3.517)</b>	-	-	<b>(3.517)</b>	

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### Appendix 3 - Proposed Service Budget Growth in line with Council Plan Priorities

Growth Area	Link to Council Plan Priorities	Link to Council Plan Aims	2026/27 £m	Permanent FTE	Director	Impact
Continuing to improve the look and feel of our Town	A Healthy Place	We will protect and improve our environment		21	Corporate Director of Environment, Communities and Culture	<ul style="list-style-type: none"> <li>Cleaner, safer neighbourhoods and improved quality of life</li> </ul>
	Additional investment in Area Care will enhance and broaden the services provided across the town. The expanded offer will include: <ul style="list-style-type: none"> <li><b>Fly-tipping:</b> Faster removal of fly-tipped waste to improve the local environment and reduce associated risks</li> <li><b>Offensive graffiti:</b> Prompt removal of offensive graffiti, with a target response time of two working days</li> <li><b>Alleyways:</b> Introduction of an eight-working-day cleaning cycle for alleyways, along with targeted action to resolve recurring issues</li> <li><b>Shrub beds and hedgerows:</b> Improved maintenance of shrub beds and hedgerows to enhance safety, appearance, and compliance with relevant standards</li> </ul>		0.633			
	Becks - Re-introduction of a dedicated Becks Team to increase capacity to maintain and clear Council maintained becks on a regularly basis. Including cleaning of becks three times a year and aiming to respond to blocked and flooded becks within two working days.		0.200			
	Neighbourhood Caretakers - Doubling the team of neighbourhood caretakers from 16 to 32 dedicated to looking after the basics around our estates plus the enhancement of the Town including street cleaning		0.600			
	Council Parks - Improvement of all council parks with the reintroduction of park rangers to ensure maintenance and safety		0.101			
	Pest Control - Increased capacity will enable the Council to extend the current pest control service beyond back alleys and open spaces, to domestic properties. This growth will support an expanded pest control offer, focused on key public-health pests including rats, mice, bedbugs, and cockroaches. A separate paper will follow, setting out detailed operational arrangements.		0.166	3		
Making our town safer	Safe and Resilient Communities	We will reduce crime and antisocial behaviour		2	Corporate Director of Environment, Communities and Culture	<ul style="list-style-type: none"> <li>Strengthened evidence gathering capacity</li> <li>Deterrent effect from increased prosecutions</li> <li>Safer streets and stronger enforcement</li> <li>Improved community safety</li> </ul>
	CCTV Operative - To provide enhanced 24/7 CCTV monitoring for safety.		0.250			
	Environmental Enforcement Officers - Increase enforcement capacity from 8 to 10 officers, to tackle environmental crime		0.100			
	Parenting Officers - reintroduction - To enhance community safety. Following discussion with the police, enforcing child arrangement orders, supporting families and children at risk of exploitation		0.100			
	Legal Case Officer - To manage anti social behaviour and environmental crime legal cases		0.050			
	Professional Witness Service - Professional witnesses employed to gather evidence of anti-social behaviour and other breaches of the law, for use in potential legal action		0.050			
Improving housing standards	A Successful and Ambitious Town	We will ensure housing provision meets local demands		4	Corporate Director of Regeneration and Housing	<ul style="list-style-type: none"> <li>Better health, wellbeing, and appearance of estates</li> </ul>
	Empty Property Officers - Employment of dedicated Empty Property Officers with a focus to return empty properties to use		0.200			
	Housing Projects Officer - Employment of Housing Projects Officers to develop initiatives to improve private rented sector standards		0.100			
Improving Play Parks	A Healthy Place	We will protect and improve our environment		1	Corporate Director of Environment, Communities and Culture	<ul style="list-style-type: none"> <li>Safer, more inviting play areas for families</li> </ul>
	Play Areas – Additional staffing resources will ensure playground safety through timely repairs, with any damaged or broken equipment made safe or removed within one working day of notification. Where repair is possible, replacement parts or components will be fitted promptly; where repair is not feasible, equipment will be replaced		0.200			
Supporting our communities	Safe and Resilient Communities	We will promote new ideas and community initiatives		8	Corporate Director of Environment, Communities and Culture	<ul style="list-style-type: none"> <li>Stronger community resilience, improved support for deprived neighbourhoods, and reduced inequalities across Middlesbrough</li> </ul>
	Targeting the most deprived LSOA in each of the 4 areas of the town in consultation with Ward Councillors					
	• Targeted Support to be implemented : Charlbury Road IMD 42, Berwick Hills & Pallister Park, Middlesbrough 004C		0.150			
	• Targeted Support to be implemented : Harford Street to Chester Street, IMD43, Newport, Middlesbrough 003E		0.150			
	• Targeted Support to be implemented : Saltersgill Avenue to Deepdale Avenue, IMD 61, Longlands & Beechwood, Middlesbrough 011B		0.150			
	• Targeted Support to be implemented : Viewley Hill Academy / Fonteyn Court, IMD 68, Hemlington, Middlesbrough 018D		0.150			
Supporting and protecting vulnerable residents	A Successful and Ambitious Town Safe and Resilient Communities	We will ensure housing provision meets local demands We will reduce crime and antisocial behaviour / We will provide support for adults to be independent for longer		8	Corporate Director of Adult Social Care and Health	<ul style="list-style-type: none"> <li>Faster access to help, better outcomes for residents, improved housing support, and reduced demand for long-term care</li> </ul>
	Remodel Adult Social Care & Health's 'Front Door': <ul style="list-style-type: none"> <li>Bringing together occupational therapy, voluntary sector, police and prevention staff</li> <li>Management of demand through early intervention and joint working</li> </ul>					
	Investment in services for safer, more independent lives: <ul style="list-style-type: none"> <li>Targeted help for adults with complex needs, including dedicated work with women</li> <li>Extra occupational therapy to avoid long-term care</li> <li>Enhanced domestic abuse support capacity</li> <li>Additional victim support funding</li> <li>Focus on housing needs of vulnerable people</li> </ul>		0.670			
	• Victim Support - Investment in the Victim Support Fund		0.200			

Childhood Enrichment	A Successful and Ambitious Town Safe & Resilient Communities A Healthy Place	We will improve attainment in education and skills We will reduce crime and antisocial behaviour We will reduce poverty						
Childhood Enrichment - Continuation of the Small Schools Grants to enable schools to deliver key enrichment activities and expansion of the 10x10 scheme to enable partners to deliver key enrichment activities to children and young people within their local area.			0.350			Corporate Director of Children's Services		• Reduced anti-social behaviour, better opportunities and improved life chances for young people • More support for families during school holidays
Youth Provision - In conjunction with funding from the Youth Grant, additional resources to be applied to develop and maintain a Youth Provision across all wards.			0.300			Director of Public Health		
HAF Funding - Top up funding expand the successful HAF activities during all school holidays.			0.250					
Supporting our carers and foster families	Safe and Resilient Communities	We will provide support for adults to be independent for longer We will reduce crime and antisocial behaviour						• Stronger families, improved wellbeing, and reduced demand on statutory services
Supporting our carers and foster families across adults' and children's social care through the Carers Champion, who provides support to informal carers to help them continue delivering care and avoid escalation to formal services, and through the Engagement Fund, which offers additional support to foster carers and families.			0.110			Corporate Director of Adult Social Care and Health / Corporate Director of Children's Services		
Supporting growth and jobs	A Successful and Ambitious Town	We will attract and grow businesses to increase employment opportunities						
DigitalCity - Investment in the tech sector with the recreation of DigitalCity Business, to drive growth in the digital sector in partnership with Teesside University.			0.400					
Economic Growth - Strengthening Middlesbrough's economy by attracting new investment and retaining well-paid local jobs, complemented by the partnership with Capital & Centric to regenerate Middlehaven and deliver a focused Place Strategy. This will be supported by Economic Growth Officers to enhance business engagement, collaboration and problem-solving, a Business Engagement Fund for events, sponsorships and incentives, and a dedicated Employment Coordinator to help residents access jobs and training while linking employers with local talent.			0.230	3		Corporate Director of Regeneration and Housing		• Thousands of new jobs, improved employability, reduced unemployment, and stronger local economy
Spending more on culture and events	A Healthy Place	We will promote inclusivity for all						
Enhancing Cultural Provision: o Bringing cultural events to more areas and increase the amount and quality of events across Middlesbrough o Improving the museums offer for residents and visitors			0.500	2		Corporate Director of Environment, Communities and Culture		• Enhancing enjoyment for residents who may find town centre travel difficult • Attract more visitors from outside the town • Stronger cultural identity
<b>Proposed Service Budget Growth</b>			<b>6.460</b>	<b>77</b>				

## APPENDIX 4

## Overall Budget Impact Assessment 2026/27

<b>Subject of assessment:</b>	Middlesbrough Council Budget 2025/6			
<b>Coverage:</b>	Crosscutting			
<b>This is a decision relating to:</b>	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input checked="" type="checkbox"/> Review
	<input checked="" type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Budget		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

## APPENDIX 4

<p><b>Description:</b></p>	<p><b>Key aims, objectives and activities</b></p> <p>By law the Council has to agree a balanced budget annually. The purpose of this Impact Assessment is to assess the cumulative impact of the 2026/27 budget proposals. The Public Sector Equality Duty (PSED) places a statutory duty on the Council to ensure that it identifies where decisions would impact disproportionately adversely on groups that share a protected characteristic under UK law and then consider those proposals in line with the PSED. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The 2026/27 proposed budget did not include any budget savings that required consultation with the public. It proposed six areas of growth, of which some were relevant to one or more protected characteristics. They were:</p> <table border="1" data-bbox="512 632 1343 973"> <thead> <tr> <th><b>Growth Area</b></th><th><b>£m</b></th></tr> </thead> <tbody> <tr> <td>Continuing to improve the look and feel of our Town</td><td>1.700</td></tr> <tr> <td>Making our town safer</td><td>0.650</td></tr> <tr> <td>Improving housing standards</td><td>0.300</td></tr> <tr> <td>Improving Play Parks</td><td>0.200</td></tr> <tr> <td>Supporting our communities</td><td>0.600</td></tr> <tr> <td>Supporting and protecting vulnerable residents</td><td>0.870</td></tr> <tr> <td>Childhood Enrichment</td><td>0.900</td></tr> <tr> <td>Supporting our carers and foster families</td><td>0.110</td></tr> <tr> <td>Supporting Growth and Jobs</td><td>0.630</td></tr> <tr> <td>Spending more on culture and events</td><td>0.500</td></tr> <tr> <td><b>Total Proposed Service Budget Growth</b></td><td><b>6.460</b></td></tr> </tbody> </table>	<b>Growth Area</b>	<b>£m</b>	Continuing to improve the look and feel of our Town	1.700	Making our town safer	0.650	Improving housing standards	0.300	Improving Play Parks	0.200	Supporting our communities	0.600	Supporting and protecting vulnerable residents	0.870	Childhood Enrichment	0.900	Supporting our carers and foster families	0.110	Supporting Growth and Jobs	0.630	Spending more on culture and events	0.500	<b>Total Proposed Service Budget Growth</b>	<b>6.460</b>
<b>Growth Area</b>	<b>£m</b>																								
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Spending more on culture and events	0.500																								
<b>Total Proposed Service Budget Growth</b>	<b>6.460</b>																								
	<p>A general consultation email address was launched along with a consultation section on the Council's website, social media promotion and in-person events led by the Mayor. This resulted in 302 responses to the survey, 5 emails to the email address, 2 people attended the in person consultation event with the public and it was directly promoted to over 45,000 through email newsletters, promotion on the Council's website and its social media presence.</p> <p><b>Statutory drivers (set out exact reference)</b></p> <p>A number of statutory duties, guidance, legislation and regulations are relevant to this proposal which will be considered, these include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Budget setting - Local Government Act 1972</li> <li>• Impact Assessment process – Equality Act 2010.</li> </ul>																								

**APPENDIX 4**

	<p><b>Differences from any previous approach</b></p> <p>The budget sets out a range of changes to services and functions. These are outlined in the main body of the report.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external)</b></p> <p>All residents of Middlesbrough and customers of MBC. Some proposals for growth areas are more relevant to certain groups than others and this is set out within this assessment.</p> <p><b>Intended outcomes</b></p> <p>To present a budget to Council that has given full consideration to the impact of proposals and gives proper consideration to the Council's equality duties.</p>
<b>Live date:</b>	April 2026 onwards
<b>Lifespan:</b>	April 2026 – March 2027
<b>Date of next review:</b>	March 2027

## APPENDIX 4

Assessment issue	Impacts identified		Rationale and supporting evidence				
	None	Positive	Negative		Uncertain		
			Justified	Mitigated			
<b>Human Rights</b>							
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals impact on human rights. None of the assessments have identified that there could be an adverse impact on human rights as a result of a proposal.	
<b>Equality</b>							
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
						<p>A number of the growth areas proposed aim to improve the capacity and / scale of service functions that are related to children and young people. The proposals will impact positively on these areas.</p> <p>Evidence used to inform this assessment includes analysis of the budget and its proposals for growth and the consultation responses received.</p>	

## APPENDIX 4

Assessment issue	Impacts identified		Rationale and supporting evidence				
	None	Positive	Negative		Uncertain		
			Justified	Mitigated			
Disability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>A number of the growth areas proposed aim to improve the capacity and / scale of service functions that could positively impact on this protected characteristic, either directly or indirectly.</p> <p>Additional funding is planned to make the town safer, support carers, improve the town and improve housing standards.</p> <p>There are no concerns that the budget and the areas of investment could result in disproportionate adverse impact on this protected characteristic.</p> <p>Evidence used to inform this assessment includes analysis of the budget and its proposals for growth and the consultation responses received.</p>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>None of the proposals for growth were identified as being particularly relevant to these protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of the budget and its proposals for growth and the consultation responses received.</p>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

## APPENDIX 4

Assessment issue	Impacts identified		Rationale and supporting evidence				
	None	Positive	Negative		Uncertain		
			Justified	Mitigated			
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<b>Community cohesion</b>							
Individual communities / neighbourhoods	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an adverse impact on community cohesion. A number of the growth proposals will indirectly, positively impact on community cohesion including:	
						<ul style="list-style-type: none"> <li>- Making the town safer</li> </ul>	

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

## APPENDIX 4

Assessment issue	Impacts identified		Rationale and supporting evidence				
	None	Positive	Negative		Uncertain		
			Justified	Mitigated			
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<ul style="list-style-type: none"> <li>- Improving the look and feel of the town</li> <li>- Improving opportunities for children to play and spend time together through improved play parks, spending more on events and childhood enrichment.</li> </ul> <p>Evidence used to inform this assessment includes analysis of the budget and its proposals for growth and the consultation responses received.</p>	
<b>Armed Forces Covenant</b>							
Council delivered healthcare services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an impact on this area of the Armed Forces Covenant.	
Compulsory Education - admissions; educational attainment and curriculum; child wellbeing; transport; attendance; additional needs support; and Service Pupil Premium funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an impact on this area of the Armed Forces Covenant.	
Housing, homelessness and disabled facilities grants	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
<b>Care leavers</b>							

## APPENDIX 4

Assessment issue	Impacts identified		Rationale and supporting evidence				
	None	Positive	Negative		Uncertain		
			Justified	Mitigated			
Care experienced people	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals re identified as having a negative impact on care experienced people. Implementation of childhood enrichment will support the Council to have increased capacity to support young people, including those who are care experienced.	Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
<b>Reducing Poverty</b>							
Reducing poverty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

Further actions			Lead	Deadline
Mitigating actions	Not applicable			Not applicable
Promotion	Promotion of changes where growth has been agreed			Directors responsible
Monitoring and evaluation	Overall monitoring of the impact will be embedded within performance management arrangements for 2026/27			Chief Executive
			May 2026 onwards	

Assessment completed by:	Ann-Marie Johnstone	Head of Service:	n/a
Date:	19 January 2026	Date:	n/a

## Appendix 5 - Detail of Net Revenue Budget by Directorate 2026/27

	2025/26		2026/27	
	£'Million	£'Million	£'Million	£'Million
<b>Net Service Expenditure</b>				
Regeneration & Housing	1.605		5.479	
Environment, Communities & Culture	22.142		26.972	
Public Health	0.086		0.536	
Education & Partnerships	6.595		7.625	
Children's Care	56.998		59.067	
Adult Social Care & Health	55.264		68.299	
Chief Executive's Office	0.251		2.407	
Legal & Corporate Services	11.503		11.114	
Finance	4.943		4.909	186.409
<b>Levies</b>				
Environment Agency	0.132		0.137	
Tees & Hartlepool Port Authority	0.027	0.159	0.030	0.167
<b>Central Provisions &amp; Budgets</b>				
Provisions for Pay & Prices and Contingencies	4.181		4.543	
Social Care Grant Income Held Centrally*	(22.504)		0.000	
Other Grant Income Held Centrally*	(10.235)		(9.331)	
Savings targets held centrally	(2.604)		(0.955)	
Change Fund***	0.730		0.000	
Net Capital Financing Costs	13.253		14.151	
External Audit	0.382		0.382	
Added Years Pensions	1.216		1.216	
Apprentice Levy	0.444		0.458	
Section 31 NNDR Grant*	(13.648)		0.000	
Middlesbrough Priorities Fund**	4.367		0.000	
Family Resilience Initiatives	0.200		0.159	
Savings Delivery Risk**	2.000		0.000	
Designated Authority Costs	0.040		0.040	
Custodian Properties	0.008	(22.170)	0.008	10.671
<b>Net Spending</b>		137.376		197.247
Contribution (from) / to Reserves		5.888		3.553
<b>Net Revenue Budget</b>		143.263		200.800
<b>Parish Precepts</b>				
Nunthorpe		0.027		0.027
Stainton & Thornton		0.014		0.014
<b>Net Revenue Budget (inc. Precepts)</b>		143.304		200.840

<b>Funded by:</b>				
Revenue Support Grant*		15.444		49.069
Top up Payment****		30.794		46.750
Retained Business Rates****		18.232		24.475
Council Tax		75.781		78.459
Estimated Collection Fund Surplus / (Deficit)		3.052		2.087
		143.304		200.840

### Notes:

\* Changes between years due to grants rolled into formula

\*\* One year only budgets for 2025/26 - removed for 2026/27

\*\*\* No contribution required in 2026/27

\*\*\*\* Changes due to Business Rates reset as part of Fair Funding Review

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## **Appendix 6 - S151 Officer Section 25 Report**

### **The robustness of the 2026/27 budget and adequacy of reserves**

#### **1 Purpose of the report**

- 1.1 This is an important report which provides the context within which the entire suite of the 2026/27 budget and Medium-Term Financial Plan (MTFP) and Treasury Management Strategy Reports on this agenda and must be considered when making decisions in relation to setting the annual budget and Council Tax.
- 1.2 The report advises Elected Members of the Council of the Corporate Director of Finance's (S151 Officer) report on the robustness of estimates made for the purposes of the budget calculations and the adequacy of proposed financial reserves as required by statute.

#### **2 Legal Framework**

- 2.1 Section 25 of The Local Government Act 2003 (the Act) includes the following statutory duty in respect of the budget report to Council:

*'the Chief Financial Officer (CFO) of the authority must report to it on the following matters:*

  - a) the robustness of the estimates made for the purpose of the calculations; and*
  - b) the adequacy of the proposed financial reserves.'*
- 2.2 The Act also requires the Authority to which the report is made to have regard to the report when taking decisions about the budget and setting the Council Tax. The Chief Financial Officer is as defined in Section 151 (S151) of the Local Government Act 1972 and is fulfilled by the Corporate Director of Finance.
- 2.3 Section 26 of the Local Government Act 2003 places an onus on the CFO (the Corporate Director of Finance and S151 Officer) to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget. For the purpose of the Act 'reserves' include the 'General Fund Balance'.
- 2.4 This report has been prepared by the CFO to fulfil this duty and gives the required advice relating to the 2026/27 financial year. This includes a consideration of the budget proposals as a whole and the key financial risks facing the Council.
- 2.5 In accordance with s31A of the Local Government Finance Act 1992, the Council is required to have regard to this report when making decisions on agreeing the budget and setting the Council Tax for the financial year 2026/27.

### **3 Chief Finance Officer Overall Opinion**

- 3.1 At 2024/25 budget setting the Council's financial position was deemed critical by the previous S151 Officer due to demand pressures, a critically low level of revenue reserves, and it was unable to set a balanced revenue budget for 2024/25 without recourse to Exceptional Financial Support (EFS) from Ministry of Housing, Communities and Local Government (MHCLG).
- 3.2 There has been a significant improvement in the Council's financial position and financial resilience (including increased levels of reserves in the medium term) from that which existed at 2024/25 budget setting. This has been backed up by improved governance existing throughout the Council, and budgetary control measures being strengthened along with quicker and more effective intervention when budgets are overspending (including the requirement for services to produce recovery plans). However, there still needs to be a continuing focus on the Council's finances in the future.
- 3.3 Whilst the Council reserves have improved further during 2025/26 and now the balance on usable unrestricted reserves are forecast to be £25.937m at 31 March 2026, they are still at a relatively low position compared to other local authorities. However, the Council reserves are adequate to support the budget for 2026/27 having regard to the assessment of current financial and other risks and the implementation of recommended management control measures as set out in this report. Provided these assessed risks do not increase substantially and beyond those that have been reasonably assumed in developing the budget, the Council is capable of delivering an increase in its financial resilience over the MTFP period through the planned contributions to reserves. The Council must aim to rebuild its usable unrestricted revenue reserves over the period of the MTFP as outlined in Section 12 of this report and the Reserves Policy in Appendix 7 of the budget report.
- 3.4 As detailed in the main budget report the Council has in the Provisional Local Government Finance Settlement (LGFS) which was published on 17 December 2025 and confirmed in the Final LGFS published on 9 February 2026 received a substantial increase in Government funding and a substantial increase in Core Spending Power (CSP) following the Fair Funding Review 2.0. This will further help to improve the Council's financial position.
- 3.5 The Mayor and Executive are proposing a lower Council Tax increase for 2026/27 than the maximum allowed by the Government of 4.99%, with only a 2% increase being proposed relating to the Adult Social Care precept to reflect the increased costs of the statutory duties required for Adult Social Care. Whilst in my opinion as S151 Officer I would recommend the maximum increase allowed is applied, given the improved financial position and financial resilience of the Council and the improved governance and budget spending controls that exist and the amount of the estimated increased funding available to the Council, it is possible financially to accommodate a decision for a lower than maximum increase in Council Tax to be set for 2026/27. As S151 Officer an increase in Council Tax below 2% in 2026/27 would not be acceptable as this would mean a lack of contribution towards the increased

costs of Adult Social Care which the Government have assumed in their calculation of the funding available to the Council, and also in my view this would potentially open the Council up to increased scrutiny of the Council's financial position by the Government.

- 3.6 Also, at this stage 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.
- 3.7 The budget is currently balanced budget for the period of the MTFP from 2026/27 to 2029/30. There is a high level of uncertainty relating to 2029/30, and the figures for 2029/30 will be reviewed and updated when further information is made available in the future regarding Government funding levels.
- 3.8 The Government funding forecast to be available to the Council means that the Executive is currently able to propose that there is no requirement to implement any further additional budget savings in 2026/27 and the rest of the MTFP period. However, work will continue to identify and deliver efficiencies and savings in the future through robust budget monitoring and the Transformation Programme.
- 3.9 However, it needs to be noted that there is also a high level of budget savings planned to be made over the MTFP period in savings approved in previous years, including additional budget savings totalling £3.517m relating to 2026/27, which are built into the MTFP, and are assumed that they will be fully achieved or replaced with alternative savings. This is a risk in that if these are not fully achieved, or replaced with alternative savings of a similar value, it will create pressures on the budget and requiring the use of low levels of reserves.
- 3.10 Based on the risks and issues set out in this report, in my opinion as Corporate Director of Finance (S151 Officer), the budget estimate of £200.840m and a Council Tax requirement of £78.460m for 2026/27 to be presented for approval by Council is robust on the basis that:
  - a) All Members and Officers will work collaboratively together with an unrelenting focus and priority placed upon:
    - a. controlling costs within cash limited budgets without exception
    - b. delivery of all budgeted savings on an ongoing basis
    - c. noting that the failure to deliver planned savings in any financial year will add to the budget gap in the following financial year
    - d. Directors will ensure full staff compliance across their respective service areas of the Finance and Contract Procedure Rules

These control measures will serve to preserve and rebuild the Council's revenue reserves to strengthen the Council's financial resilience over the medium term.

- b) The Council takes all necessary measures to realise the delivery of planned asset sales and capital receipts in 2026/27 (estimated to be £17.749m in 2026/27) which are required to fund transformation investment over the MTFP, and the capital programme.
- c) The funding for the Transformation Programme is maintained at current levels over the period of the MTFP (i.e. £26.7m over the period from 2024/25 to 2028/29).
- d) That outputs both financial and non-financial are realised as part of the Transformation Programme, and any expenditure is spent in accordance with best value principles.
- e) That sufficient senior and specialist capacity of the Finance Team is maintained to be able to service the organisational requirements associated with delivering transformation alongside its normal duties in upholding the S151 officer statutory responsibilities to the required standard.

3.11 The Council must continue to proactively address the areas for improvement set out in previous reviews by external bodies. In particular, embedding improvements to budget modelling and forecasting within the operational management of services underpinned by effective systems and processes will deliver improved and embedded financial management practices across all directorates.

3.12 Whilst I am able to provide a high level of assurance for the 2026/27 budget, I do have concerns that I will be unable to provide such assurance for the medium term should the MTFP position change significantly. This medium term judgement reflects the following concerns;

- Continued inflationary and service demand pressures above that provided;
- Potential significant financial risks around Children's and Adult Social Care budgets;
- Even though as part of the Final LGFS published on 9 February 2026 the Government announced significant financial support to local authorities with DSG deficits as the transition to a reformed Special Educational Needs and Disabilities (SEND) system takes place, there is still a degree of continued risk around the treatment of Dedicated Schools Grant (DSG) deficits, with regard to remaining historic and accruing future deficits post 2025/26 and the future of SEND provision (see paragraph 11.10 for further details)

#### **4. Current Context and Financial Standing of the Council**

##### **2025/26 Financial Position**

4.1 The Council approved a balanced budget for 2025/26 in February 2025, with a net revenue budget of £143.304m approved by Council for 2025/26.

4.2 As detailed in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026, the

Council is forecast to overspend by £1.675m at year end against its budget of £143.304m in 2025/26 after the proposed use of central contingencies and other budgets. There is a forecast budget pressure of £7.719m across Directorates and Central budgets mainly in relation to Children's Social Care expenditure. In line with the financial strategy, provisions have been made to mitigate this position through the planned use of central contingencies and other central budgets totalling £6.044m which has reduced the overall forecast budget pressure to £1.675m. This includes net savings totalling £7.675m which are forecast to be unachieved in 2025/26.

4.3 During 2025/26, the Council's approach to financial management and control has continued to be rigorous and further reviewed and strengthened to continue to maintain a firm grip on financial management and embed this in the strategic and operational management of the organisation. This has included the continuation of monthly budget monitoring of all budgets, and the holding of Member led budget clinics every quarter (with the exception of Children's Care where these are held monthly). It is essential to continue with this in order to sustain the current momentum in the improvement in the Council's finances.

4.4 There has been an unrelenting focus by the Leadership Management Team and Executive Members upon managing budgets and tracking the delivery of approved savings over the course of the year. Where original plans have proved difficult or not possible to deliver within the year, alternative mitigations have been deployed as far as possible by Directors through the development and implementation of Financial Recovery Plans.

4.5 The table below summarises the main variances within the Council which have proven difficult to mitigate fully due to a combination of:

- The demand led and statutory nature of the services which have experienced increased demand and complexity of need beyond those anticipated
- Inflationary pressures continuing to impact the supply chain for goods, works and services
- The nature of some current operating models which need to be modernised to realise efficiencies
- The requirement for more effective demand management to support and enable communities to become more resilient and self-reliant

<b>2025/26 Forecast Outturn Quarter Three</b>	<b>£m</b>
Adult Social Care	1.483
Children's Social Care – mainly due to increased numbers and complexity of external residential placements	4.408
Children's Social Care –unachieved savings	3.833
Other variances (Environment and Community Services, Education & Partnerships, Regeneration, Legal and Governance Services, Finance, and Central)	(2.005)
Use of central contingency and other central budgets	(6.044)
<b>Total</b>	<b>1.675</b>

4.7 As part of the proposed 2026/27 budget, substantial budget totalling £15.549m for 2026/27 rising to £35.963m in 2029/30 has been provided for forecast service demand pressures and re-basing of budgets (including for reduced income levels and legislative requirements). However, it still remains important to manage demand more effectively, deliver efficiencies, and develop longer term transformation to control costs, particularly in the areas of Adult Social Care & Health, Children's Care, Education and Partnerships (SEND transport), Homelessness, and Environment, Communities and Culture (Waste Disposal), in order to ensure the financial sustainability of the Council in the medium to longer term.

4.8 As reported previously the Council's usable unrestricted reserves and the General Fund Balance had reduced considerably over the period 2015/16 to 2023/24 to a critically low level of £12.055m at 31 March 2024. Whilst the level of usable unrestricted reserves has improved considerably during 2024/25 and 2025/26 to a forecast level of £25.937m at 31 March 2026 (as per the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report), they are still at a relatively low level compared to other local authorities, with further details being included in the Adequacy of Reserves Section 12 and in Appendix 7 of the main budget report.

4.9 Dedicated Schools Grant (DSG) - As detailed in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report and in Appendix 12 of this report, the DSG deficit is predicted to increase by £9m during 2025/26 and it is currently forecast that there will be a total cumulative DSG deficit of £31.213m at 31 March 2026, including £32.515m relating to the High Needs Block which is partly offset by £1.302m of surplus forecast across the other blocks. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing. This is a risk to the Council as detailed in paragraph 11.10.

4.10 There needs to be a continuing focus on the Council's finances in the future, and the Council needs to have a firm grip and take firm and unwavering action in 2026/27 in order to control expenditure within its annual income sources without exception in order to protect and rebuild reserves to a sufficient level over the medium term 2026/27 to 2029/30.

## 5 Recommendations in relation to financial recovery and resilience

5.1 In September 2024 MHCLG withdrew the Best Value Notice in relation to the Council's failings in culture and governance. However, there is still a continuing need to embed improvements in relation to securing financial sustainability and delivery of transformation, whilst effectively implementing new strategies to embed positive cultures.

5.2 The Council is progressing on its improvement journey and must seize opportunities to deliver modernisation and efficiency in its operations and embed more robust financial management practices with momentum to protect its financial position and succeed in the medium to longer term.

5.3 The Council must maintain sufficient capacity within its permanent staffing establishment across service directorates and enabling services such as HR, Legal, IT and Finance in order to achieve the change required. This risk was highlighted by DLUHC/Grant Thornton, MIIAB, and CIPFA as part of its Financial Management Review during 2024/25. Ensuring that the Council has the appropriate skills, knowledge and capacity in place across service directorates and enabling services such as finance, HR, ICT and legal services is critical to the Council's success. Permanent budget growth has been provided for these services in previous years with further growth proposed in 2026/27, alongside temporary funding for staff where required as part of the Transformation Programme.

5.4 Alongside the need to redesign and transform service delivery, there is a requirement to continue to review and strengthen the financial management arrangements within service directorates, including improved demand and cost modelling, forecasting and reporting, improved financial management skills amongst budget holders, as well as upskilling the finance team, and ensuring underlying IT systems, business processes and procedures are in place to support financial planning and strategic and operational decision making.

5.5 The nature of the demand pressures across the Council particularly in Children's Social Care have proved difficult to control and mitigate in previous years and term and controlling these are critical to securing financial sustainability of the Council.

5.6 Service Directors will be required to deliver fully on all their budgeted savings for 2026/27, whilst proactively managing operational income and expenditure to remain within the budget allocations for which they are responsible and accountable without exception.

5.7 In addition to ensuring appropriate resources within the service areas, this work will need appropriate engagement of the Finance Business Partnering function. Additional permanent budget resource was provided for the Finance Function as part of the approved 2025/26 budget to provide adequate resources to enable additional capacity and increased qualified accountancy staff to implement a new operating model and structure for the Finance Function. This was as part of the financial management improvement plan to ensure that it is adequate to meet the longer term needs of the Council and meet the statutory responsibilities of the S151 Officer (Section 114(7) of the Local Government Finance Act 1988 requires the local authority to provide its Chief Finance Officer with such staff, accommodation and other resources as are in his/her opinion sufficient to allow his/her duties under the Act to be performed). Whilst this has improved the capacity through permanent recruitment of suitably qualified staff to a number of key posts, there is a requirement to maintain this increased capacity, as generally recruitment is difficult in this area due to lack of available suitably qualified and experienced accountancy staff within the local government sector.

5.8 Budget holders and decision makers within service areas must become more proficient in understanding and managing the financial consequences of their decisions and further training will be provided throughout 2026/27.

5.9 Finance Business Partnering needs to be continued to be developed further to provide greater forward looking, proactive analysis (in particular, in analysing the root causes of budget pressures), information, advice and constructive challenge to Directorate Management Teams. The Finance Business Partner is the S151 Officer's representative and should be positioned as a full and equal member of the Directorate DMT, representing and advising Service Directors on behalf of the S151 Officer, and upholding the statutory responsibilities of the S151 Officer. This is necessary to establish a firm grip upon the financial management of Service Directorates and embed a strong financial management culture.

## 6. Robustness of Estimates

6.1 Budget estimates are based upon a combination of known data and assumptions of which some are within the organisation's control, and some are outside of its control. Therefore, it is not possible to predict the future with certainty and so the statement on robustness of estimates cannot give a 100% guarantee that expenditure and income will be incurred as expected in developing those budget estimates.

6.2 Whilst the multi-year Local Government Finance Settlement for 2026/27 to 2028/29 has provided some certainty around local government funding, indications are that allocations for 2027/28 and 2028/29 could potentially change as data used is updated, and the financial planning environment is still uncertain due to continuing increased service demand in a number of areas and relatively high inflation still existing generally. Additionally, there is still some uncertainty around local government funding post 2028/29 where currently limited information is available.

6.3 The S151 Officer has relied upon the following measures in order to meet the requirements for assessing the robustness of estimates:

- Budgets have been aligned to the identified spending needs of the Council through the assessment of demand, pay inflation, non-pay inflation, contractual inflation and assessment of income sources as set out in the detailed proposed 2026/27 Budget and MTFP.
- Director's assessment of expected demand for service provision over the term of the MTFP and testing this to assess the credibility of future growth pressures.
- Sensitivity analysis on the assessment of service demand for the demand led statutory service areas to assess the adequacy of reserves.
- A further review of income from fees and charges for discretionary services has been undertaken and a Fees and Charges policy which was first implemented in 2024/25 is proposed again for 2026/27 to provide a framework within which fees and charges should be managed.
- Budget growth proposals have been subject to challenge and implementation plans have been required for all proposals.
- The Overview and Scrutiny Board have been engaged in the review and challenge of budget proposals during the consultation period and a series

of all member briefings and consultation events have been held to help shape budget proposals.

- Budget proposals have been subject to public and staff consultation where appropriate and feedback has been factored into the finalisation of proposals.
- The use of in-year budget monitoring by Directors and engagement through monthly budget clinic sessions to understand and address the underlying drivers of cost and the recurrent vs non recurrent nature of pressures being experienced in year.
- The Capital Programme has been extensively reviewed to ensure Council resources are utilised within affordable limits, whilst also ensuring provision for essential expenditure required to support the delivery of the Council's objectives and priorities
- The Treasury Management position reflects the annual requirement to meet capital financing costs of £14.151m in 2026/27 which is equivalent to 7.0% of the Net Revenue Budget.

## 7 Proposed Council Tax 2026/27

7.1 In the Fair Funding Review 2.0 and the Provisional Local Government Finance Settlement the Government confirmed their intention that the maximum permissible Council Tax increase for 2026/27 without the need for a referendum would remain at 4.99% (which includes a 2.99% increase in the core (general) Council Tax and the continuation of the 2% Adult Social Care precept). The Government will assume that local authorities will increase the Council Tax by the maximum permissible in their calculation of the Council's Core Spending Power, which is a measure of how much the Government believes local authorities can raise from Council Tax and that they have available to spend.

7.2 The Mayor and Executive are however considering the increased estimated Government funding proposing that the maximum permissible Council Tax increase of 4.99% is not adopted in 2026/27. Instead, the Mayor and Executive are proposing that there is no increase in core (general) Council Tax for 2026/27 but are proposing that the Council Tax is only increased for the 2% Adult Social Care Precept for 2026/27 to fund the increased costs of statutory duties within Adult Social Care. This will financially help residents and help to continue the aims of the Fair Funding Review 2.0 in equalising Council Tax and lessen the gap that currently exists. Decisions on future years Council Tax increases will be confirmed later when more certainty is available on Government funding over the medium term.

7.3 The Council's S151 Officer would recommend that the Council increases the Council Tax each year by the maximum allowed by the Government, due to the fact that the Government will assume that the maximum permissible increase of 4.99% is applied and will use this in their calculations of Government funding to the Council and also in any potential future evaluation of the Council's finances. It should be noted that the lost income arising from any increase in Council Tax below the maximum allowed will be permanently lost forever in future years. If a 2% increase in Council Tax is applied in

2026/27 this will mean that approximately £2.250m p.a. of Council Tax income is lost in 2026/27 and each year in the future. This means that approximately £9m of Council Tax income is permanently lost forever to the Council over the period of the MTFP from 2026/27 to 2029/30.

- 7.4 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 amount of the estimated increased 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 Council Tax to be proposed for 2026/27.
- 7.5 As S151 Officer an increase in Council Tax below 2% in 2026/27 would not be acceptable as this would mean a lack of contribution towards the increased costs of Adult Social Care which the Government have assumed in their calculation of the funding available to the Council, and also in my view this would potentially open the Council up to increased scrutiny of the Council's financial position by the Government.
- 7.6 Also, at this stage it is recommended that no decisions are made in relation to 2027/28 and 2028/29 Council Tax increases, and these should be made later when there is more certainty on the financial position.

## **8 Governance**

- 8.1 The Budget has been prepared with the full involvement of the Leadership Management Team led by the Chief Executive and has engaged fully the Elected Mayor and the Executive over many months and iterations of budget proposals.
- 8.2 Under the Council's Constitution, financial management is delegated to each Director, and they are required to manage expenditure within approved resources allocated to their control.
- 8.3 All senior officers have received relevant training the Constitution and Contract and Finance Procedure rules and are required to comply fully with these procedures. Further training will be provided during 2026/27.
- 8.4 Monthly budget monitoring, forecasting and reporting arrangements will continue throughout 2026/27, and essential spending controls including vacancy management and contract compliance will remain indefinitely.
- 8.5 Savings delivery will be monitored monthly and reported quarterly as part of the quarterly budget monitoring report to ensure savings delivery remains on track.
- 8.6 An enhanced programme management framework linked to continuous improvement will be introduced in 2026/27 and operate over the period of the medium-term financial plan.

- 8.7 It is planned that joint performance and budget monitoring quarterly reporting will be established during the first quarter of 2026/27 to provide a greater link between finance and performance
- 8.8 Realisation of capital receipts from asset sales is critical to funding delivery of the Transformation Programme and the Capital Programme.

## **9 Accounting Practice**

- 9.1 The annual audit report by the Head of Internal Audit (Veritau) gave a Reasonable Assurance conclusion in July 2025 in relation to the framework for governance, risk management and control operating in the Council. In giving their opinion, they highlighted that there were no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the Council's annual governance statement.
- 9.2 It was noted that within that assessment, the conclusion of the most recent internal audit reports relating to core financial systems has given substantial assurance on the audit of the main accounting system, debtors and payroll, and for creditors, which gives the S151 officer some degree of assurance over the control environment and completeness and accuracy of financial reporting arrangements for core financial systems that impact upon budgeting and financial reporting.
- 9.3 Issues were however identified in the audits of direct payments and domestic abuse. Direct payments was reported to Audit Committee in December 2024 and details of the domestic abuse audit were contained within their report to Audit Committee in July 2025. Both audits received an opinion of Limited Assurance and contained a number of findings rated as Significant. Veritau recognised in their report that the Council had provided detailed action plans to address these issues and whilst the findings are significant for the service and should be addressed as soon as possible they did not believe they indicated wider control issues. Therefore, Veritau did not recommend them for inclusion in the Council's annual governance statement.
- 9.4 The annual audit report by the Council's external auditors (Mazars) for the year ended 31 March 2025 presented to Audit Committee in December 2025 identified a number of significant weaknesses in Value for Money arrangements and recommendations for improvement as follows:
  - Financial sustainability - that the Council was reliant on EFS to set a balanced budget for 2024/25
  - Financial sustainability – that Council had a significant and growing DSG deficit
  - Performance management arrangements - that a new Council Plan 2024-27 had been developed which articulates the Mayor's four priorities and outlined the approach that will be taken to address those priorities. Mazars

however identified a lack of evidence of a clear link between the Council Plan priorities in 2024/25, the strategic workplan and the detailed outcomes and measures reported

The report did note that progress had been made and that a number of actions had been taken but they recommended further work was still required.

## **10 Budget Delivery**

- 10.1 The budget development process for 2026/27 required the production of a summary business case in relation to every budget proposal for service demand or budget growth which captured the key financial information, impact upon service users, delivery timescale, and any risks around delivery.
- 10.2 All transformational expenditure which is to be funded by Flexible Use of Capital Receipts (FUoCR) must be approved in line with the agreed process, with a FUoCR funding form required to be completed. Any expenditure will be subject to governance arrangements as in the FUoCR Strategy in Appendix 10. Transformation projects will be subject to programme and project management in accordance with the Performance Management governance arrangements to provide assurance of delivery.
- 10.3 It is critical that the Leadership Management Team and Executive have an unwavering focus upon ensuring the following during 2026/27:
  - delivery of budgeted savings
  - development and implementation of further transformation, efficiency and demand management plans
  - strict cost control including on vacancies, other staff costs and expenses,
  - compliance with Contract Procedure Rules to ensure expenditure is 'on-contract' and appropriate use and control of purchase card expenditure.
  - continuation of monthly budget monitoring, forecasting and challenge sessions to ensure that proactive arrangements are in place to address adverse variances as they emerge
  - continuation of quarterly member led budget challenge sessions (monthly for Children's Care) and review sessions with full engagement of portfolio holders in overseeing financial performance
  - integration of operational and financial management processes that enable the development of more robust data driven demand and cost models which are the foundation for effective financial planning, forecasting, monitoring and control.
- 10.4 The S151 Officer has continued to maintain a centrally held Corporate Contingency budget of £0.873m for 2026/67 to utilise against any additional service demand which may occur above that provided in the budget and to avoid the use of reserves for this purpose.
- 10.5 The S151 Officer has made financial provision for a Savings Delivery Risk Reserve of £1.377m in 2026/27, due to the following factors:

- the challenging nature of the savings programme which is predicated heavily upon new transformation, redesign and demand management measures
- the fact that programmes of this magnitude can take a period of time to implement
- the Council's potential lack of sufficient resources and capacity to ensure delivery with momentum

10.6 It is anticipated that the amount of transformation expenditure will be up to £5.789m in 2026/27 funded from the Flexible Use of Capital Receipts (FUoCR). This is included in the Flexible Use of Capital Receipts Strategy for 2026/27 in Appendix 10 and this will be presented for consideration and approval by Council as part of the budget report on 18 February 2026. It is essential that the capital receipts are received during the year to fund the Transformation Programme and the Capital Programme.

## **11 Key Risks impacting Budget Delivery**

### **11.1 Demand for Children's Social Care**

As described in the MTFP, the Council continues to experience exceptionally high levels of demand, complexity, and cost of children's social care, particularly in relation to its reliance upon external residential provision to meet the needs of children in its care. The budget has been increased from £31m in 2019/20 to £57m in 2025/26, with a further proposed increase of £3m for demand in 2026/27 and £3m p.a. for 2027/28 and 2028/29, and a further £1.5m in 2029/30 based upon further expected pressures.

### **11.2 Demand and cost of Adult Social Care**

Costs are increasing due to increased demographic demand pressures (in particular, in residential care), together with expenditure required so that services provided comply with statutory requirements. A total of £6.782m has been included in the MTFP for 2026/27 rising to £17.754m in 2029/30. This includes a total of £8.277m over the period of the MTFP for the increased charges from commissioned care providers due to increases in the National Living Wage rates.

There is also a risk in future years due to the national Adult Social Care (ASC) Fair Pay agreement which is planned to be implemented in 2028. This is a government initiative to set legally binding minimum standards for pay, working hours, and conditions for the entire adult social care (ASC) workforce through sector-wide bargaining, aiming to improve recruitment and retention by creating industry-wide pay scales and better terms. Local authorities could potentially incur substantial additional costs from the implementation of this and there is a risk that without adequate funding this would be a financial pressure for local authorities. The 2025 Spending Review allows for an increase of over £4 billion of funding available for adult social care in 2028/29, compared to 2025/26. As part of this, £500 million has been earmarked for improving pay, terms and conditions, and other matters such as - potentially - training and development for adult social care workers as part of the first ever fair pay agreement. This additional government funding will be paid to Councils to reflect the increased cost of care. However, there is still some

uncertainty as to whether this will be sufficient to cover the full costs arising from the implementation of this.

#### **11.3 Integrated Transport Service**

The budget is for home to school transport for children and transport for vulnerable adults. Whilst additional budget of £0.500m has been provided in 2026/27 to address the increasing numbers and complexity of Special Educational Needs and Disabilities (SEND) pupils requiring transport, there is a need to continue to monitor this area closely.

#### **11.4 Strategic Commercial Investments**

There are potential shortfalls on income from strategic commercial investments that the Council holds, including office accommodation and shopping centres, arising from potential tenancy changes and generally due to the current economic climate. Whilst an additional £1.000m p.a. is being provided from 2026/27 there is a danger that this will be insufficient if a number of major tenants cease to end their leases or not renew the current leases.

#### **11.5 Homelessness**

In line with the national issue affecting many local authorities across the country, the Council is experiencing an increase in the number and complexity of homelessness cases and a need for temporary accommodation. This is coupled with an increase in the cost of provision, especially in relation to bed and breakfast accommodation. The Local Housing Allowance (LHA) within Housing Benefit Subsidy is proving to be insufficient to meet these costs resulting cost pressure to the General Fund budget. As additional budget has been provided in recent years for this there is currently not an issue with the budget, but there is a need to monitor this closely for further increases.

#### **11.6 Waste Disposal Costs**

This budget has been reviewed over the period of the MTFP taking into account latest estimates on tonnages and costs per tonne. This has included evaluation of the effect of the introduction of Simpler Recycling in 2026/27 on waste tonnages. There is risk of a budget pressure if tonnages do not reduce or costs increase as planned. It should also be noted that whilst outside the current MTFP period there is a new waste disposal contract and Tees Valley Energy Recovery Facility planned to operate from 2030 which could impact on the price per tonne of waste disposed that the Council has to pay.

There is also an unknown risk arising from the planned introduction of the Emissions Trading Scheme (ETS) in 2028/29. This will increase waste disposal costs for local authorities, particularly those operating energy-from-waste (EfW) facilities or incinerators. Whilst it is currently estimated that this will cost £1m p.a. from 2028/29 and this has been included in the MTFP, it remains a risk until further information becomes available. Extended Producer Responsibility funding will be used to offset the costs of ETS and other waste costs such as those from Simpler Recycling and there is therefore also a risk if EPR funding ceases.

## **11.7 Delivery of Savings**

Whilst the estimated Government funding forecast to be available to the Council means that the Executive is currently able to propose that there is no requirement to implement any further additional budget savings in 2026/27 and the rest of the MTFP period, it needs to be noted that there is also a high level of budget savings already planned to be made over the MTFP period in savings approved in previous years, including additional budget savings totalling £3.517m relating to 2026/27, which were already built into the MTFP. The MTFP assumes that all budgeted savings will be fully achieved or replaced with alternative savings. This creates a risk in that these are not fully achieved or replaced with alternative savings of a similar value creating pressures on the budget and requiring the use of low levels of reserves. The Savings Delivery Risk Reserve is available to mitigate any budget pressure arising from this.

## **11.8 Insured and uninsured risks**

The Council holds an Insurance Fund Provision totalling £2.6m at 31 March 2025 for future insurance claims received but not yet paid. In addition, an annual budget contribution of £0.5m is provided to the Insurance Fund Reserve to address claims received and paid in year. Regular actuarial reviews take place to assess the level of provisions and reserves that are required.

## **11.9 Internal Borrowing**

The Council adopts a policy of optimising its treasury management activities to utilise internal borrowing from its cash balances where it is prudent to do so. This and the associated costs of external borrowing are factored into the current capital financing forecast cost of £14.151m for 2026/27.

## **11.10 Dedicated School Grant (DSG) deficits**

As detailed in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026 and in Appendix 12 of this report, the Council DSG deficit is predicted to increase by £9m during 2025/26 and it is currently forecast that there will be a total cumulative DSG deficit of £31.213m at 31 March 2026. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing. The position will be closely monitored during 2026/27 and reported through quarterly budget monitoring.

The Government has confirmed that the Schools White Paper that is to be published early in 2026 will include plans for reform of Special Educational Needs and Disabilities (SEND) provision.

In the Final LGFS published on 9 February 2026 the Government announced that it was committed to supporting local authorities with their DSG deficits in the transition to a reformed SEND system, and will introduce support for local authorities in phases. The first phase will address historic deficits accrued up to the end of 2025/26. All local authorities with a SEND deficit will be eligible in 2026/27 to receive a High Needs Stability Grant covering 90% of their High

Needs-related DSG deficit accrued up to the end of 2025/26. The issuing of this grant will be subject to the Government validating the amount of a local authority's historic deficit up to the end of 2025/26 and that all spending included in it is eligible, and also it is subject to a local authority submitting and securing the Department for Education's approval of a local SEND reform plan.

In the Final LGFS the Government also confirmed that the Statutory Override which instructs Councils to account for the DSG negative balance in a separate reserve and not to fund it by using its General Fund will continue to remain in place until 31 March 2028. While it remains in effect, all DSG deficits including any proportion of the historic deficit up to 2025/26 not covered by grant ("the residual deficit") will remain in the associated statutory reserve ("the unusable reserve") and will not affect local authorities' wider financial positions. Also to note whilst the High Needs Stability Grant will be received in 2026/27 this grant cannot be applied to the DSG deficit until 2028/29 when the statutory override ends and must be held in a separate reserve until then. Local authorities will need to plan to be able to meet the cost of the residual deficit from their own resources in 2028/29, including setting aside appropriate reserves in the preceding years.

The Government have recognised that SEND reform will take time to fully embed and local authorities will need further support. For deficits that arise in 2026/27 and 2027/28, they have stated that local authorities can expect that they will continue to take an appropriate and proportionate approach, though it will not be unlimited. Whilst recognising the challenges of the current system, it remains vital that every authority provides appropriate high-quality support for children and young people's education whilst ensuring robust controls as we work together to reform the SEND system. The Government have also said that they will support local authorities and their partners to do this through their Local SEND Reform Plans.

Therefore even with the significant financial support announced in the Final LGFS there remains a risk around satisfying the conditions of the High Needs Stability Grant, along with the remaining historic deficit and accruing future deficits post 2025/26. In order to mitigate this risk a provisional amount of £5m has been provisionally set aside from the Financial Resilience Reserve in 2028/29 to cover the 10% remaining historic deficit and also 10% of forecast deficits for each of 2026/27 and 2027/28, pending further clarification from the Government on how to address these deficits and the publication of the Schools White Paper.

There also remains a risk about the future of SEND provision and the fact that the statutory override will end on 31 March 2028. The timing and content of the proposed reforms to SEND provision will have a significant impact on the remaining periods in which local authorities remain responsible for funding these services and in which deficits are expected to continue accumulating. In addition, it is not clear what role local authorities will continue to play as key partners in complex local delivery systems including partners in education (state and private), healthcare, children and families, and transport providers.

Transitions for those who might require continuing support as working age adults with learning disabilities will continue to need careful operational and financial planning.

This will remain a risk whilst the Council awaits further detailed announcements on how the Government will deal with future accruing deficits and the detail of the Schools White Paper which is due to be published shortly.

The DSG risk is included in the Council's Strategic Risk Register and was reflected in the Annual Governance Statement for 2024/25, and its inclusion in future years will be evaluated in light of further Government announcements and analysis of DSG deficit.

The DSG deficit has potentially resulted in a capital financing cost to the Council. The effect of expenditure being greater than income on this grant has depressed overall cash balances, incurring an opportunity cost of the investment income that could have been earned.

Further details of the DSG budget and DSG deficit and the management actions being taken following the completion of the Delivering Better Value programme to manage the deficit are provided in Appendix 12. The Council must continue to demonstrate strong leadership including engagement with all local system partners and apply robust financial control and operational; rigour so that all expenditure and related deficits are managed appropriately.

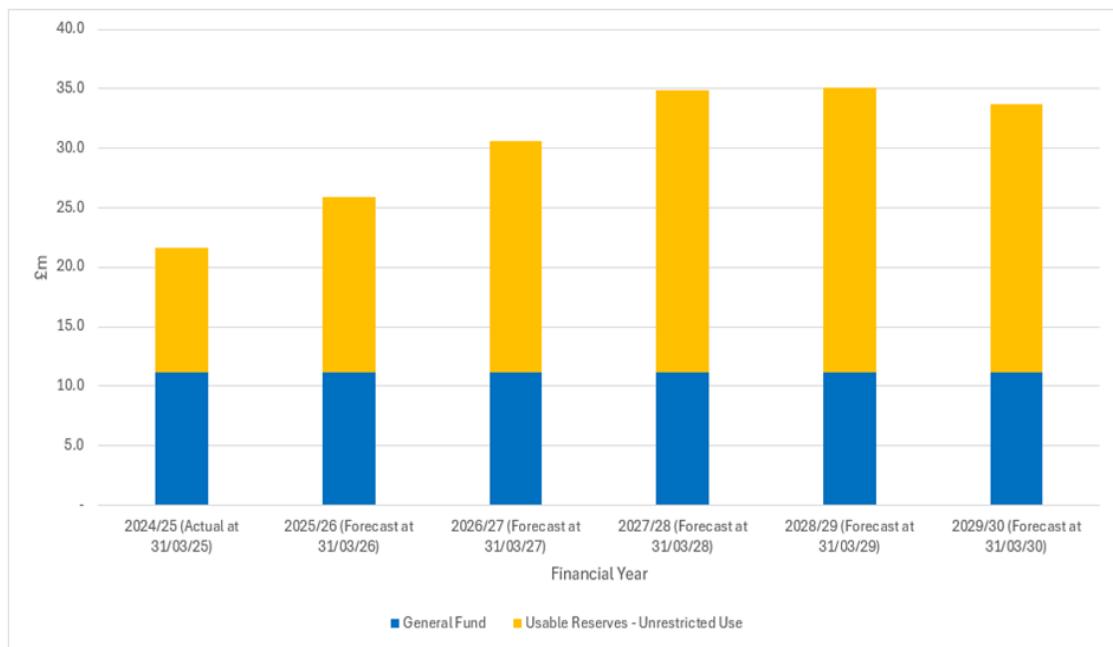
#### **11.11 Utilisation of Reserves**

The proposed budget for 2026/27 does not place any requirement or reliance upon the use of revenue reserves to balance the revenue budget position and this principle will be upheld over the term of the MTFP.

### **12 Adequacy of Reserves**

- 12.1 The level of Council reserves has improved considerably during 2024/25 and 2025/26 now are forecast to stand at £11.100m for General Fund and £14.837m for useable unrestricted reserves on 31 March 2026 (as per Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report), however there are still at a relatively low position compared to other local authorities. The Council still has one of the lowest levels of total reserves as a proportion of its net revenue expenditure when compared to all unitary councils in England as illustrated in Figure 1 of the Reserves Policy in Appendix 7.
- 12.2 The Council must aim to rebuild its unrestricted revenue reserves over the period of the MTFP as outlined in the Reserves Policy in Appendix 7 of the budget report.

12.3 The Financial Reserves Policy at Appendix 7 sets out the plans to rebuild and maintain the level of reserves over the 2026/27 to 2029/30 period of the MTFP as reflected below to continue the recovery of the Council's financial position and rebuild its financial resilience:



12.4 Following a review of the Reserves Policy (Appendix 7), the minimum level of the General Fund Balance, the S151 Officer recommends that the minimum level of the General Fund Balance will be set at a minimum of £11.1m over the MTFP period to 2029/30. In the 2026/27 proposed budget the level is 5.5% of the net revenue budget.

12.5 Within usable unrestricted revenue reserves, the Financial Resilience Reserve (FRR) will continue to operate as is to meet unforeseen financial pressures that cannot ultimately be managed within directorate budgets. and to strengthen the Council's financial resilience given the uncertain environment within which the Council is managing its operations and increasing demand for statutory services. It is proposed that the estimated Collection Fund Surplus for 2025/26 of £1.922m is transferred to this Reserve. The S151 Officer recommendation is that the FRR is required to be maintained to at least £10m in 2026/27 and at least £20m by the end of 2029/30 to strengthen the Council's financial resilience and to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the current MTFP period.

12.6 Also, a new Reserve is to be established from 2026/27 to manage budget fluctuations and to smooth the short-term impact of funding changes and cost pressures over the MTFP period. As mentioned in paragraph 2.5 of the budget report there is uncertainty regarding Government funding for 2029/30 onwards and based on current projections there is a need to utilise this new Reserve to transfer additional Government funding estimated to be received in 2027/28 and 2028/29 to 2029/30, to enable a balanced budget to be set for

2029/30. This Reserve will be reviewed regularly over the MTFP period as further information becomes available.

- 12.7 It is essential that Directorates exercise strict management of expenditure within approved budgets in 2026/27 with no overspending, which will detract from achieving the planned rebuilding of reserves.

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## **APPENDIX 7**

### **Reserves Policy 2026/27**

#### **Middlesbrough Council**

##### **1. Background**

- 1.1. The Council is required to maintain adequate financial reserves. Reserves are an integral part of sound financial management, they help the Council plan for future spending commitments, balance the budget and manage unpredictable financial pressures.
- 1.2. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally to Council on the adequacy of proposed reserves when setting the budget and council tax requirement. This is completed at the Council through the Robustness Statement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.3. CIPFA issued [Local Authority Accounting Panel \(LAAP\) Bulletin No.99](#), Guidance Note on Local Authority Reserves and Balances in July 2014. CIPFA also issued [CIPFA Bulletin 13 Local Authority Reserves and Balances](#) on 28 March 2023. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.4. All reserves will be categorised as per the Local Authority Accounting Practice Guidance, into groupings.
- 1.5. Within the Statement of Accounts for General Fund Earmarked Reserves, all individual reserves are reported and will include a description of the purpose of the reserve.
- 1.6. Earmarked reserves will be reviewed regularly as part of the in-year monitoring and accounts closure process and annually as part of the budget setting process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them.
- 1.7. Particular attention will be paid in the annual review to those reserves whose balances have not moved over a two-year period, other than the General Fund, for further detail see Section 3 Management and governance.

1.8 The Council will maintain a General Fund Balance and a number of sub reserves of the General Fund known as 'earmarked reserves' which will be held for three main purposes:

<b>General Fund Balance</b>	<p>A minimum balance which is a contingency to cushion the impact of unexpected events or emergencies. This is the fund of last resort.</p> <p>The General Fund Balance is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>The General Fund Balance summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.</p>
<b>Earmarked reserves (Usable) Annex A</b>	<p>Usable Reserves are those reserves that can be applied to fund expenditure or reduce local taxation; They are usable reserves that are generally used to support the general fund position:</p> <ul style="list-style-type: none"> <li>- to support financial sustainability which are used to help cushion the impact of uneven cash flows, avoid unnecessary temporary borrowing manage the impact of unexpected adverse impacts upon the general fund budget (e.g., a financial resilience reserve).</li> <li>- to meet known or predicted requirements or established by statute. The purpose of these reserves is to enable sums to be set aside for specific purposes or in respect of potential or contingent liabilities where the creation of a provision is not required or permitted.</li> </ul>
<b>Restricted</b>	<p>Use is subject to party restrictions / conditions upon their application. For example, the Council is restricted in the use, such as schools' balances which are held on behalf of schools and can only be spent by schools, and the Capital Grants Unapplied Account can only be used to finance the Capital Programme.</p>
<b>Unrestricted</b>	<p>The Council can determine the purpose and value of the reserve and has flexibility over its use.</p>

<b>Earmarked Reserves (unusable)</b>  <b>Annex B</b>	<p>These arise out of a requirement under legislation and proper accounting practice either to accumulate revaluation gains or as adjustment accounts to comply with statutory accounting requirements. These reserves are not backed by cash resources and therefore cannot be used for any other purpose. Hence, these reserves are not available to fund expenditure. These will generally be excluded from any discussion where the Council talks about its level of reserves.</p>
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1.9 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of reserves and balances:

- Assumptions regarding inflation and interest rates.
- Estimates of the level and timing of capital receipts.
- The capacity to manage in-year demand led pressures.
- Ability to activate contingency plans if planned savings cannot be delivered.
- Risks inherent in any new partnerships.
- Financial standing of the authority (level of borrowing, debt outstanding etc.)
- The authority's record of budget management and ability to manage in year budget pressures.
- Virement and year-end procedures in relation to under and overspends.
- The general financial climate.
- The adequacy of insurance arrangements.

1.10 Each local authority must make its own decisions about the level of reserves it holds, taking into account all of the issues referred to above and the advice of the s151 Officer. The level of the General Fund reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves.

1.11 The Council earns interest on the investment of its cash balances through its Treasury Management operations. This revenue income supports its general spending plans. By holding cash balances, the Council effectively internalises some of its borrowing, therefore avoiding interest charges on external debt. Balances held in reserves therefore help to reduce on-going revenue expenditure.

## 2 Strategic Context

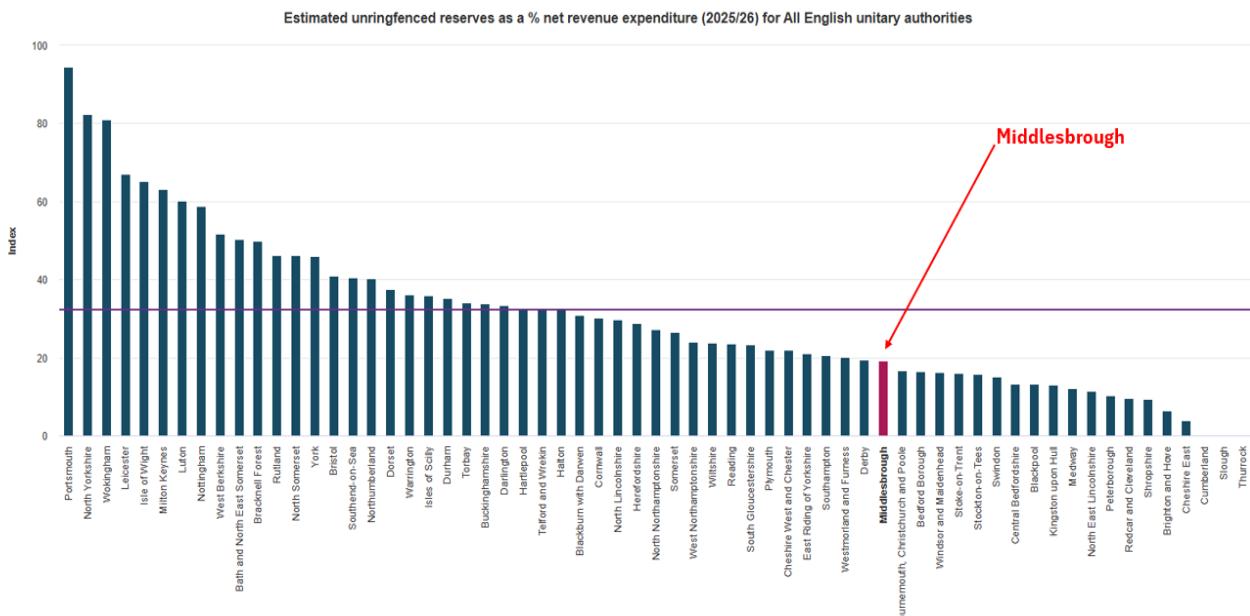
2.1 In previous years the Council faced a shortfall in funding compared to the level of service demand that it was experiencing. It therefore had to review its priorities and redesign and transform its services over the period of the MTFP to deliver cost reduction and efficiency to achieve a budget that is financially sustainable over the medium term.

2.2 As first outlined in the 2024/25 Reserves Policy, to achieve financial sustainability the Council engaged in a range of transformational activities in order to reduce future costs of service delivery. Due to the critically low level of

reserves which existed at the time, which were insufficient to support transformation expenditure, the primary source of funding for transformation over the last few years has been the utilising of capital receipts from asset sales through the Flexible Use of Capital Receipts (FUoCR) Strategy, in accordance with Government regulations.

- 2.3 The Council reviewed its asset base and a plan for asset rationalisation was approved by the Executive in November 2023. This resulted in an Asset Disposal Programme that is managed as part of the Council's Transformation Programme. Compliance with the Asset Disposal Programme remains fundamental to the Council's ability to successfully deliver transformation.
- 2.4 Whilst the Council's financial position has improved over the last few years and the Council will receive additional Government funding from 2026/27 to 2028/29, there is still a need to undertake transformational activities in order to ensure financial resilience to the Council over the medium to longer term and enable the Council to meet the needs of its residents.
- 2.5 Over the term of the MTFP, the Council will need to maintain a minimum General Fund Balance and to build up and maintain an increased level of earmarked revenue reserves, in order to improve its financial resilience and to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the current MTFP period. Additionally, there is uncertainty regarding Government funding for 2029/30 onwards and that means reserves have had to be increased further than originally planned to provide for this uncertainty.
- 2.6 Based on 2024/25 figures, the Council had the 6<sup>th</sup> lowest level of unringfenced reserves as a proportion of net revenue expenditure compared to all unitary authorities. Whilst this has improved, with the Council now having the 20th lowest level, using 2025/26 figures as illustrated below in Figure 1, the level of unringfenced reserves is still below the average level. The plans for reserves in this Reserves Policy will take Middlesbrough's level to about the average of all unitary authorities.

**Figure 1 – Estimated unringfenced reserves as a % of net revenue expenditure (2025/26) for all English unitary authorities**



Source: Local Government Association

Middlesbrough = 20<sup>th</sup> lowest

Note: this graph is drawn from Government data returns based on budgets at the start of the 2025/26 financial year so should be used as a guide as balances will have changed since then

### **3 Management and governance**

- 3.1 New reserves may be created at any time and approved by the Executive upon recommendation by the s151 Officer.
- 3.2 For each earmarked reserve held there will be a clear protocol setting out:
  - The reason for/purpose of the reserve
  - How and when the reserve can be used
  - A profile over which the reserve is intended to be utilised showing expected contributions to and from the reserve, with an end date for its existence.
- 3.3 The s151 Officer shall approve the drawdown of reserves provided that they are for the purpose for which the reserve has been established. The use of reserves will be reported as part of the quarterly budget monitoring reports to Executive.
- 3.4 The s151 Officer will review the use of reserves in accordance with the planned profile periodically throughout the financial year and as a minimum at accounts closure and budget setting. Protocols will be updated as appropriate.
- 3.5 All protocols will have an end date and at that point any balance will be transferred to the general reserve. If there is a genuine reason for slippage, then the protocol will be updated and submitted through Financial Planning for agreement by the S151 Officer or referred to the Executive as appropriate.
- 3.6 Ongoing recurring costs should not be funded from reserves unless part of a smoothing reserve and approved as part of the MTFP. The short-term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year. Decisions on the use of reserves may be delayed until financial year-end and will be dependent on the overall financial position of the Council rather than the position of just one service area or directorate.
- 3.7 Council will consider a report from the s151 Officer on the adequacy of the level of reserves as part of the annual budget-setting process.
- 3.8 The Council will review and update the Reserves Strategy and Policy annually as part of the budget setting process.

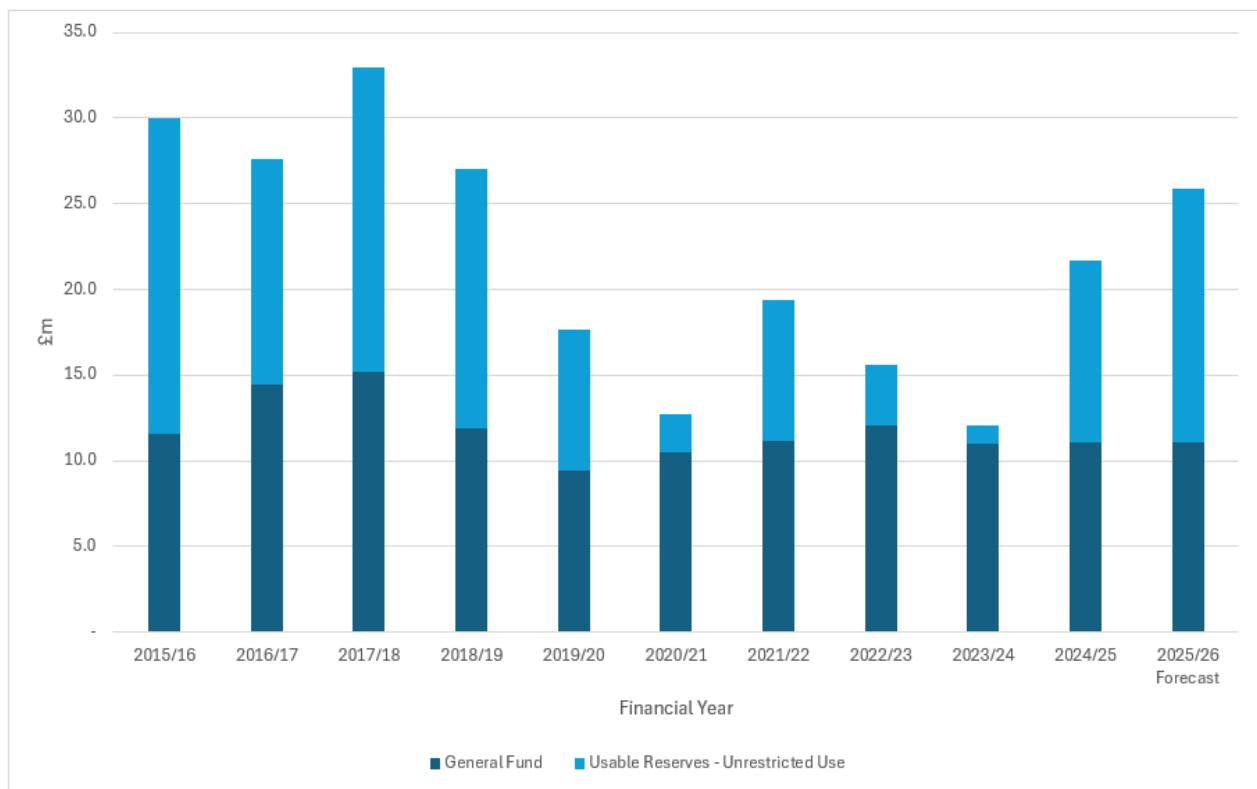
### **4. Level of General Fund Balance Usable Reserves**

- 4.1 In 2023/24, the level of the total value of the Council's unrestricted usable reserves and General Fund Balance had declined to a critical level as shown in Figure 2 below. This weakened the Council's financial resilience in terms of its ability to be able to respond to unforeseen cost pressures and left the Council in a financially fragile position. In 2024/25 rebuilding of these reserves commenced as detailed in the 2024/25 Reserves Policy, and this continued in 2025/26 and will continue over the period of the MTFP with contributions being applied to rebuild earmarked unrestricted usable reserves to improve financial resilience as follows:

	Contribution to Reserve			
	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m
Financial Resilience Reserve	4.553	3.216	3.966	3.716
Budget Smoothing Reserve	-	0.577	3.343	(3.920)
Change Fund Reserve	-	0.730	0.730	0.730
	<b>4.553</b>	<b>4.523</b>	<b>8.039</b>	<b>0.526</b>

4.2 Based upon the forecast outturn at Quarter Three 2025/26 the forecast balance at 31 March 2026 on the General Fund Balance is £11.100m and the unrestricted usable reserves is £14.837m.

**Figure 2 – Movement in unrestricted usable reserves 2015/16 to 2025/26 forecast**



## General Fund Balance

4.3 The level of the General Fund Balance is a matter for the Council to determine having had regard to the advice of the s151 Officer. The General Fund balance, coupled with a sufficient level of unrestricted usable reserves, is necessary to manage risk and uncertainty mainly around any increases in demand for services the Council provides above that provided in the budget, in particular within adults and children's social care services, for which the Council has statutory duties that must be met.

4.4 For 2026/27, the s151 Officer recommends that the minimum balance on the General Fund Reserve should be maintained at a level of at least £11.1m over the

MTFP period to 2029/30. Whilst the value of the General Fund Reserve is the same as that in the 2025/26 Financial Reserves Policy, the percentage has reduced from 7.75% in 2025/26 to 5.53% in 2026/27 due to the increase in the proposed net revenue budget arising from the additional government funding and the rolling in of a number of grants into the Revenue Support Grant (RSG). The increase in other unrestricted usable reserves also means that this Reserve can be maintained at the same level. Details of this are shown below over the period of the MTFP:

	Forecast Contribution to General Fund	Forecast General Fund balance	Forecast Net Revenue Budget	General Fund Reserve as % of Net Revenue Budget
	£m	£m	£m	%
2025/26	-	11.100	143.304	7.75%
2026/27	-	11.100	200.840	5.53%
2027/28	-	11.100	225.265	4.93%
2028/29	-	11.100	241.231	4.60%
2029/30	-	11.100	250.017	4.44%

### Financial Resilience Reserve (FRR)

4.5 In the 2024/25 Reserves Policy, the previous s151 Officer recommended that in addition to the General Fund Reserve, a Financial Resilience Reserve (FRR) be established and maintained in order to strengthen the Council's financial resilience. The purpose of this Reserve is to manage the volatility of actual income and expenditure against budget estimates without calling upon the General Fund Balance given the uncertain environment within which the Council is managing its operations and increasing demand for statutory services. The s151 Officer recommendation is that the FRR should be at £10m by the end of 2026/27 and then at least £20m by the end of the current MTFP period in 2029/30. The budgeted contributions to the FRR over the period are summarised below. At this stage, no drawdowns have been assumed, and it should be noted that any drawdown from the FRR in year will be required to be budgeted to replenish the FRR in the following financial year. Any underspend at final outturn will be transferred into the Council's FRR unless otherwise recommended by the s151 Officer.

Forecast Budgeted Contribution to Reserve	Transfers between Reserves	Forecast Contribution from Reserve	Forecast Financial Resilience Reserve changes in year	Forecast Cumulative balance on Reserve at end of year
£m	£m	£m	£m	£m
Balance at end of 2024/25*				6.711
2025/26	2.836	1.000	-	3.836
2026/27	4.553	-	-	4.553
2027/28	3.216	-	-	3.216
2028/29	3.966	(4.921)	-	(0.955)
2029/30	3.716	-	-	3.716

\*Financial Resilience Reserve established in 2024/25

Note: above forecasts reflect the assumed impact of the required Council contribution to the DSG Deficit at the end of the statutory override period as per Government guidance issued along with Final Local Government Finance Settlement 2026/27 on 09/02/26

## Change Fund Reserve

4.6 The Council holds a Change Fund Reserve for the purpose of meeting the revenue costs of transformation and efficiency programmes, including meeting redundancy costs. However, the Council is now engaged in its Transformation Programme, expected to run until at least the end of 2027/28, the main source of funding for which is Flexible Use of Capital Receipts (FUoCR) rather than Change Fund. As such, as the Change Fund has not been utilised in 2025/26, there will be no contribution made to the Change Fund in 2026/27, however a contribution of £0.730m each year will continue from 2027/28. There are not expected to be any calls on the Change Fund in the next two financial years whilst the wider transformation progresses. The use of Change Fund is projected to continue from 2028/29 when the Flexible Capital Receipts funded transformation programme is due to complete.

Forecast Budgeted Contribution to Reserve	Forecast Contribution from Reserve	Forecast Change Fund Reserve changes in year £m	Forecast Cumulative balance on Reserve at end of year £m
£m	£m	£m	£m
2025/26*	0.730	(0.730)	2.766
2026/27	-	-	2.766
2027/28	0.730	-	0.730 3.496
2028/29	0.730	(3.000)	(2.270) 1.226
2029/30	0.730	(1.956)	(1.226) -

\*2025/26 Budgeted Contribution not required due to Flexible Use of Capital Receipts funding of transformation expenditure

## Savings Delivery Risk Reserve

4.7 This Reserve was established in 2025/26 in order to offset the risk and provide financial resilience in the event of slippage / non delivery of planned budget savings. A contribution of £3.052m was made to the new Reserve at the start of 2025/26 by utilising the 2024/25 Collection Fund Surplus. It is currently forecast that £1.675m of this Reserve will be required to be utilised in 2025/26 to offset savings currently forecast as undeliverable in 2025/26. Whilst there are no additional budget savings currently planned in the updated MTFP for 2026/27 to 2029/30, there are still a large number of previous planned budget savings from previous years in the MTFP which have not been fully achieved. Full achievement of all these budget savings is still a significant challenge, and these are monitored as part of the budget monitoring arrangements. It is therefore recommended that the remaining forecast balance of £1.377m on the Savings Delivery Risk Reserve at 31/3/26 is maintained over the period of the MTFP to 2029/30.

## Budget Smoothing Reserve

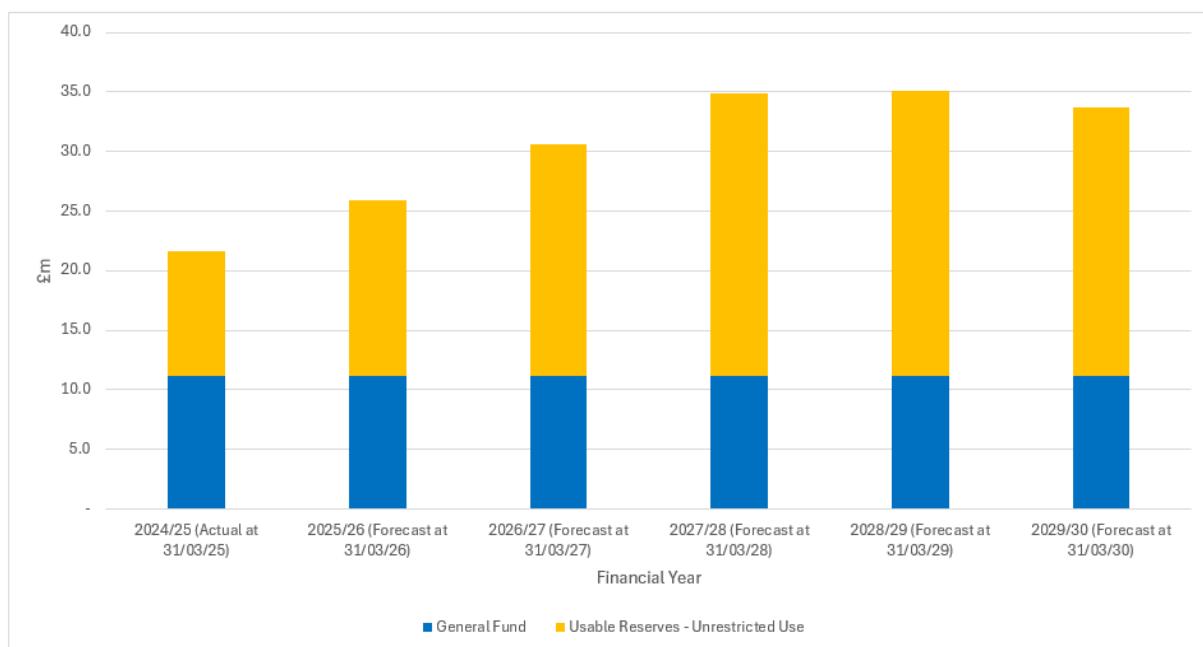
4.8 A new Reserve is to be established from 2026/27 to manage budget fluctuations and to smooth the short term impact of funding changes and cost pressures over the MTFP period. As mentioned in paragraph 2.5 there is uncertainty regarding Government funding for 2029/30 onwards and based on current projections there is a need to utilise this new Reserve to transfer additional Government funding estimated to be received in 2027/28 and 2028/29 to 2029/30, in order to enable a balanced

budget to be set for 2029/30. This Reserve will be reviewed regularly over the MTFP period as further information becomes available.

## 5. Summary of forecast revenue reserves

- 5.1 As a result of these actions and a review of the Reserves Policy, the minimum level of the General Fund Balance will be set at a minimum of £11.1m over the MTFP period to 2029/30. In the 2026/27 proposed budget the level is 5.5% of the net revenue budget.
- 5.2 The Council must continue to rebuild its unrestricted revenue reserves over the period of the MTFP. The balance on earmarked unrestricted usable reserves at 1 April 2026 is expected to be £14.837m.
- 5.3 Within unrestricted usable revenue reserves, the Financial Resilience Reserve (FRR) is required to be maintained to at least £10m in 2026/27 and at least £20m by the end of 2029/30 to strengthen the Council's financial resilience and to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the current MTFP period. Figure 3 shows the projected unrestricted usable reserves through to the end of 2029/30 after planned contributions, however this will depend on any unplanned drawdowns of reserves.

***Figure 3 - Forecast Unrestricted Usable Reserves from closing balance 2024/25 through to closing balance 2029/30 (following planned contributions and drawdowns)***



- 5.4 The detail of the forecast balances on reserves as at 31/3/26 was included in the Revenue and Capital Budget Forecast Year-End Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026.

## Annex A – General Fund & Earmarked Reserves

The Council holds a number of usable reserves, and these are listed below.

Reserve	Description
General Fund Balance	<p>This Fund is the statutory fund into which all the receipts of the Council are required to paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>This is a minimum balance which is a contingency to cushion the impact of unexpected events or emergencies. This is the fund of last resort. This reserve ultimately smooths the financial impact of unexpected events, major incidents and unforeseen risks.</p>
Capital Receipts Reserve	This reserve holds amounts received from the disposal of assets and is only available to fund future capital projects.
Capital Grants and Contributions Unapplied Reserves	These reserves hold amounts from Capital Grants and Contributions that have been recognised in the Comprehensive Income and Expenditure Statement in line with the accounting code of practice, but for which the associated capital expenditure has not yet been incurred.

### Earmarked Reserves

Reserve	Description
Schools Balances	This reserve holds the accumulated balances and the differences between the school budget and actual expenditure incurred in the year for all the Middlesbrough Council schools. In accordance with Government regulations and the Council's scheme of delegation for schools, these funds are carried forward and specifically earmarked for use by schools in future years.
Public Health	The Public Health Grant received by the Council is ring-fenced for use on public health services only. This reserve is for any amounts of grant not spent in year due to timing differences in service delivery.
Insurance Fund	The internal Insurance Fund was set up to cover all the Council's insurable risks. Only a limited amount of external insurance cover is provided for catastrophes or special risk incidents. The nature of the risks covered by the insurance reserve include fidelity guarantee, personal accident, employers' liability, fire, motor, marine, engineers, public liability and money losses.

Better Care Fund	<p>The Better Care Fund (BCF) has been established by the Government to provide funds to local areas to support the introduction of a fully integrated health and social care system. It is a requirement of the BCF that the Clinical Commissioning Group (CCG) and the Council establish a pooled fund for this purpose.</p> <p>Section 75 of the National Health Service Act 2006 gives powers to local authorities and CCGs to establish and maintain pooled funds to support the outcomes of the BCF.</p> <p>The Council has entered into a pooled budget arrangement with NHS Tees Valley Clinical Commissioning Group for the provision of health and social care services to meet the needs of the population of Middlesbrough. The services being commissioned or provided by the Council or Tees Valley Clinical Commissioning Group (TVCCG) depend upon the needs of the service recipient. The Council and TVCCG have an ongoing section 75 agreement in place for funding these services and this is reviewed annually. The Council is the host for this pooled budget and each partner's contribution is set out in the Better Care Fund section 75 agreement.</p> <p>This reserve is to hold balances from the pooled budget.</p>
Revenue Grants Unapplied	In situations where there are no grant conditions or that conditions have already been met and expenditure has not yet taken place, any unspent grants/contributions are transferred to the Revenue Grants Unapplied at year-end. These have been recognised as income in prior years in the Comprehensive Income & Expenditure Statement.
Marton Library Section 106	This reserve is held for the purpose set out in the Section 106 agreement.
Housing Rental Sinking Fund	This reserve is for the replacement of major capital expenditure, e.g., replacement windows and boilers, for properties owned by the Council and rented out.
Financial Resilience Reserve	The purpose of the Reserve is to meet unforeseen financial pressures that cannot ultimately be managed within directorate budgets.
Change Fund	The reserve has been set up to pay for the one-off costs associated with implementing change within services including the funding of invest to save projects, early retirements / voluntary redundancies and altering the way services are commissioned.
Elections Costs	This reserve covers the cost of elections which occur every four years, The reserve is built up with a contribution from the elections budget each year and then drawn down in the fourth year when local elections take place.
Savings Delivery Risk Reserve	This reserve has been created from the 2024/25 Collection Fund Surplus to offset the risk of slippage / non delivery of budgeted savings.
Budget Smoothing Reserve	This reserve has been created from 2026/27 and is a smoothing reserve to manage budget fluctuations and to smooth the short term impact of funding changes and cost pressures over the MTFP period.

## Annex B – Unusable Reserves

Unusable Reserves are those reserves held by the Council that cannot be utilised to provide services. This includes reserves that hold unrealised gains and losses and adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards as adopted by the Code. Unusable reserves cannot be used to fund expenditure, e.g. cannot fund revenue spend on services or capital spend on projects. These are mainly technical reserves in accordance with accounting policies and are required to be shown in the Statement of Accounts, however with the exception of the Dedicated Schools Grant Adjustment Account these are not included in the quarterly budget monitoring reports.

Reserve	Description
Revaluation Reserve	<p>The Revaluation Reserve contains the accumulated net gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The reserve only contains revaluation gains accumulated since 1 April 2007, the date when the Revaluation Reserve was constituted. Accumulated gains and losses accumulated before that date are consolidated into the Capital Adjustment Account. Amounts contained within this reserve will only become available to provide services (or limit resources in the case of losses) once the gains/losses are realised as the assets are disposed of.</p>
Capital Adjustment Account	<p>The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.</p> <p>The Account also contains accumulated gains and losses on Investment Property and gains recognised on donated assets as well as revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.</p>
Deferred Capital Receipts	<p>Deferred Capital Receipts are amounts that are to be received in instalments over an agreed period of time. They arise from mortgages on the sale of Council Houses, or repayment terms from other asset sales. These can only be used for financing new capital expenditure when the actual receipt is received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.</p>
Financial Instrument Adjustment Account	<p>This Account is held in accordance with the Code of Practice to write down over time the premiums paid on early debt repayment in order to spread the burden on Council Tax. This is a technical adjustment and has no impact on the overall financial position of the Council.</p>

Pension Reserve	This reserve is used to reconcile the payments made for the year to various statutory pension schemes and the net change in the Council's recognised liability under IAS19 – Employee Benefits, for the same period.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account holds the differences arising from the recognition of council tax and business rates income, in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Accumulating Compensated Absences Adjustment Account	The Accumulated Compensated Absences Adjustment Account reflects the value of compensated absences (employees time off with pay for holidays) earned but not taken in the year.
Dedicated Schools Grant Adjustment Account	From November 2020 The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) established new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for financial years from 1st April 2020, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The CIPFA local authority accounting code has determined this as the 'Dedicated Schools Grant Adjustment Account'. The new accounting practice has the effect of separating schools budget deficits from its General Fund revenue budget.

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## **Appendix 8**

### **Fees and Charges Policy**

#### **1. Introduction**

1.1 The Fees and Charges policy forms part of the development of the Medium Term Financial Plan (MTFP) for Middlesbrough, which aims to both deliver a balanced budget and support the delivery of the key priorities in the Council Plan, which are:

- A Successful and Ambitious Town: Maximising economic growth, employment, and prosperity, in an inclusive and environmentally sustainable way.
- A Healthy Place: Helping our residents to live longer and healthier lives, improving life chances and opportunities to thrive.
- Safe and Resilient Communities: Creating a safer environment where residents can live more independent lives.
- Delivering Best Value: Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.

1.2 The Council's approach to fees and charges represents a key plank of the Council's MTFP. The Fees and Charges Policy provides a framework to enable the Council to provide the optimal balance to income, policy objectives and risk. It is also a significant source of income that supports the delivery of the services. If the Council were to reduce or stop charges for services it would not have the resources to continue providing the services it currently offers.

1.3 This Policy sets out key components of the approach to setting, reviewing, governing and communicating fees and charges for the Council going forward:

- A framework for setting prices, using the key considerations of legislation, policy and competition as the principal drivers (section 2)
- The legislative environment that local authorities operate within (section 3)
- Methodology for understanding the costs associated with service delivery (section 4)
- Approaches and Policy objective to the Application of the Charging Policy (section 5)
- Governance approach to approval of fees and charges, implementation of the policy and a commitment to publish a schedule of fees and charges annually (section 6)

- 1.4 This policy applies to all services that the Council charges a Fee or Charge for, with a core focus on discretionary services to residents and businesses. The principles of the Fees and Charges policy should be applied to services operating in a commercial environment such as rental income (including renting assets to the community and voluntary sector), however for many of these instances it would be inappropriate to include them in the Schedule of Fees and Charges.
- 1.5 The scope excludes Council Tax rates, discounts and premiums, Business Rates and Housing Benefits.
- 1.6 The Fees and Charges policy has a number of interdependencies with other strategies and plans within the Council, including the Council Plan.

## **2. Establishing a Framework and Principles for Price Setting**

- 2.1 The Council is a complex organisation operating a number of services in a number of different contexts and therefore it is not appropriate to take a 'one-size fits all' approach. Broadly there are four 'quadrants' that Council services operate in which influence an individual services charging strategy, these are defined by the following two axis:
  - The **degree of legislation** impacting on the service area (for example many planning fees are set by central government, whereas the only regulation set around charges for Taxi Licensing relate to limiting charges to full cost recovery)
  - The **degree of competition** in the environment they are operating within (for example the Council is the statutory planning authority and therefore a developer wanting to build new homes in Middlesbrough has no choice but to engage with the Council, whereas there are other car parking options that are available to Middlesbrough citizens).
- 2.2 The primary objective(s) of fees and charges based upon the factors above is shown in diagram 1 below:

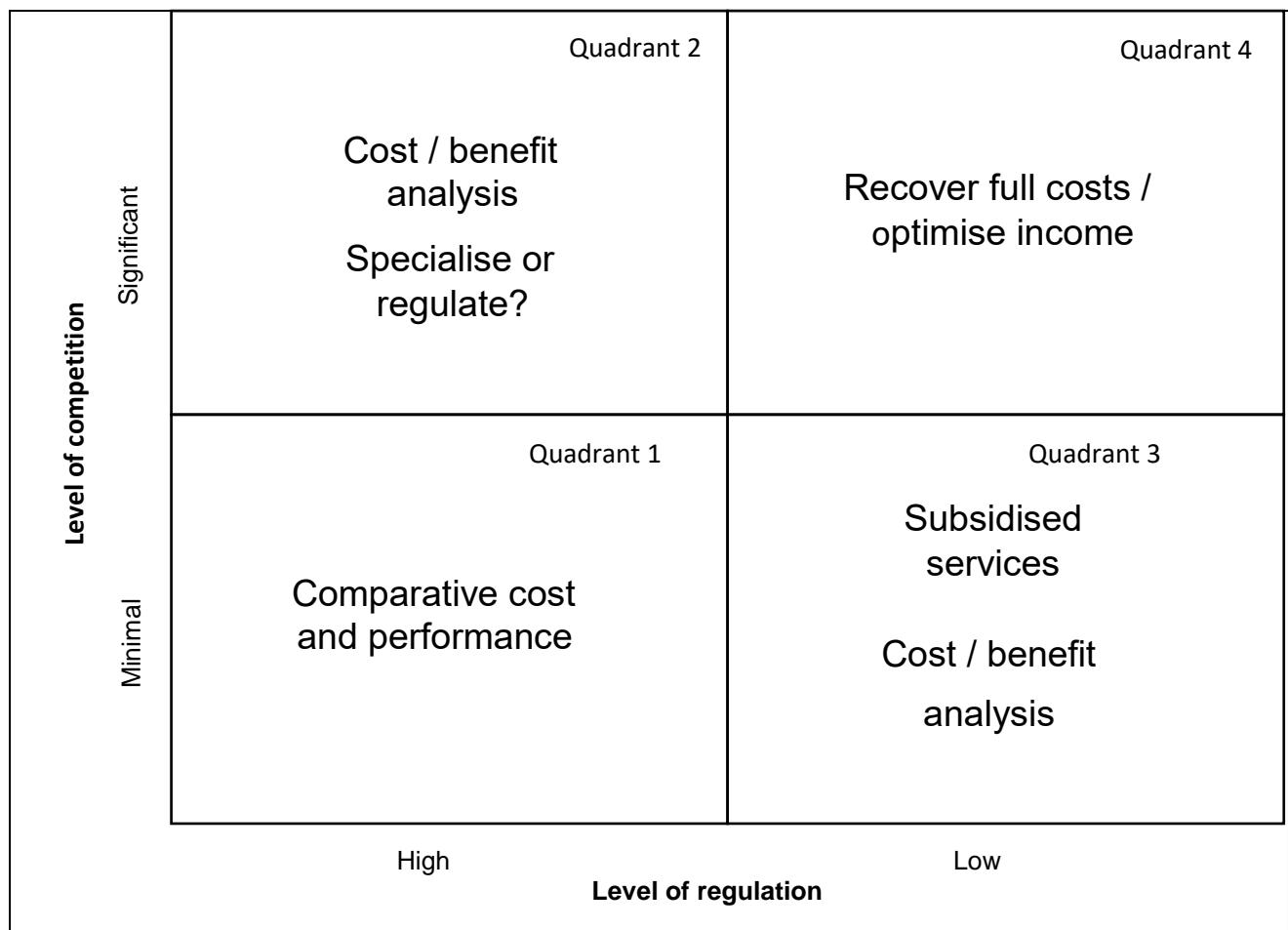


Diagram 1: Primary objectives of fees & charges based upon the key factors of competition and regulation

2.3 In terms of setting prices for any service, the first measure must always be statute that impacts on those services, such as Adult Social Care or Parking Enforcement. This may limit what can be charged for or set fees / prices nationally, or limit prices to cost recovery (which may be limited to direct costs of providing a service or a wider set of costs to include oversight and wider support costs of the Council).

2.4 **Quadrant 1** - Areas with high legislation and low (or no) competition are often services only the Council can provide (such as planning permission, or registration of births, deaths or marriages). In these circumstances, prices are often either set by legislation or limited to cost recovery. The Council should assess their performance in these circumstances by benchmarking cost, price and performance against other similar public bodies providing those services to ensure the services and any associated costs or fees are providing Value for Money.

2.5 **Quadrant 2** - For areas with high competition, but others providing similar services locally (for example Social Care services such as Home Care); the Council may wish to provide services where there are specialised or niche areas not covered by the market or to provide capacity to step in if there was a

market failure (such as a major supplier withdrawing from the market / ceasing to trade). In these circumstances the Council should assess the wider social benefits of its involvement in the market, alongside assessing the risk and impact of any market failures.

2.6 **Quadrant 3** - For areas where regulation is low, but there is limited local competition, it is likely that services are being provided at a subsidy by the Council (as it is likely there would be competition if profit could be made). For these services there are likely to be wider social benefits to providing a service. Trying to fully cost recover would reduce the usage and therefore negatively impact on these wider benefits. For example,

In such circumstances, the Council needs to weigh the relative wider public benefits of provision, against its overall budget and policy objectives to determine the appropriate level of subsidy.

It should be noted that there could be circumstances where the Council has unintentionally subsidised a service which has no specific policy objective and offered a price that has led to there being little or no competition. In this instance the Council should seek to understand the total cost of service delivery and set a pricing approach that seeks to recover those costs.

2.7 **Quadrant 4** - Broadly speaking, if there is limited regulation of a service, and considerable local competition, then the Council should be seeking to recover its full costs in provision in this area as a minimum. These services generally include business to business type services (such as contract parking), where other organisations would step in if the Council did not provide a service.

### **3. The Legislative Environment that the Council operates in**

3.1 As highlighted in section 2 the primary consideration is the legislation relevant to the Council and that specific service. There are a large number of legal powers that impact on the Council's ability to charge for particular services and a number of pieces of legislation that are relevant to the entire Council, an overview of which are provided below. Therefore, the following pieces of legislation should be considered:

- Localism Act 2011: General power of competence available to local authorities to do "anything that individuals generally do"
- Local Government Act 1972, s. 111 : A local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- Local Government Act 2003, s.93 : Power to charge for discretionary services . "A relevant authority may charge a person for providing a

service to him if ( a) the authority is authorised, but not required, by an enactment to provide the service to him , and ( b ) he has agreed to its provision.”

- Local Authorities (Goods and Services) Act 1970 re. supply of goods and services by local authorities and ability of parties to enter into an agreement to include terms as to payment.

3.2 There are a large number of statutes which enable or oblige the local authority to offer specific services e.g. Environmental Protection Act 1990 re. waste management. Whilst certain of the Council's charges are set by statute, a local authority is able, in many instances, to determine what to charge service users for the service provided.

#### **4. Full Cost Calculation and Recovery**

4.1 Many of the Council's fees and charges are legally limited to the recovery of the cost of delivering the service. Depending on the legislation specific to the service area, this is often much wider than the direct cost of service delivery (e.g. running a coaching session may only directly involve in one hour of one person's time, but there will be time spent planning for the session and a small share of the holiday's that the coach receives), but includes other items such as:

- Direct Overheads – such as management time within the service area associated with the delivery of the service
- Corporate Overheads – a fair proportion of the corporate costs that are not directly within the service, including central costs like Finance, IT or HR, senior management costs, building and premises costs (e.g. rent or maintenance) and also costs associated with the running of the Council (e.g. running a democratic system)
- Unproductive time, for example the cost of providing staff development or training or average sick time
- Service investment costs, such as contribution to continued service improvements or capital investments

4.2 The aim of the Fees and Charges Policy is to 'right size' the prices for services – i.e. set a price that achieves the optimal balance of financial return, risk and achieving policy objectives. Where it is found that services are being provided at a price below the optimal level then consideration needs to be given to the likely impact of significant changes in prices. In some cases, moving to the optimal pricing point in 'one jump' would be unpalatable, therefore a move towards this pricing point should be considered in an incremental manner over several years.

- 4.3 There are however some services where legislation limits the costs that can be recovered, however even in this instance it is important to understand the full cost of service delivery and the amount that is not recovered through the charge.
- 4.4 Therefore, regardless of the legislation about what can be charged, it is important to understand this total cost of each service, so that the Council can make an estimate of the real cost of providing this service and the degree to which services are being subsidised.
- 4.5 There may be instances where the Council has entered into long term contracts for services, but the cost of delivering the services increases significantly during the life of the contract, in this case the Council should explore opportunities for contract renegotiation.

## **5. Collection of Charges**

- 5.1 Wherever practical and legal the Council will levy the charge and collect the income before the service is delivered, which will reduce the likelihood of customers incurring debts which are costly for the Council to collect. For example, if a customer wishes to subscribe to the Council's Green Waste collection scheme the charge will be levied in advance, payment made and after that point the Council will begin collecting the Green Waste.
- 5.2 The Council will seek to encourage the most efficient form of charge collection available and, in some cases, may offer differential pricing for different payment methods (e.g. a reduced charge is offered for customers paying by Direct Debit – recognising the reduced cost to the Council of this mechanism of payment).

## **6. Approaches and Policy objective to the Application of the Charging Policy**

- 6.1 The Council may have a range of policy objectives for the delivery of a particular service, which will impact on the pricing decision the Council makes and therefore it is important to establish a framework for why a particular approach should be taken.
- 6.2 The default position is the recovery of full cost of service delivery and any deviation from this position requires approval via the relevant Executive Director and will be highlighted as part of the "Schedule of Fees and Charges". An objective of the policy is to ensure that the Council only subsidises the delivery of non-mandatory services where there is an explicit policy decision to do so. Where charges are set by statute no additional approval is required.
- 6.3 The table below provides an overview of different pricing approaches and the policy rationale for a particular approach:

Type	Objective	Likely Quadrant
<b>Beyond full cost recovery:</b> where legislation explicitly permits	The primary policy objective for the council providing the service with the objective of maximising income and legislation explicitly permits the Council to recover beyond full cost; or  The council wishes to disincentivise a certain type of behaviour and is using price as a tool to achieve this	4
<b>Full cost recovery</b> : This is the preferred position and discretionary services are anticipated to fall into this category unless otherwise agreed	The council wishes to make the service generally available, but there is no policy rationale for providing a subsidy from general taxation.	4
<b>Full cost recovery with concessionary discounts</b>	The council wishes to make the service generally available and is prepared to subsidise the service to ensure disadvantaged groups have access to the service.	3 or 4
<b>Subsidised</b>	The council believes there are policy / public benefits from usage and therefore provides a subsidy from general taxation however users of the service are expected to make some contribution to the cost.	2 or 3
<b>Nominal</b>	The council wishes the service to be fully available but sets a charge to discourage frivolous use.	2
<b>Free</b>	The council's policy is to make the service fully available and "free at the point of delivery". The service is funded from general taxation.	
<b>Statutory Charges</b>	Set in line with legal obligations and national government charging policy.	1

## 7. Governance, Review & Implementation

- 7.1 Executive and Full Council will have full visibility and oversight of price setting for fees and charges. Notwithstanding this, it should be noted that there may be individual service reasons for price changes in year – these will be managed through the appropriate governance process and in line with the appropriate level of delegated authority for decision making. The Council will publish, as part of the annual budget setting report the Fees and Charges Policy alongside a schedule of all proposed fees and charges (with the exceptions highlighted below). This approach reflects the Council's drive towards delivering against its corporate priorities, delivering value for money and ensuring it is learning from best practice from other Councils.
- 7.2 It should be noted that for various reasons (e.g. service operates in a commercial market with variable pricing, significant review or restructure of service is underway that materially impacts on its pricing approach) there are some fees and charges in some service areas that it is not appropriate to include in this report.
- 7.3 Licensing Committee – It should be noted that there are a number of charges that are under the jurisdiction of the Licensing Committee, which has a separate governance process. The principles and objectives of this price setting approach will apply to these services, however the governance, price setting and publication of those fees and charges will remain within the remit of the specific Committee.
- 7.4 Changes to prices must reflect legislation and this may include formal consultation and consideration of responses prior to implementation (for example changes to Car Parking fees requires formal communication at relevant sites 21 days in advance of any changes).
- 7.5 Where the proposals attached in "Schedule of Fees and Charges" in **Annex 1** are approved they are deemed to be valid from 1 April, unless otherwise stated. It should be noted there are some areas where there is a statutory time frame before a change in price can be implemented once a decision is made.
- 7.6 To enable services to operate with agility in commercial environments Heads of Service have delegated authority to reduce prices in year or offer 'bulk discounts', provided they consult with the relevant Service Director and the Section 151 officer and they can evidence that it would be financially disadvantageous to the Council if it were not to do so.
- 7.7 The management of performance of fees and charges will take place as part of the normal financial performance and budget management process, and Heads of Service will be responsible for recommending any changes to optimise performance. As part of the budget setting process all fees and

charges will be reviewed and an 'ongoing' challenge approach adopted, which will be overseen by the Head of Financial Planning & Business Partnering (Deputy Section 151 Officer).

- 7.8 The Section 151 Officer will ensure the Policy is reviewed on an annual basis to ensure it remains fit for purpose and may need to be reviewed by exception if there is a significant change in government policy impacting on the Council's ability to charge. As part of the Council's annual review the default position will be to increase charges in line with the prevailing rate of inflation as indicated through the MTFP planning assumptions used by the Council.
- 7.9 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented.

## Annex

1

Proposed Fees and Charges Schedule 2026/27

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**Middlesbrough Council****Appendix 8 - Annex 1 - Proposed Fees and Charges Schedule 2026/27****Detailed Service - current fees and proposed increased fees from 1st April 2026\***

\*unless an alternative date is indicated

<b>ADULT SOCIAL CARE AND HEALTH</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2026</b>	<b>Actual % Increase</b>	
				<b>£</b> <b>£</b> <b>%</b>
<b>Prevention, Provider &amp; Support Services</b>				
Day Centre Meal (2 course lunch & drink)	5.00	5.10	2.0	
Day Centre Meal (1 course lunch & drink)	4.20	4.30	2.4	
Levick Court: Standard weekly rate (including care) - revised due to November 2025 review	1545.00	3185.00	106.1	
Levick Court: Standard weekly rate (excluding care but support if needed)	0.00	2071.00	new	
Levick Court: Room only (no care provided only meals/laundry)	0.00	1583.00	new	
Levick Court: Additional daytime hourly rate if 1:1 support is required	0.00	26.21	new	
Levick Court: Additional overnight hourly rate if 1:1 support is required	0.00	34.86	new	
North Ormesby Day Centre (chg./wk. re Service User funded by external organisations)	248.00	350.00	41.1	
The Orchard Complex Needs Service (chg./wk. re Service User funded by external organisations)	747.00	720.00	-	3.6
Community Inclusion Service (chg./wk. re Service User funded by external organisations)	411.00	380.00	-	7.5
Community Inclusion Service - Autism (chg./wk. re Service User funded by external organisations)	586.00	805.00	37.4	
Connect : Bronze - Monitoring & Response (base unit only)	6.50	6.65	2.3	
Connect : Silver - Monitoring & Response (base unit + up to 2 add-ons)	8.15	8.30	1.8	
Connect : Gold - Monitoring & Response (base unit + up to 5 add-ons)	11.20	11.40	1.8	
Connect : Platinum - Monitoring & Response (base unit + up to 8 add-ons)	16.30	16.65	2.1	
Connect : Additional Pendant	1.10	1.10	-	
Connect : Extra Charges : Damaged/Lost Equipment	Cost of item	Cost of item		
Connect : Extra Charges : Reassurance Visit (per visit)	25.50	26.00	2.0	
Connect : Extra Charges : Carer Support (per visit)	25.50	26.00	2.0	
Connect : Extra Charges : Client Support - Property (per visit)	25.50	26.00	2.0	
Connect : Extra Charges : Prescription collection (emergencies only)	5.10	5.20	2.0	
Connect : Extra Charges : Toilet Calls (per visit)	15.30	15.60	2.0	
Connect : Extra Charges : Telephone calls for Client (per call)	1.00	1.00	-	
Connect : Sheltered Out of Hours	4.00	4.00	-	
Connect : Sheltered - One off call for non-Out of Hours Client (per visit)	25.50	26.00	2.0	
Connect : Sheltered Housing : Fire Alarm Monitoring (non-council)	3.05	3.10	1.6	
Connect : Sheltered Housing : Bank Holiday & Training day cover monitoring (per resident)	0.75	0.75	-	
Connect : Sheltered Housing : Bank Holiday & Training day cover response (per resident)	25.50	26.00	2.0	
Connect : Lone Working (non-social care services) Careium Abby (per unit per worker)	109.00	109.00	-	
Connect : Lone Working (non-social care services) : Monitoring & Sim card (per month)	7.65	7.80	2.0	
Connect : Lone Working (non-social care services) : Base Unit for building (monitor only) /wk.	6.65	6.80	2.3	
Connect : Non-Council Building alarms (per alarm)	3.05	3.10	1.6	
Connect : Schools Building alarms (per alarm)	3.05	3.10	1.6	
Social Worker Basic (per hour) - charges to Other Local Authority's for Out of Area Assessments	50.35	51.35	2.0	
Social Worker Complex (per hour) - charges to Other Local Authority's for Out of Area Assessments	66.80	68.15	2.0	
Administration charge for arranging Personal Care Services for self-funders (wef 01/04/2026)	0.00	6.57	new	
<b>Estates Services</b>				
Estates Team : Banking Fees (Residential) (savings £1000+) - per month	16.50	16.80	1.8	
Estates Team : Banking Fees (Community) (savings £1000+) - per month	21.50	21.90	1.9	
Estates Team : Funeral Admin fee	320.00	326.00	1.9	
Estates Team : Account closure fee	213.00	217.00	1.9	
Estates Team : Deputyship - Court Order Initial fee - statutory fees set by OPG	944.00	944.00	-	
Estates Team : Deputyship - Annual Report fee - statutory fees set by OPG	274.00	274.00	-	
Estates Team : Deputyship - Annual Management fee (Year 1 maximum) - statutory fees set by OPG	982.00	982.00	-	
Estates Team : Deputyship - Annual Management fee (Year 2 + maximum) - statutory fees set by OPG	824.00	824.00	-	
Estates Team : Deputyship - Annual Property Management fee - statutory fees set by OPG	380.00	380.00	-	
<b>EDUCATION AND PARTNERSHIPS</b>				
		<b>Current fee</b>	<b>Proposed fees from 1st April 2026</b>	<b>Actual % Increase</b>
		<b>£</b>	<b>£</b>	<b>%</b>
<b>Middlesbrough Educational Psychology Service (MEPS)</b>				
Daily charge for schools for time purchased	572.00	583.40	2.0	
Per person charge for 6 x 2-hour sessions of ELSA (Emotional Literacy Support Assistant)	253.80	258.80	2.0	
<b>Education Welfare Officer support</b>				
Berwick Hills primary school, Service Level Agreement (annual charge)	1178.00	1201.50	2.0	
Ayresome primary school, Service Level Agreement (annual charge)	3534.00	3604.60	2.0	
Hollis Academy, Service Level Agreement (annual charge)	429.00	437.50	2.0	
<b>Stainsby Nursery</b>				
Per Hour (price change from 1st September to 31st August):	10.70	10.90	1.9	
Session (price change from 1st September to 31st August):	37.25	37.90	1.7	
Daily (price change from 1st September to 31st August):	58.65	59.80	2.0	
Weekly (price change from 1st September to 31st August):	266.25	271.50	2.0	
After school (price change from 1st September to 31st August):	21.40	21.80	1.9	
<b>Ethnic Minority Achievement Team (EMAT)</b>				
Annual Service Level Agreement: Secondary School (1st September to 31st August):	7575.00	7726.50	2.0	

Annual Service Level Agreement: Primary School (1st September to 31st August):	3885.00	3962.70	2.0
Annual Service Level Agreement: Interpretation only (1st September to 31st August):	2785.00	2840.70	2.0
<b>ENVIRONMENT, COMMUNITIES AND CULTURE</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2026</b>	<b>Actual % Increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
<b>Area Care &amp; Waste</b>			
Junk Jobs- up to 5 items- standard service	24.50	24.90	1.6
Junk Jobs- up to 5 items- premium service	24.50	24.90	1.6
Junk Jobs -up to 10 items	45.00	45.90	2.0
Junk Jobs - up to 15 items	72.00	73.40	1.9
Allotments - small plot at Low Lane	21.35	21.70	1.6
Allotments-small plot	47.40	48.30	1.9
Allotments-medium plot	91.50	93.30	2.0
Shopping Trolley Retrieval	70.40	71.80	2.0
Garden Waste Collection Charge - (including Garden waste bin)	40.00	40.00	-
Garden Waste Collection Charge - Additional Wheeled Bin	20.00	20.00	-
Replacement Green Waste Bin	0.00	0.00	-
Replacement Black Bin -140ltr - Residual	15.00	15.00	-
Replacement Black Bin - 240ltr - Residual	23.50	23.50	-
Additional 140ltr Bin - Residual	40.00	40.00	-
<b>Highways Maintenance Planned/Responsive</b>			
Bus Stop/Traffic Suspension Notice/Demolition Notes	69.40	70.70	1.9
<b>Winter Maintenance</b>			
Salt Provision to Redcar & Cleveland Local Authority - based on current salt prices plus admin fee	variable	variable	n/a
Gritting at James Cook Hospital and Serco - based on demand, includes salt, labour, fuel admin fee	variable	variable	n/a
<b>Highway Maintenance Projects</b>			
Various Highways works linked to one off projects based on activity and level of works required	variable	variable	n/a
<b>Highways Services Management</b>			
New Street Naming and Numbering	183.60	187.20	2.0
1-3 addresses (per address)	46.90	47.80	1.9
4 addresses or more (per address)	15.30	15.60	2.0
for every 50 addresses above 4	117.30	119.60	2.0
<b>Management of the Highways</b>			
Insurance Claims for Damage to Infrastructure following Road Traffic Collision	variable	variable	n/a
<b>Fleet Management</b>			
MOT - Car	37.35	38.10	2.0
MOT - Taxi	15.00	15.30	2.0
MOT - Minibus 13-16 passenger seats	48.00	48.90	1.9
MOT - Minibus over 16 passenger seats	48.00	48.90	1.9
MOT - Vehicles weighing 3000kg to 3500kg	37.35	38.00	1.7
MOT - Duplicate Test Certificates	10.65	10.80	1.4
<b>Streetworks</b>			
Permits & Inspections	variable	variable	n/a
<b>Environment Enforcement</b>			
Fly Tipping (reduction to £600 if paid in 7 days)	1000.00	1000.00	-
Littering (reduction to £200 if paid in 7 days)	300.00	306.00	2.0
Household Duty of Care Offences	600.00	600.00	-
<b>Commercial Pest Control</b>			
Wasps & Bees per visit	49.00	58.80	20.0
Bed Bugs/Cockroaches (up to 3 rooms)	245.00	294.00	20.0
Rodents per visit	47.00	56.40	20.0
Cockroaches (up to 7 rooms)	245.00	294.00	20.0
Fleas (up to 7 rooms)	114.30	137.15	20.0
Other insects including ants per visit	114.30	137.10	19.9
Moles - initial visit	0.00	135.00	new
Moles - subsequent visit per hour pro rata	0.00	70.00	new
Hourly Rate per visit	54.45	65.20	19.7
<b>Concessionary Fares</b>			
Replacement Pass (lost, stolen or damaged)	17.60	17.90	1.7
<b>Middlesbrough Bus Station</b>			
Departure Charges - increased as from 1 January 2025, contract to 31 December 2025	0.66	0.66	-
Departure Charges - increased as from 1 January 2025, contract to 31 December 2025	2.05	2.10	2.4
<b>Parks Management</b>			
Events - each event price negotiated	variable	variable	n/a
<b>Newham Grange Leisure Farm</b>			
Adult -Day Ticket	5.70	5.80	1.8
Child -Day Ticket	4.85	4.90	1.1
Senior-Day Ticket	4.85	4.90	1.1
Family -Day Ticket	19.20	19.50	1.6
Under 2s	Free	Free	n/a
Carer	Free	Free	n/a

	Free	Free	n/a
Groups - Ratio 1 in 10 Free			
Adult - School Group	4.20	4.20	-
Child -School Group	4.20	4.20	-
Guided Tour	17.85	18.20	2.0
Adult - Annual Ticket	70.00	71.40	2.0
Child-Annual Ticket	48.50	49.40	1.9
Senior-Annual Ticket	48.50	49.40	1.9
Family -Annual Ticket	171.40	174.80	2.0
Children's Party- All Children	12.75	13.00	2.0
Adults	4.20	4.20	-
Non Refundable Deposit	25.50	26.00	2.0
Bronze Sponsorship	16.30	16.60	1.8
Silver Sponsorship	32.65	33.30	2.0
Gold Sponsorship	54.00	55.00	1.9
Room Hire - Hour	17.85	18.20	2.0
Room Hire -Half Day	53.00	54.00	1.9
Room Hire -Full Day	94.35	96.20	2.0
<b>Highways Services Management</b>			
Company Registration - Skip, Scaffolding & Hoarding-Annually	50.00	51.00	2.0
Skip Licence-7 days	22.00	22.40	1.8
Scaffolding Licence-New Application-for each 28 days or part of	135.00	137.70	2.0
Scaffolding Licence -Renewal-each additional 28 days or part of	80.00	81.60	2.0
Hoarding Licence-New Application-for each 28 days or part of	135.00	137.70	2.0
Hoarding Licence-Renewal-each additional 28 days or part of	80.00	81.60	2.0
Highways Licensing Vehicle Crossing Request Assessment	25.00	25.50	2.0
Highways Licensing Vehicle Crossing Works Licence	170.00	173.40	2.0
Deposits of material upon the highway-day fee	5.00	5.10	2.0
Deposits of material upon the highway-1 week	35.00	35.70	2.0
Placement of containers, cabins, welfare facilities on the highway for each 28 days or part of	135.00	137.70	2.0
Advertising Boards-New-1 year licence	130.00	132.60	2.0
Advertising Boards-Renewal-1 year licence	80.00	81.60	2.0
Display of goods (up to 5m2)- new-1 year licence	130.00	132.60	2.0
Display of goods (up to 5m2)-renewal-1 year licence	80.00	81.60	2.0
Display of goods (over 5m2) new 1 year licence	200.00	204.00	2.0
Display of goods (over 5m2) renewal 1 year licence	150.00	153.00	2.0
Mobile elevated work platform (cherry pickers)	140.00	142.80	2.0
Vehicle Mounted or Tower Crane	140.00	142.80	2.0
Oversail/structures over the highway	150.00	153.00	2.0
Highways Licensing road opening notices-2 inspections	180.00	183.60	2.0
Street Café licence new application-1 year licence	500.00	510.00	2.0
Street Cafe licence renewal-1 year licence	150.00	153.00	2.0
Pavement licence-new application -max 2 years	105.00	107.10	2.0
Pavement licence-renewal-max 2 years	105.00	107.10	2.0
Highways Licensing-canopies, balconies	130.00	132.60	2.0
Building works to cellars licence	500.00	510.00	2.0
Building works to cellars inspection fee-per month	150.00	153.00	2.0
Planting on the highway (cultivation licence)	50.00	51.00	2.0
Minor private works on or near the highway	150.00	153.00	2.0
Banners on the highway-available for local charitable, cultural and educational events-per site for up to two weeks	30.00	30.60	2.0
Street Lighting-application to attach equipment to street lighting assets (per column)	135.00	137.70	2.0
Reclaiming property removed from the highway-unlicensed-advertising boards, removal storage, disposal	100.00	102.00	2.0
Late notification fee	35.00	35.70	2.0
Unlicensed fine	300.00	306.00	2.0
Additional site inspection -per inspection	45.00	45.90	2.0
Demolition Notice-Section 80 & Section 81 notice	150.00	153.00	2.0
Private apparatus in the highway-new apparatus applications (section 50)	180.00	183.60	2.0
Private apparatus in the highway-capitalised fee (5 years) single payment in lieu of annual licence renewal charges	200.00	204.00	2.0
Private apparatus in the highways-capitalised fee (10 years)-single payment in lieu of annual licence renewal charges	400.00	408.00	2.0
Existing apparatus application (section 50)	90.00	91.80	2.0
Inspection Fees -per each 200m	150.00	153.00	2.0
Emergency Temporary Traffic Regulation Order-Notice (closure 21 days)	355.00	362.10	2.0
5 Day Temporary Traffic Regulation Order -Notice (planned works)	355.00	362.10	2.0
Temporary Road Closure-up to 18 months-include advert costs	1850.00	1887.00	2.0
Extension to 18 month road closure-includes advert costs	1850.00	1887.00	2.0
Temporary 6 month footpath closure-excluding advertising costs	min 2,500, max4,000	min 2,050, max 4,080	2.0
Extension to temporary 6 month closure-excluding advertising costs	min 2,500, max4,000	min 2,050, max 4,081	2.0
Permanent Traffic Regulation Order-excluding advertising costs	min 2,500, max4,000	min 2,050, max 4,082	2.0
Application from developer to vary, amend or revoke a Traffic Regulation Order	min 2,750, max 2,850	min 2,050, max 4,083	2.0
Advertising Costs-charges vary depending on size	variable	min 2,050, max 4,084	2.0
Highways Closures Public Path Order Fees-Highway Stopping Orders S116-Highways Act 1980	min 2,500, max 4,000	min 2,050, max 4,085	2.0
Public Right of Way Stopping up/Diversion Orders-Highways Act 1980	min 2,500, max 4,000	min 2,050, max 4,086	2.0
Public Right of Way Stopping up/Diversion Orders s.257-Town & Country Planning Act 1990	200.00	204.00	2.0
Fee for each additional unconnected land parcel	30.00	30.60	2.0
S31 (6) Receipt and processing of declaration	80.00	81.60	2.0
S31 (6) Receipt and processing of declaration -(following initial deposited map and statement)	100.00	102.00	2.0
Highways Inspection Reports -Provision of previous 2 years	62.00	63.20	1.9
Works Instructions/Orders Provision of previous 2 years	62.00	63.20	1.9
Street Works Register of Provision of previous 2 years	62.00	63.20	1.9
Additional charge for each additional 2 year period	62.00	63.20	1.9
Highway Adoption Plan-per electronic plan	50.00	51.00	2.0

Public Right of Way Plan-per electronic plan	50.00	51.00	2.0
Joint Plan-per electronic plan	65.00	66.30	2.0
Electronic copies of Highways Documents (excluding plans)	variable	variable	n/a
Highways search queries-per question	22.50	22.90	1.8
Land Drainage Consent (ordinary watercourse) per structure	50.00	51.00	2.0
<b>Bereavement Services</b>			
<b>Cremation Fees:</b>			
Child between one month and 18 years old	Free	Free	n/a
Person over 18 years old	995.00	1014.00	1.9
Person over 18 years old -9am and 9.15 Monday to Friday time slots	870.00	887.00	2.0
Direct Cremation (no family, mourners, minister, service)	525.00	535.00	1.9
Cremation of Body Parts	68.00	69.00	1.5
Hospital or Social Services contract cremation	683.00	696.00	1.9
Scattering of cremated remains in the Garden of Remembrance	No Charge	No Charge	n/a
Scattering of cremated remains elsewhere	68.00	69.30	1.9
<b>Urns &amp; Caskets for Cremated Remains:</b>			
Additional plastic urn, scatter tube or cardboard box	23.00	23.40	1.7
Wooden Casket	95.00	96.90	2.0
<b>Miscellaneous Fees:</b>			
Use of chapel for 30 minutes	121.00	123.40	2.0
Temporary Storage of cremated remains per month or part of a month (after 1 month)	34.00	34.60	1.8
<b>Burial / Internment Fees</b>			
Child between one month and 18 years old	No Charge	No Charge	n/a
Person over 18 years old	870.00	887.40	2.0
Burial of body parts	205.00	209.10	2.0
Scatter of cremated remains in a grave below the turf (up to 1 foot depth)	100.00	102.00	2.0
Internment of cremated remains in an urn or casket (up to 3 foot depth)	210.00	214.20	2.0
Internment in a pre-purchased mausoleum chamber	870.00	887.40	2.0
<b>Exclusive Rights of Burial (purchasing a grave)</b>			
Full size grave	1365.00	1392.30	2.0
Half size grave for a child (designated section)	No Charge	No Charge	n/a
Woodland or Meadowland Grave -single interment	1355.00	1382.10	2.0
Woodland or Meadowland Grave -double interment (side by side)	1805.00	1841.10	2.0
A concrete vault in the Muslim section of Thorntree Cemetery	1640.00	1672.80	2.0
Transfer of exclusive right of burial	63.00	64.20	1.9
<b>Headstones Vases and Monumental Inscriptions</b>			
Right to erect a memorial between 12" and 24" in height	125.00	127.50	2.0
Right to erect a headstone over 24" and up to 60"	250.00	255.00	2.0
Right erect a kerbset on a traditional grave	125.00	127.50	2.0
Right to erect an ashes grave memorial/flower vase	63.00	64.20	1.9
Right to have a second or subsequent inscription	63.00	64.20	1.9
<b>Chapel Service</b>			
Webcast/Livestream	68.00	69.30	1.9
Webcast/Livestream-on demand replay & downloadable version	74.00	75.40	1.9
Keepsakes-DVD or USB-first copy	74.00	75.40	1.9
Keepsakes-DVD or USB-additional copies	74.00	75.40	1.9
Keepsake-Video Book	132.00	134.60	2.0
Keepsake-Memory Box	168.00	171.30	2.0
Single Photo Tribute (first)	No Charge	No Charge	n/a
Additional Single Photos	22.00	22.40	1.8
Basic Slideshow (up to 25 photos)	63.00	64.20	1.9
Music Tribute (formerly pro tribute)	90.00	91.80	2.0
Themed Tribute	125.00	127.50	2.0
Bespoke Tribute	483.00	492.60	2.0
Family Made Tribute	74.00	75.40	1.9
Additional 25 photos (tributes/basic slideshows)	36.75	37.40	1.8
Download Tribute	22.00	22.40	1.8
Extra Work Fee-revisions from standard product-e.g. adding video to Pro Tribute, timing photos, converting files	63.00	64.20	1.9
Under 18's Webcast, Single Photo, Basic Slideshow-up to 25 photos	No Charge	No Charge	n/a
<b>Memorial Seats &amp; Plaques</b>			
Memorial Wall Small Plaques-10 years	452.00	461.00	2.0
Memorial Wall Small Plaques-20 years	667.00	680.30	2.0
Porcelain Plaque additional	53.00	54.00	1.9
Add a standard design	137.00	139.70	2.0
Add a special design	190.00	193.80	2.0
Add a ceramic photograph	200.00	204.00	2.0
Memorial Wall Large Plaques-20 years	667.00	680.30	2.0
Memorial Wall Large Plaques -20 years	1025.00	1045.50	2.0
Add a standard design	147.00	149.90	2.0
Add a special design	230.00	234.60	2.0
Add a ceramic photograph	230.00	234.60	2.0
Re-gild small or large wall plaque	100.00	102.00	2.0
Baby Memorial Wall Plaque - 10 years-Acklam	236.00	240.70	2.0
Baby Memorial Wall Plaque - 10 years-Linthorpe	210.00	214.20	2.0
Add a special design-Acklam only	79.00	80.50	1.9
Vase, tablet in relief and lease	850.00	867.00	2.0
Gold Leaf Lettering	79.00	80.50	1.9

Tablet only -Gold	495.00	504.90	2.0
Tablet only -Relief	420.00	428.40	2.0
One Photograph	185.00	188.70	2.0
Re-gild	100.00	102.00	2.0
Sanctum vault, tablet and lease	1725.00	1759.50	2.0
Add a standard design	147.00	149.90	2.0
Add a special design	220.00	224.40	2.0
Add a ceramic photograph	230.00	234.60	2.0
Extra Letters -per letter	7.00	7.10	1.4
Replacement flower container	15.75	16.00	1.6
Remove and re-fix sanctum plaque	100.00	102.00	2.0
Rose, lease & plaque	430.00	438.60	2.0
Plaque only	200.00	204.00	2.0
Re-glaze plaque	63.00	64.20	1.9
Tree Plaque (replacement only )	336.00	342.70	2.0
Memorial seat and plaque	2365.00	2412.30	2.0
Additional plaque	340.00	346.80	2.0
Additional foundation	520.00	530.40	2.0
Additional letters on seat plaque	5.50	5.60	1.8
Seat only	1890.00	1927.80	2.0
Woodland Seat (15 year lease)	2415.00	2463.30	2.0
Barbican Memorial Plaque & 10 year lease	604.00	616.00	2.0
Add a standard design	132.00	134.60	2.0
Add a Special design	215.00	219.30	2.0
Add a ceramic photograph	185.00	188.70	2.0
Add a porcelain plaque	53.00	54.00	1.9
<b>Book of Remembrance</b>			
2 line entry	79.00	80.50	1.9
5 line entry	116.00	118.30	2.0
8 line entry	185.00	188.70	2.0
5 line entry with flower motif	178.00	181.50	2.0
8 line entry with flower motif	250.00	255.00	2.0
5 lines with badge	210.00	214.20	2.0
8 lines with badge	280.00	285.60	2.0
5 lines with special design	210.00	214.20	2.0
8 lines with special design	280.00	285.60	2.0
<b>Special Urns, caskets, keepsakes for cremated remains</b>			
Footprints biodegradable urn	220.00	224.40	2.0
Ruby fibreglass with pink velvet bag	100.00	102.00	2.0
Burgundy Rose urn with velvet bag	100.00	102.00	2.0
White Steel Stars Urn	100.00	102.00	2.0
Blue Out to Sea Urn	100.00	102.00	2.0
Blue with Butterflies	100.00	102.00	2.0
Pink Metal Urn with gold rose edges	125.00	127.50	2.0
Praying Hands	125.00	127.50	2.0
Brass Polished Rose Urn	220.00	224.40	2.0
White Glazed Urn	68.00	69.30	1.9
Solid Oak Ornate Casket for Burials	116.00	118.30	2.0
Solid Oak Plain Casket for sanctums	116.00	118.30	2.0
Solid Oak White Casket	137.00	139.70	2.0
Mini Heart Keepsakes	53.00	54.00	1.9
Mini Urns	42.00	42.80	1.9
Single Stand for Mini Hearts	22.00	22.40	1.8
Brass Urn-Sanctum 2000	220.00	224.40	2.0
Brass Urn -Sanctum 2000 small keepsake	84.00	85.60	1.9
<b>Car Parking</b>			
Captain Cook Square - up to 3 hours	1.50	1.50	-
Captain Cook Square short stay- up to 4 hours	7.30	7.40	1.4
Captain Cook Square short stay up to 5 hours	9.10	9.20	1.1
Captain Cook Square short stay up to 6 hours	10.90	11.10	1.8
Captain Cook Square short stay up to 7 hours	12.70	12.90	1.6
Captain Cook Square short stay up to 10 hours	14.50	14.70	1.4
Captain Cook Square long stay up to 4 hours	3.10	3.10	-
Captain Cook Square long stay up to 10 hours	4.10	4.10	-
Amber Street & MIMA car parks up to 1 hour	1.90	1.90	-
Amber Street & MIMA car parks up to 2 hours	3.70	3.70	-
Amber Street & MIMA car parks up to 3 hours	5.50	5.60	1.8
Amber Street& MIMA car parks up to 4 hours	7.30	7.40	1.4
Amber Street & MIMA car parks up to 5 hours	9.10	9.20	1.1
Amber Street & MIMA car parks up to 6 hours	10.90	11.10	1.8
Amber Street & MIMA car parks up to 7 hours	12.70	12.90	1.6
Amber Street& MIMA car parks up to 10 hours	14.50	14.70	1.4
Buxton Street Car Park -Change to long stay (up to 2 hours)	1.60	1.60	-
Buxton Street Car Park -Change to long stay (up to 4 hours)	3.60	3.60	-
Buxton Street Car Park -Change to long stay (up to 10 hours)	4.60	4.60	-
Gurney Street Car Park up to 2 hours	1.60	1.60	-
Gurney Street Car Park up to 4 hours	3.60	3.60	-
Gurney Street Car Park up to 10 hours	4.60	4.60	-
Jedburgh Street car park up to 2 hours	1.60	1.60	-
Jedburgh Street car park up to 4 hours	3.10	3.10	-

Jedburgh Street car park up to 10 hours	4.60	4.60	-
France Street car park up to 2 hours	2.10	2.10	-
France Street car park up to 4 hours	3.10	3.10	-
France Street car park up to 10 hours	4.10	4.10	-
Cannon Park, Cannon Park Way & Wood Street up to 2 hours	1.30	1.30	-
Cannon Park, Cannon Park Way & Wood Street up to 4 hours	2.10	2.10	-
Cannon Park, Cannon Park Way & Wood Street up to 10 hours	3.10	3.10	-
Station Street car park up to 10 hours	2.60	2.60	-
Ferry Road car park up to 3 hours	1.60	1.60	-
Ferry Road car park up to 4 hours	2.60	2.60	-
Ferry Road car park up to 10 hours	3.10	3.10	-
Limited stay car parks up to 2 hours	2.60	2.60	-
Residents Parking Permit Charge - 1st Permit	25.00	25.50	2.0
Residents Parking Permit Charge - Additional Permits	40.00	40.80	2.0
NHS and Official Careers Permits	10.00	10.20	2.0
On Street Car Parking-all charges to increase by 10p	Various	Various	No Change
<b>Community Hubs and Libraries</b>			
<b>Venue Hire - Acklam Library</b>			
Room 1 - Capacity 15 (Hourly)	13.00	13.20	1.5
Room 1 - Capacity 15 Community Groups (Hourly)	7.00	7.10	1.4
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	32.00	32.60	1.9
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	19.40	19.70	1.5
Room 1 - Capacity 15 (Full Day Over 3 Hours)	51.00	52.00	2.0
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	32.00	32.60	1.9
Room 2 - Capacity 5 (Hourly)	13.00	13.20	1.5
Room 2 - Capacity 5 Community Groups (Hourly)	5.00	5.10	2.0
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	19.50	19.80	1.5
Room 2 - Capacity 5 Community Groups (Half Day Up to 3 Hours)	13.00	13.20	1.5
Room 2 - Capacity 5 (Full Day Over 3 Hours)	32.00	32.60	1.9
Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	19.50	19.80	1.5
<b>Venue Hire - Easterside Community Hub</b>			
Room 8 (Capacity 4), EDRA Room (Capacity 35), Room 18 (Capacity 4), Room 21 (Capacity 15), Room 34 (Capacity 12), L1 Room (Capacity 40)			
Standard (Hourly)	13.00	13.20	1.5
Standard (Hourly Out of Hours)	16.30	16.60	1.8
Standard (Full Day 9am - 5pm Weekdays)	64.00	65.20	1.9
Community Group (Hourly)	7.00	7.10	1.4
Community Group (Hourly Out of Hours)	11.00	11.20	1.8
Community Group (Full Day 9am - 5pm Weekdays)	64.50	65.70	1.9
<b>Venue Hire - Grove Hill Community Hub</b>			
Room 1 (Capacity 30), Room 2 (Capacity 15), Room 3 (Capacity 8), Room 4 (Capacity 4), Room 5 (Capacity 35)			
Standard (Hourly)	13.00	13.20	1.5
Standard (Hourly Out of Hours)	16.50	16.80	1.8
Standard (Full Day 9am - 5pm Weekdays)	64.00	65.20	1.9
Community Group (Hourly)	7.00	7.10	1.4
Community Group (Hourly Out of Hours)	11.00	11.20	1.8
Community Group (Full Day 9am - 5pm Weekdays)	64.50	65.70	1.9
<b>Venue Hire - Hemlington Hub and Library</b>			
Room 1 (Capacity 6), Room 2 (Capacity 6), Activity Room (Capacity 12)			
Standard (Hourly)	13.00	13.20	1.5
Standard (Half Day Up to 3 Hours)	32.00	32.60	1.9
Standard (Full Day Over 3 Hours)	51.00	52.00	2.0
Room 1 (Capacity 6), Room 2 (Capacity 6),			
Community Group (Hourly)	5.30	5.40	1.8
Community Group (Half Day Up to 3 Hours)	12.75	13.00	2.0
Community Group (Full Day Over 3 Hours)	19.40	19.70	1.5
Community Group Refreshments per person	0.65	0.65	-
Activity Room (Capacity 12)			
Community Group (Hourly)	7.00	7.10	1.4
Community Group (Half Day Up to 3 Hours)	19.50	19.80	1.5
Community Group (Full Day Over 3 Hours)	32.00	32.60	1.9
<b>Venue Hire - Marton Library</b>			
Room 1 - Capacity 15 (Hourly)	13.00	13.20	1.5
Room 1 - Capacity 15 Community Groups (Hourly)	7.00	7.10	1.4
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	32.00	32.60	1.9
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	19.50	19.80	1.5
Room 1 - Capacity 15 (Full Day Over 3 Hours)	48.00	48.90	1.9
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	32.00	32.60	1.9
Room 2 - Capacity 5 (Hourly)	13.00	13.20	1.5
Room 2 - Capacity 5 Community Groups (Hourly)	5.50	5.60	1.8
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	19.50	19.80	1.5
Room 2 - Capacity 5 Community Groups (Half Day Up to 3 Hours)	13.00	13.20	1.5
Room 2 - Capacity 5 (Full Day Over 3 Hours)	32.00	32.60	1.9

Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	19.50	19.80	1.5
<b>Venue Hire - MyPlace</b>			
Theatre Full - Capacity 100 (Hourly)	26.50	27.00	1.9
Theatre Full - Capacity 100 (Half Day)	92.00	93.80	2.0
Theatre Full - Capacity 100 (Full day)	178.50	182.00	2.0
1/2 Theatre with Stage - Capacity 50 (Hourly)	21.50	21.90	1.9
1/2 Theatre with Stage - Capacity 50 (Half Day)	59.00	60.10	1.9
1/2 Theatre with Stage - Capacity 50 (Full Day)	117.50	119.80	2.0
1/2 Theatre with Televisions - Capacity 25 (Hourly)	19.50	19.80	1.5
1/2 Theatre with Televisions - Capacity 25 (Half Day)	43.00	43.80	1.9
1/2 Theatre with Televisions - Capacity 25 (Full Day)	92.00	93.80	2.0
Mezzanine - Capacity 40 (Hourly)	21.50	21.90	1.9
Mezzanine - Capacity 40 (Half Day)	32.00	32.60	1.9
Mezzanine - Capacity 40 (Full Day)	64.30	65.50	1.9
Training Room - Capacity 15 (Hourly)	13.00	13.20	1.5
Training Room - Capacity 15 (Half Day)	43.00	43.80	1.9
Training Room - Capacity 15 (Full Day)	86.00	87.70	2.0
Minibus £22 Donation and Fuel Costs	£22 + Variable	£23 + Variable	Variable
<b>Venue Hire - Newport Community Hub</b>			
Room 1 (Capacity 20), Room 3 (Capacity 15), Room 7 (Capacity 15 - currently Newport Library)			
Standard (Hourly)	13.00	13.20	1.5
Community Groups (Hourly)	11.00	11.20	1.8
Room 4/5 (Capacity 20)			
Standard (Hourly)	21.50	21.90	1.9
Community Groups (Hourly)	11.00	11.20	1.8
Main Hall (Multifunctional)			
Standard (Hourly)	21.50	21.90	1.9
Community Groups (Hourly)	16.50	16.80	1.8
School Hall (Multifunctional)			
Standard (Hourly)	21.50	21.90	1.9
Community Groups (Hourly)	16.50	16.80	1.8
Sports Hall (Sports Only)			
Standard (Hourly)	41.00	41.80	2.0
Community Groups (Hourly)	32.00	32.60	1.9
Kitchen (Cooking)			
Standard (Hourly)	19.50	19.80	1.5
Community Groups (Hourly)	13.00	13.20	1.5
All Rooms: Out of Hours : Per Hour Security Fee (booking accepted only if security available)	21.50	21.90	1.9
<b>Venue Hire - North Ormesby Community Hub</b>			
Hall - Capacity 50			
Standard (Hourly)	19.50	19.80	1.5
Community Groups (Hourly)	15.30	15.60	2.0
Room 1 (Capacity 15), Room 2 (Capacity 15)			
Standard (Hourly)	13.00	13.20	1.5
Community Groups (Hourly)	7.00	7.10	1.4
Pod (Capacity 2), Kitchen - Hourly	7.00	7.10	1.4
<b>Venue Hire - Thorntree Community Hub</b>			
Hall - Capacity 70 Hourly	21.50	21.90	1.9
Hall - Capacity 70 (Full Day 9am - 4:30pm)	117.50	119.80	2.0
Hall - Capacity 70 Subsidised Groups Hourly	7.00	7.10	1.4
Lounge - Capacity 20 Hourly	13.00	13.20	1.5
Lounge - Capacity 20 (Full Day 9am - 4:30pm)	86.00	87.70	2.0
Lounge - Capacity 20 Subsidised Groups Hourly	7.00	7.10	1.4
Conference 1 (Capacity 30), Conference 2 (Capacity 24)			
Hourly	19.50	19.80	1.5
Full Day 9am - 4:30pm	117.50	119.80	2.0
Subsidised Groups	7.00	7.10	1.4
<b>Cultural Services</b>			
<b>Captain Cook Museum</b>			
Adult Entry ticket	4.80	4.80	-
Child Entry ticket	3.75	3.80	1.3
Concession Entry ticket	3.75	3.80	1.3
Group Entry ticket (1 adult, 3 children)	12.80	13.00	1.6
Group Entry ticket (2 adult, 2 children)	13.90	14.10	1.4
Room hire	24 to 57	25 to 58	n/a
Loan box	26.70	27.20	1.9
<b>Dorman Museum</b>			
Temporary Exhibition	Variable	Variable	n/a
Virtual Reality ride single ticket	4.30	4.30	-
Virtual Reality ride group ticket	13.90	14.10	1.4
Craft workshop	2.20	2.20	-

Loans box	26.70	27.20	1.9	
Room hire	24 to 57	25 to 58	n/a	
School Workshop 1/2 day	77.00	78.50	1.9	
School workshop	11.00	11.20	1.8	
Guided tours	33.00	33.60	1.8	
<b>Events</b>				
Orange Pip Market - Alcohol Trader Pitch Fee (Inclusive of VAT)	214.00	218.00	1.9	
Orange Pip Market - Alcohol Trader Percentage	0.15	15%	-	
Orange Pip Market - Hot Food Pitch Fee (inclusive of VAT)	202.00	206.00	2.0	
Orange Pip Market - Cold Food, Sweet Treats & Refreshments Pitch Fee (Inclusive of VAT)	141.00	143.00	1.4	
Orange Pip Market - Crafts Pitch Fee ( Inclusive of VAT)	98.00	60.00	-	38.8
Orange Pip Market - Retail & Lifestyle Pitch Fee (Inclusive of VAT)	0.00	96.00	New	
Orange Pip Market - kw Power unit charge	10.00	10.00	-	
Town Centre Advertising Space - Commercial	86.50	100.00	15.6	
Town Centre Advertising Space - Charity	0.00	75.00	New	
Land Hire Fees (Inclusive of VAT)	5800.00	6000.00	3.4	
Ad-Hoc Equipment Hire	347 - 694	Variable	2.0	
Xmas Lights Switch-on - Big Screen Advert (1 per hr)	235.00	239.00	1.7	
Xmas Lights Switch-on - Big Screen Advert (3 per hr)	580.00	591.00	1.9	
Xmas Lights Switch-on - Big Screen Advert (5 per hr)	928.00	946.00	1.9	
Xmas Lights Switch-on - Pitch fee for use of own stall (Inclusive of VAT)	170.00	173.00	1.8	
Xmas Lights Switch-on - Pitch fee for MBC-provided stall (Inclusive of VAT)	107.00	109.00	1.9	
Xmas Lights Switch-on - Fairground (Inclusive of VAT)	1163.00	1200.00	3.2	
<b>Middlesbrough Theatre</b>				
Performance Fee - Evening	860.00	877.00	2.0	
Performance Fee - Matinee	687.00	700.00	1.9	
Performance Fee - Sunday Evening	943.00	961.00	1.9	
Performance Fee - Sunday Matinee	773.00	788.00	1.9	
Rehearsal Fee 9am - 10pm	43.00	43.80	1.9	
Rehearsal Fee 9am - 10pm Sunday	61.00	62.20	2.0	
Rehearsal Fee 10pm - 1am	76.00	77.50	2.0	
Rehearsal Fee 10pm - 1am Sunday	121.50	123.90	2.0	
Rehearsal Fee 10pm - 1am Friday/Saturday	86.00	87.70	2.0	
Rehearsals on Bank Holidays charged at double rate				
Security per hour (External Contractor)	20.40	20.80	2.0	
Stewards per hour	21.40	21.80	1.9	
Technicians per hour	22.95	23.40	2.0	
Box Office Commission	0.10	0.10	-	4.4
Booking Fee (Tickets)	1.55	1.60	3.2	
<b>Middlesbrough Town Hall</b>				
Booking Fees - Tickets	3.10	3.50	12.9	
Booking Fees - Tickets (Community Rate)	1.65	2.00	21.2	
Box Office Commission - External Promoters	0.10	0.10	No Change	
Hire Of Main Hall - Professional Hire	3478.00	3547.00	2.0	
Hire Of Crypt - Professional Hire	2315.00	2361.00	2.0	
Hire Of Courtyard - Professional Hire	1163.00	1186.00	2.0	
Hire Of Courtroom - Professional Hire	577.00	588.00	1.9	
Hire Of Main Hall - Commercial Hire	1910.00	1948.00	2.0	
Hire Of Crypt - Commercial Hire	1216.00	1240.00	2.0	
Hire Of Fire Station - Commercial Hire	406.00	414.00	2.0	
Hire Of Courtroom - Commercial Hire	522.00	532.00	1.9	
Hire Of Studio - Commercial Hire	234.50	239.00	1.9	
Hire Of Courtyard - Commercial Hire	464.00	473.00	1.9	
Hire Of Police Cells - Commercial Hire	175.50	179.00	2.0	
Hire Of Main Hall - Charity Hire	1280.00	1305.00	2.0	
Hire Of Crypt - Charity Hire	928.00	946.00	1.9	
Hire Of Fire Station - Charity Hire	299.00	304.00	1.7	
Hire Of Courtroom - Charity Hire	491.00	500.00	1.8	
Hire Of Building - Production Filming	POA	POA	n/a	
Hire Of Main Hall - Wedding Reception	3190.00	4000.00	25.4	
Hire Of Crypt - Wedding Reception	2870.00	3500.00	22.0	
Hire Of Fire Station - Wedding Reception	1910.00	2500.00	30.9	
Hire Of Courtyard - Wedding Reception	694.00	700.00	0.9	
Hire Of Police Cells - Wedding Drinks Reception	235.00	250.00	6.4	
Hire Of Courtroom - Wedding Ceremony	406.00	600.00	47.8	
Hire Of Building - Dry Hire Event (no bars from MTH)	8696.00	9000.00	3.5	
Hire Of Building - Exclusive Use	5795.00	6000.00	3.5	
Hire Of Building - Paranormal Tour	1740.00	2000.00	14.9	
Banner Board Printing	61.20	65.00	6.2	
Email E-Shots	30.60	35.00	14.4	
Brochure Advert	61.20	From £65	6.2	
Press Release	30.60	35.00	14.4	
Duty Manager per hour	20.90	25.00	19.6	
Stewarding Staff per hour	21.40	22.00	2.8	
Technical Staff per hour	22.95	25.00	8.9	
Bar Staff per hour	21.40	22.00	2.8	
Technical Equipment	POA	POA	N/A	
Tea/Coffee per package	POA	POA	N/A	
Drinks Packages	POA	POA	N/A	
Museums - One off events/activities	Price List	Price List	N/A	
<b>FINANCE</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2026</b>	<b>Actual % Increase</b>	

	£	£	%
<b>Resident &amp; Business Support</b>			
Council Tax Court Summons	60.00	60.00	No Change
Council Tax Liability Court Order	20.00	20.00	No Change
NDR Court Summons	100.00	100.00	No Change
NDR Liability Court Order	25.00	25.00	No Change
Deferred Payment Agreement - initial one off payment	434.00	434.00	No Change
Deferred Payment Agreement - Annual Fee	199.00	199.00	No Change
<b>LEGAL &amp; CORPORATE SERVICES</b>	Current fee	Proposed fees from 1st April 2026	Actual % Increase
	£	£	%
<b>Policy, Governance and Information</b>			
Fire risk assessments - primary schools	530.65	541.00	2.0
Fire risk assessments secondary schools	766.50	781.00	1.9
Health and safety audit - primary schools	530.60	541.00	2.0
Health and safety audit - secondary schools	766.50	781.00	1.9
Full Health and safety compliance package - primary schools	2241.00	2285.00	2.0
Full Health and safety compliance package - secondary schools	3538.00	3608.00	2.0
School Census Contract - annual charge	782.00	797.00	1.9
School Data Officer Contract (Basic) - annual charge	1238.00	1262.00	1.9
School Data Officer Contract (Weekly) - annual charge	6453.00	6582.00	2.0
School Data Officer Contract (Bi Weekly) - annual charge	3846.00	3922.00	2.0
<b>Registrars</b>			
Civil Marriage/Partnership Ceremonies - Mon -Thurs Victoria Room	276.00	281.00	1.8
Civil Marriage/Partnership Ceremonies - Mon -Thurs Erimus Room	387.00	395.00	2.1
Civil Marriage/Partnership Ceremonies - Mon -Thurs Approved Venue	534.00	545.00	2.1
Civil Marriage/Partnership Ceremonies - Fri Victoria Room	302.00	308.00	2.0
Civil Marriage/Partnership Ceremonies - Fri Erimus Room	413.00	421.00	1.9
Civil Marriage/Partnership Ceremonies - Fri Approved Venue	554.00	565.00	2.0
Civil Marriage/Partnership Ceremonies - Sat Victoria Room	327.00	333.00	1.8
Civil Marriage/Partnership Ceremonies - Sat Erimus Room	443.00	452.00	2.0
Civil Marriage/Partnership Ceremonies - Sat Approved Venue	616.00	628.00	1.9
Civil Marriage/Partnership Ceremonies - Sun/BH Approved Venue	691.00	705.00	2.0
Private Citizenship Ceremony	186.00	190.00	2.2
<b>Legal Services</b>			
Grant of lease by MBC - standard lease of whole	1122.00	1144.00	2.0
Grant of lease by MBC - Standard lease of part	1224.00	1248.00	2.0
Grant of least by MBC - Non Standard	Variable - on application	Variable - on application	n/a
Lease renewal - standard	586.50	598.00	2.0
Lease renewal - new replacement required	1122.00	1144.00	2.0
Academy Lease and Commercial Transfer Agreement	2142.00	2184.00	2.0
Licence to assign	877.00	894.00	1.9
Licence to assign with AGA	933.00	951.00	1.9
Licence to underlet	877.00	894.00	1.9
Licence to alterations	877.00	894.00	1.9
Licence to occupy (Basic)	694.00	707.00	1.9
Deed of variation of lease (Basic)	877.00	894.00	1.9
Deed of surrender of lease (Basic)	877.00	894.00	1.9
Sale of garden ground	480.00	489.00	1.9
Sale of Freehold - simple land sale under £350,000	1601.00	1633.00	2.0
Sale of Freehold - simple land sale over £350,000	Variable - on application	Variable - on application	n/a
Sale of land for development (usually Conditional Contract)	Variable - on application	Variable - on application	n/a
Overage Agreement	2142.00	2184.00	2.0
Option Agreement	2142.00	2184.00	2.0
Funding Agreement	1071.00	From £1,092	2.0
Section 106 Agreement	1601.00	From £1,633	2.0
Section 106 Variation	800.00	From £816	2.0
Section 38 or 278 Agreement	1601.00	From £1,633	2.0
Deed of grant of easement	1071.00	From £1,092	2.0
Wayleave	530.00	From £540	1.9
Request for consent /removal of restriction - Deed of covenant draft by applicant	160.00	From £163	1.9
Request for consent /removal of restriction - Deed of covenant draft by MBC	320.00	From £326	1.9
Deed of Covenant	Variable - on application	Variable - on application	n/a
Rights of Way Orders	642.60	655.00	1.9
Providing copy of document	31.62	32.00	1.2
Discharge of charges/restriction removal	160.14	163.00	1.8
Signing of Notice of transfer/assignment/charge (per notice)	27.00	From £27	-
Providing title plans and copy leases	27.00	From £27	-
Standard Hourly Rate - Solicitor	160.00	From £163	1.9
Standard Hourly Rate - Legal Assistant	95.00	From £96	1.1
Standard Hourly Rate - Valuer	148.00	150.00	1.4
Standard Hourly Rate - Valuation Assistant	92.00	93.00	1.1
<b>Land Charges</b>			
LLC1 Only	19.40	19.00	- 2.1
LLC1 Parcel fee - up to 17 parcels	1.00	1.00	-
LLC1 Parcel fee - 17 parcels or more	22.40	22.00	- 1.8
CON29R - Residential	115.25	117.00	1.5
CON29R - Commercial	123.30	125.00	1.4
CON29R Parcel Fee	12.75	13.00	2.0

LLC1 + CON29R- Residential (FULL SEARCH)	138.00	140.00	1.4
LLC1 + CON29R- Commercial (FULL SEARCH)	145.00	147.00	1.4
CON29O (extra questions)	22.50	22.00	- 2.2
Additional Questions	22.50	22.00	- 2.2
Enquirer Additional Questions	22.50	22.00	- 2.2
Copy Documents Fee	12.25	12.00	- 2.0
Personal Search Printouts	Free	Free	N/A
<b>REGENERATION &amp; HOUSING</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2026</b>	<b>Actual % Increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
<b>Planning - pre application charges</b>			
Householder/other written advice	110.00	112.00	1.8
Householder/other site visit (if requested)	110.00	112.00	1.8
Householder additional meeting/written advice	210.00	214.00	1.9
Minor developments written advice	535.00	545.00	1.9
Minor developments site visit	160.00	163.00	1.9
Minor developments meeting	160.00	163.00	1.9
Minor developments additional meeting/written advice	320.00	326.00	1.9
Major developments	1925.00	1963.00	2.0
Major development additional meeting/written advice	535.00	545.00	1.9
Strategic developments	2670.00	2723.00	2.0
Strategic developments additional meeting/written advice	534.00	544.00	1.9
<b>Development Control</b>			
Re-drafting and re-issue of decision notice (completing request within 10 working days)	42.50	43.00	1.2
Re-drafting and re-issue of decision notice (completing request within 1 working day – subject to availability of service)	85.00	86.00	1.2
Letter confirming discharge of condition	60.00	61.00	1.7
Letter confirming discharge of condition (requiring retrieval of planning application)	77.50	79.00	1.9
<b>Other Miscellaneous Services</b>			
History Check – Charge based on scale of work (Minimum)	30.00	30.00	-
History Check – Charge based on scale of work (Maximum)	60.00	61.00	1.7
<b>Planning Application file retrieval and copying charges</b>			
A4 Size (per copy) paper copy from electronic files	6.50	6.60	1.5
A4 Size (per copy) file retrieval and 1st copy	42.00	42.80	1.9
A4 Size (per copy) additional copies from file request	6.50	6.60	1.5
A3 Size (per copy) paper copy from electronic files	12.50	12.70	1.6
A3 Size (per copy) file retrieval and 1st copy	48.50	49.40	1.9
A3 Size (per copy) additional copies from file request	12.50	12.70	1.6
A2,A1,A0 Size (per copy) paper copy from electronic files	17.50	17.80	1.7
A2,A1,A0 Size (per copy) file retrieval and 1st copy	61.00	62.20	2.0
A2,A1,A0 Size (per copy) additional copies from file request	17.50	17.80	1.7
<b>Historic Environment Record</b>			
Expedited request (completed within 5 working days)	320.00	326.00	1.9
Standard request	187.00	190.00	1.6
<b>Self/Custom Build Register</b>			
Initial Application	59.00	60.10	1.9
Annual fee	27.00	27.50	1.9
<b>S106 Agreement monitoring fees</b>			
Minor development (per obligation/trigger)	380.00	387.00	1.8
Major development (per obligation/trigger)	540.00	550.00	1.9
<b>Valuation &amp; Estates</b>			
Grant of new lease	£380.00 up to £10,200 then 3.9%	£385 up to £10,400 the then 3.9%	2.0
Licence to assign	320.00	326.00	1.9
Licence to underlet	320.00	326.00	1.9
Licence to alter	320.00	326.00	1.9
Deed of Variation	320.00	326.00	1.9
Deed of Surrender	320.00	326.00	1.9
Deed of Easement	480.00	489.00	1.9
Deed of Covenant	265.00	270.00	1.9
Consent to release Covenant	265.00	270.00	1.9
Wayleave	480.00	489.00	1.9
Licence to occupy	150.00	153.00	2.0
Sale of freehold – simple land sale under £350,000	Freehold sale 2% of sale value subject to a minimum of £2,100	Freehold sale 2% of sale value subject to a minimum of £2,101	No Change
Sale of freehold –simple land sale over £350,000	Negotiation	Negotiation	n/a
<b>Public Protection</b>			
Public Protection - Cosmetic Treatment License - premises	76.50	78.00	2.0
Public Protection - Cosmetic Treatment License - person	76.50	78.00	2.0
Public Protection - Hairdressing License	40.60	41.40	2.0
Public Protection - Food Hygiene re-visit	191.20	195.00	2.0
Public Protection - IPPC Permit Part B Subsistence Charge	79.00	79.00	-
Public Protection - IPPC Permit Part B Subsistence Charge	113.00	113.00	-
Public Protection - IPPC Permit Part B Subsistence Charge	228.00	228.00	-
Public Protection - IPPC Permit Part B Subsistence Charge	772.00	772.00	-
Public Protection - Sale of fireworks (annual license)	500.00	500.00	-
Public Protection - Storage of fireworks (set by HSE) – 1 year	111.00	111.00	-

Public Protection - Storage of fireworks (set by HSE) – 2 year	144.00	144.00	-
Public Protection - Storage of fireworks (set by HSE) – 3 year	177.00	177.00	-
Public Protection - Storage of fireworks (set by HSE) – 4 year	211.00	211.00	-
Public Protection - Storage of fireworks (set by HSE) – 5 year	243.00	243.00	-
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 1 year	55.00	55.00	-
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 2 year	88.00	88.00	-
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 3 year	123.00	123.00	-
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 4 year	155.00	155.00	-
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 5 year	189.00	189.00	-
Public Protection - HMO Licence (baseline charge for properties up to 5 bedrooms)*	771.00	786.40	2.0
<i>*New HMO fees policy may amend proposed fees further for 2024/25</i>			
Public Protection - Immigration Inspection fee	153.00	156.00	2.0
Public Protection - Animal Activities Licence - 1 year	297.00	302.90	2.0
Public Protection - Animal Activities Licence - 2 year	378.00	385.50	2.0
Public Protection - Animal Activities Licence - 3 year	458.00	467.10	2.0
Street trading - Daytime	7,270.00	7415.00	2.0
Street trading - Nighttime	1,685.00	1718.00	2.0
Street trading - Riverside	1,000.00	1020.00	2.0
Premises for Marriage and Civil Partnerships (3 years)	832.00	848.00	1.9
Distribution of free printed materials	111.00	113.00	1.8
<b>Taxi Licensing (Change in Fees is via a separate process in consultation with Taxi Trade)</b>			
Taxi Licensing : Vehicles - New Hackney Carriage - 1 year license	154.00	154.00	-
Taxi Licensing : Vehicles - Renewal Hackney Carriage - 1 year license (vehicle 3yr +)	192.00	192.00	-
Taxi Licensing : Vehicles - Renewal Hackney Carriage - 1 year license (vehicle < 3yr)	154.00	154.00	-
Taxi Licensing : Vehicles - New Private Hire - 1 year license	140.00	140.00	-
Taxi Licensing : Vehicles - Renewal Private Hire - 1 year license (vehicle 3yr +)	178.00	178.00	-
Taxi Licensing : Vehicles - Renewal Private Hire - 1 year license (vehicle < 3yr)	140.00	140.00	-
Taxi Licensing : Vehicles - Full Test (incl. meter test)	46.00	46.00	-
Taxi Licensing : Vehicles - Partial Test (incl. meter test)	31.00	31.00	-
Taxi Licensing : Vehicles - Full Test (without meter test)	38.00	38.00	-
Taxi Licensing : Vehicles - Partial Test (without meter test)	23.00	23.00	-
Taxi Licensing : Drivers - New - 1 year license	221.00	221.00	-
Taxi Licensing : Drivers - New - 3 year license	306.00	306.00	-
Taxi Licensing : Drivers - Renewal - 1 year license	122.00	122.00	-
Taxi Licensing : Drivers - Renewal - 3 year license	209.00	209.00	-
Taxi Licensing : Operators - New application - 1 year license	646.00	646.00	-
Taxi Licensing : Operators - New application - 5 year license	1246.00	1246.00	-
Taxi Licensing : Operators - Renewal - 1 year license	571.00	571.00	-
Taxi Licensing : Operators - Renewal - 5 year license	1207.00	1207.00	-
<b>Premises Licenses/Club Certificates (Licensing Act fees -set by Secretary of State)</b>			
<i>Application Fee Or Variation Fee</i>			
Band A (rateable value (up to £4300)	100.00	100.00	-
Band B (rateable value (£4301-£33000)	190.00	190.00	-
Band C (rateable value (£33001-£87000)	315.00	315.00	-
Band D (rateable value (£87001-£125000)	450.00	450.00	-
Band D* (rateable value (£87001-£125000)	900.00	900.00	-
Band E (rateable value (£125001+)	635.00	635.00	-
Band E** (rateable value (£125001+)	1905.00	1905.00	-
<i>Annual Fee</i>			
Band A (rateable value (up to £4300)	70.00	70.00	-
Band B (rateable value (£4301-£33000)	180.00	180.00	-
Band C (rateable value (£33001-£87000)	295.00	295.00	-
Band D (rateable value (£87001-£125000)	320.00	320.00	-
Band D* (rateable value (£87001-£125000)	640.00	640.00	-
Band E (rateable value (£125001+)	350.00	350.00	-
Band E** (rateable value (£125001+)	1050.00	1050.00	-
<b>Personal Licenses, Temporary Events, Other Fees (Licensing Act fees -set by Secretary of State)</b>			
Application for a Grant/Renewal of Personal License	37.00	37.00	-
Temporary Event Notice	21.00	21.00	-
Theft, Loss Etc of Premises License or Summary	10.50	10.50	-
Application for a Provision Statement where Premises being built	195.00	195.00	-
Notification of Change of Name or Address	10.50	10.50	-
Application to Vary License to Specify Individual as Premises Supervisor	23.00	23.00	-
Application for Transfer of Premises License	23.00	23.00	-
Application for minor variation of Premises License/Club Certificate	89.00	89.00	-
Application to Remove the Mandatory condition requiring a DPS	23.00	23.00	-
Interim Authority Notice following death etc of License Holder	23.00	23.00	-
Theft, Loss Etc of Certificate or Summary	10.50	10.50	-
Notification of Change of Name or Alteration of Rules of Club	10.50	10.50	-
Change of Relevant Registered Address of Club	10.50	10.50	-
Theft, Loss etc of Temporary Event Notice	10.50	10.50	-
Theft, Loss etc of Personal License	10.50	10.50	-
Duty to Notify change of name or address	10.50	10.50	-
Right of Freeholder etc to be Notified of Licensing Matters	21.00	21.00	-
<b>Selective Landlord Licensing</b>			
Selective Landlord Licensing-Newport Scheme 1-One Off Licence Fee for New Applicants	998.00	998.00	-
Selective Landlord Licensing-Newport Scheme 2 -One Off Licence Fee for New Applicants	861.00	878.20	2.0
Selective Landlord Licensing -North Ormesby 2-One Off Licence Fee for New Applicants	845.00	861.90	2.0
Selective Landlord Licensing-Newport Scheme Phase 1-One Off Fit and Proper Person Test Fee	20.00	20.40	2.0
Selective Landlord Licensing -North Ormesby 2-One Off Fit and Property Person Test Fee	20.00	20.40	2.0

Building Control			
<b>Domestic - New Dwellings - Erection or conversion, each dwelling up to 300m2 floor area</b>			
Full Plans Application - Plan Charge	Price dependent upon number/types of dwellings	Price dependent upon number/types of dwellings	N/A
Full Plans Application - Inspection Charge	Price dependent upon number/types of dwellings	Price dependent upon number/types of dwellings	N/A
Building Notice	Price dependent upon number/types of dwellings	Price dependent upon number/types of dwellings	N/A
Regularisation Application	Price dependent upon number/types of dwellings	Price dependent upon number/types of dwellings	N/A
<b>Domestic Extensions</b>			
Full Plans Application - Plan Charge			
- Single Storey Extension	Variable - POA	Variable - POA	N/A
- Two Storey Extension	Variable - POA	Variable - POA	N/A
- Loft Conversion	Variable - POA	Variable - POA	N/A
- Garage & Carports	Variable - POA	Variable - POA	N/A
- Other Works	Variable - POA	Variable - POA	N/A
Full Plans Application - Inspection Charge			
- Single Storey Extension	Variable - POA	Variable - POA	N/A
- Two Storey Extension	Variable - POA	Variable - POA	N/A
- Loft Conversion	Variable - POA	Variable - POA	N/A
- Garage & Carports	Variable - POA	Variable - POA	N/A
- Other Works	Variable - POA	Variable - POA	N/A
Building Notice Charge			
- Single Storey Extension	Variable - POA	Variable - POA	N/A
- Two Storey Extension	Variable - POA	Variable - POA	N/A
- Loft Conversion	Variable - POA	Variable - POA	N/A
- Garage & Carports	Variable - POA	Variable - POA	N/A
- Other Works	Variable - POA	Variable - POA	N/A
Regularisation Charge			
- Single Storey Extension	Variable - POA	Variable - POA	N/A
- Two Storey Extension	Variable - POA	Variable - POA	N/A
- Loft Conversion	Variable - POA	Variable - POA	N/A
- Garage & Carports	Variable - POA	Variable - POA	N/A
- Other Works	Variable - POA	Variable - POA	N/A
<b>Domestic Alterations</b>			
Full Plans Application - Plan Charge			
- Other Works	Variable - POA	Variable - POA	N/A
- Cost of Works - Internal & External Alterations	Variable - POA	Variable - POA	N/A
- Window Replacements	Variable - POA	Variable - POA	N/A
- Electrical Work	Variable - POA	Variable - POA	N/A
Full Plans Application - Inspection Charge			
- Other Works	Variable - POA	Variable - POA	N/A
- Cost of Works - Internal & External Alterations	Variable - POA	Variable - POA	N/A
- Window Replacements	Variable - POA	Variable - POA	N/A
- Electrical Work	Variable - POA	Variable - POA	N/A
Building Notice Charge			
- Other Works	Variable - POA	Variable - POA	N/A
- Cost of Works - Internal & External Alterations	Variable - POA	Variable - POA	N/A
- Window Replacements	Variable - POA	Variable - POA	N/A
- Electrical Work	Variable - POA	Variable - POA	N/A
Regularisation Charge			
- Other Works	Variable - POA	Variable - POA	N/A
- Cost of Works - Internal & External Alterations	Variable - POA	Variable - POA	N/A
- Window Replacements	Variable - POA	Variable - POA	N/A
- Electrical Work	Variable - POA	Variable - POA	N/A
<b>Non Domestic - New Buildings and Extensions</b>			
Other Residential (Institution and Other)			
- Plan Charge	Variable - POA	Variable - POA	N/A
- Inspection Charge	Variable - POA	Variable - POA	N/A
- Regularisation Charge	Variable - POA	Variable - POA	N/A
Assembly and Recreational Use			
- Plan Charge	Variable - POA	Variable - POA	N/A
- Inspection Charge	Variable - POA	Variable - POA	N/A
- Regularisation Charge	Variable - POA	Variable - POA	N/A
Industrial and Storage Usage			
- Plan Charge	Variable - POA	Variable - POA	N/A
- Inspection Charge	Variable - POA	Variable - POA	N/A
- Regularisation Charge	Variable - POA	Variable - POA	N/A
Purpose Group 3 & 4 (Office, Shop and Commercial)			
- Plan Charge	Variable - POA	Variable - POA	N/A
- Inspection Charge	Variable - POA	Variable - POA	N/A
- Regularisation Charge	Variable - POA	Variable - POA	N/A
<b>Non Domestic - Alterations</b>			
Plan Charge			
- Internal Alterations	Variable - POA	Variable - POA	N/A
- Office Fit Outs	Variable - POA	Variable - POA	N/A
- Shop Fit Outs	Variable - POA	Variable - POA	N/A
- Installation of Mezzanine Floor	Variable - POA	Variable - POA	N/A
- Window Replacement	Variable - POA	Variable - POA	N/A
- New Shop Fronts	Variable - POA	Variable - POA	N/A

- Underpinning	Variable - POA	Variable - POA	N/A
- Renovation of Thermal Element	Variable - POA	Variable - POA	N/A
<b>Inspection Charge</b>			
- Internal Alterations	Variable - POA	Variable - POA	N/A
- Office Fit Outs	Variable - POA	Variable - POA	N/A
- Shop Fit Outs	Variable - POA	Variable - POA	N/A
- Installation of Mezzanine Floor	Variable - POA	Variable - POA	N/A
- Window Replacement	Variable - POA	Variable - POA	N/A
- New Shop Fronts	Variable - POA	Variable - POA	N/A
- Underpinning	Variable - POA	Variable - POA	N/A
- Renovation of Thermal Element	Variable - POA	Variable - POA	N/A
<b>Regularisation Charge</b>			
- Internal Alterations	Variable - POA	Variable - POA	N/A
- Office Fit Outs	Variable - POA	Variable - POA	N/A
- Shop Fit Outs	Variable - POA	Variable - POA	N/A
- Installation of Mezzanine Floor	Variable - POA	Variable - POA	N/A
- Window Replacement	Variable - POA	Variable - POA	N/A
- New Shop Fronts	Variable - POA	Variable - POA	N/A
- Underpinning	Variable - POA	Variable - POA	N/A
- Renovation of Thermal Element	Variable - POA	Variable - POA	N/A
<b>Other Building Control Services</b>			
<b>Building Regulations Function - Miscellaneous Charges</b>			
- Re-drafting and re-issue of decision notice/completion certificate within 10 working days	39.60	41.00	3.5
- Re-drafting and re-issue of decision notice/completion certificate within 1 working day	79.20	82.00	3.5
- Formal response in respect of unauthorised works and / or time limited enforcement action (per hour)	66.00	68.00	3.0
- Letter confirming exemption from building regulations within 10 working days	51.70	53.50	3.5
- Letter of comfort where application has been made, but no completion certificate has been issued within 10 working days	51.70	53.50	3.5
- Letter confirming exemption from building regulations within 1 working day	79.20	82.00	3.5
- Letter of comfort where application has been made, but no completion certificate has been issued within 1 working day	79.20	82.00	3.5
<b>Building Act 1984, Section 78 - Dangerous Structures</b>			
- Administrative duties associated with emergency measures (per hour)	66.00	67.30	2.0
- Administrative duties associated with emergency measures (per hour / out of hours)	99.00	101.00	2.0
<b>Other Miscellaneous Services (per hour)</b>			
	66.00	67.30	2.0

*Budget assumptions apply a standard 2% inflationary increase to income, but individual fees and charges may rise by more or less than 2% depending on the pricing approach used as per the Fees and Charges Policy.*

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## Appendix 9

### Capital Strategy for 2026/27 and Capital Programme 2026/27 to 2029/30

#### 1. Executive Summary

- 1.1. Capital expenditure relates to spending on longer-term assets and infrastructure (such as property, equipment, vehicles, roads etc.). The Council's Capital Programme is therefore an important element of the Council's overall financial planning arrangements as appropriate investment can enable the transformation of service delivery and improve the quality of services to the local community. The schemes included in the Capital Programme need to be appropriate in meeting the Council's objectives, be affordable and represent value for money.
- 1.2. The Council must consider how capital expenditure is paid for and what the long-term financial implications are of undertaking this investment. The Council is permitted to borrow funds to finance the Capital Programme under the Local Government Act 2003. It needs to consider the impact on the revenue budget in relation to repayment of borrowing proposed, how it funds the repayment of this debt and the period over which it is repaid.
- 1.3. The Council operates a strict approach to considering and prioritising schemes for inclusion in the Capital Programme set against available resources including a technical review process, as set out in the Capital Strategy.
- 1.4. The Council's Capital Programme is reviewed each quarter via the quarterly budget monitoring reports. A review of the Council's Capital Programme has taken place as part of the MTFP update. This involved plans for the addition of new schemes and extension of schemes deemed as Business as Usual in order to ensure the Capital Programme provided essential expenditure required to support the delivery of the Council's objectives and priorities. Directors in consultation with Executive Members submitted bids to the capital programme for the MTFP period commencing 2026/27 as part of a process agreed by the Corporate Capital Board. As there was a limited amount of capital available, bids were prioritised as follows:

1. Urgent Works
2. Health and Safety / Legislative Compliance
3. Asset Protection / Enhancement
4. Other – Must align to the Council Plan

In addition to the above, any bids that prove that there will be a revenue return on the capital investment will be considered separately.

- 1.5. The Corporate Capital Board met on 12 September 2025 to discuss the bids received and agreed to propose new capital schemes and additions to current schemes and an extension of schemes deemed Business as Usual totalling £16.310m in 2026/27 and rising to £56.173m by 2029/30 to be included in the revised Capital Programme for the MTFP period commencing 2026/27 as detailed in Appendix 4 of the 2026/27 Draft Budget and Medium Term Financial Plan 2026/27 to 2029/30 report to Executive on 17 December 2025.

1.6. The proposed new schemes have been subject to the same consultation as the revenue budget to enable stakeholders to submit their views with respect to the proposed new capital schemes. Further work has also been undertaken with respect to reviewing the profiling for the proposed new capital schemes in order to ensure stated work to be undertaken in the various years is realistic, and that this does not lead to future slippage in the revised Capital Programme in the future. This has led to the proposed inclusion of new capital schemes and additions to current schemes and an extension of schemes deemed Business as Usual totalling **£11.735m in 2026/27 and rising to £56.633m by 2029/30** as summarised in **Tables 2 and 3** and detailed in paragraphs 3.4 to 3.19.

1.7. This report sets out the proposed Capital Programme for 2026/27 of **£79.483m**, with a total of **£183.741m** for the period 2026/27 to 2029/30, together with the financing statement as summarised in **Table 1**.

1.8. The Council's Capital Financing Requirement (CFR) is the underlying need to borrow in relation to historical borrowing plus future planned borrowing to fund the Council's capital investment in assets. This is expected to increase to **£333.755m** in 2026/27. Further details can be found in the Prudential Indicators and Treasury Management Strategy 2026/27 report elsewhere on this agenda. A summary of the prudential indicators which regulate the Council's capital financing activities - CFR, borrowing limits and planned borrowing, together with the revenue cost of borrowing is summarised in **Table 4**. This is an integral part of setting a balanced revenue budget and Medium Term Financial Plan (MTFP) for the Council.

1.9. The Capital Programme detailed in **Annex 1**, whilst affordable, must be managed strictly within budget in order to manage the revenue costs of servicing the historic external debt from previous financing decisions and future plans that are to be funded by borrowing.

1.10. The Capital Programme has been prioritised as follows:

- Urgent works
- Health and safety / legislative compliance
- Asset protection / enhancement
- Alignment to the Council Plan
- In progress schemes that cannot be stopped
- Return On Investment
- Funding transformation that will deliver ongoing revenue expenditure savings on the basis of invest to save, for which an appropriate rate of return will be determined within the transformation programme.
- Partially externally funded schemes that require Council to match resources where there is a robust business case that meets Council Plan objectives and is approved in accordance with constitutional delegations.
- Repayment of borrowing to reduce revenue capital financing costs.

1.11. The governance arrangements for managing and monitoring the delivery of the programme to plan and to budget were strengthened during 2024/25, and these will be continued during 2026/27 and future years.

1.12. This report should be read in conjunction with the Flexible Use of Capital Receipts Strategy 2026/27 in Appendix 10 of this report and the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27 report elsewhere on this agenda.

## **2. Introduction**

- 2.1. The Council Plan for Middlesbrough acknowledges that a sustainable Capital Programme, and the strategy and controls to shape and manage it, is a critical contributor to the future ambitions, overall service delivery, and financial position of the Council going forwards.
- 2.2. The Capital Strategy assists in the Council meeting its '*Recover, Rest and Deliver*' approach by ensuring:
  - Capital investment is strictly prioritised and meets the Council's objectives within a set funding limits from within its revenue budget and MTFP.
  - Investment meets the CIPFA criteria of being prudent, sustainable, affordable and value for money.
  - The Council is appropriately responding to the statutory recommendations raised by its external auditor.
  - The Capital Programme does not include any schemes that are not permitted under the HM Treasury's definition of commercial activity and using external debt to solely generate ongoing revenue income.
  - Capital projects are delivered within budget and in a timely manner and meet the objectives of their business cases.
  - Members and Senior Officers have a common understanding of the financial context the Council is operating in and the capital principles underpinning capital decisions within the Council.

## **3. Capital Programme 2026/27 to 2029/30**

- 3.1. **Table 1** summarises the proposed Capital Programme by Directorate for consideration and approval by Council. This shows the proposed Capital Programme **for 2026/27 of £79.483m, with a total of £183.741m for the period 2026/27 to 2029/30**, together with the financing statement as summarised in Table 1. It includes an upper financial limit within which Transformation and redundancy costs will need to be delivered (£26.7m from 2024/25 to 2028/29). It also shows the level of capital receipts over the MTFP period. A Flexible Use of Capital Receipts Strategy for 2026/27 totaling £5.789m is attached at Appendix 10 for consideration and approval by Council on 18 February 2026. A further report will be submitted to Executive in March 2026 updating on progress on the Transformation Programme.

**Table 1: Summary of Capital Programme 2026/27 to 2029/30**

Directorate	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m	Council Funding £m	External Funding £m
Regeneration and Housing	36.431	38.748	18.208	7.410	100.797	67.147	35.150
Environment, Communities and Culture	21.901	7.008	8.306	11.808	49.023	40.445	7.078
Education and Partnerships	8.508	0.077	0.078	-	8.663	0.151	8.512
Adult Social Care and Health	1.733	1.050	1.120	1.120	5.023	4.331	0.692
Legal and Corporate Services	4.723	3.685	2.185	2.185	12.778	12.778	-
Finance	0.398	-	-	-	0.398	0.398	-
Transformation Programme	5.789	1.270	-	-	7.059	7.059	-
<b>Total EXPENDITURE</b>	<b>79.483</b>	<b>51.838</b>	<b>29.897</b>	<b>22.523</b>	<b>183.741</b>	<b>132.309</b>	<b>51.432</b>
<b>Funded by</b>							
Borrowing	26.741	22.260	11.475	9.645	70.121	70.121	-
Capital Receipts	11.960	16.060	14.231	12.878	55.129	55.129	-
Flexible Use of Capital Receipts	5.789	1.270	-	-	7.059	7.059	-
Grants	29.498	6.363	0.078	-	35.939	-	35.939
Contributions	5.495	5.885	4.113	-	15.493	-	15.493
<b>Total FUNDING</b>	<b>79.483</b>	<b>51.838</b>	<b>29.897</b>	<b>22.523</b>	<b>183.741</b>	<b>132.309</b>	<b>51.432</b>

Capital Receipts Memo	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Capital receipts carried forward from previous year	13.250	17.687	15.659	5.878
Total capital receipts expected in year	22.186	15.302	4.450	7.000
<b>Total capital receipts available in year</b>	<b>35.436</b>	<b>32.989</b>	<b>20.109</b>	<b>12.878</b>
Capital receipts to finance above programme	11.960	16.060	14.231	12.878
Flexible receipts to finance transformation	5.789	1.270	-	-
<b>Capital receipts to carry forward</b>	<b>17.687</b>	<b>15.659</b>	<b>5.878</b>	<b>-</b>

3.2. **Annex 1** details the proposed Capital Programme for approval, incorporating the capital budgets for 2026/27 to 2029/30. The capital budget is aligned to the Capital Strategy. It presents in financial terms, the Council's plan for meeting the costs of Transformation and Redundancies together with investment related to the purchasing, building and improvement of capital assets, together with the implications of any major capital projects or investments within the Middlesbrough boundary. It also provides a framework for ensuring the programme is affordable within the current medium term financial plan.

3.3. The Capital Programme for 2026/27 to 2029/30 includes new Council funded schemes and additions to schemes that are within the current approved Capital Programme. **Table 2** represents the new Council funded schemes added to the Capital Programme and additional funding to currently approved schemes where required, with further details of the new schemes being provided in paragraphs 3.4 to 3.18. Further reports will be submitted to Executive where appropriate, for example where details have not currently been fully worked up and further detailed work is required to implement the scheme or where the scheme may have an effect on service provision. **Table 2** excludes schemes which are deemed to be Business as Usual which are shown in **Table 3** below.

**Table 2: New Council Funded Schemes and additional funding to currently approved schemes 2026/27 to 2029/30**

New Council Funded Schemes And Additional Council Funding To Current Schemes							
Directorate	Capital Project Description	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m	Priority
Regeneration and Housing	Repairs To Broadcasting House	1.500	-	-	-	1.500	1, 2 & 3
Regeneration and Housing	Neptune Centre Roof Repairs And Wall Cladding		1.800	-	-	1.800	2 & 3
Regeneration and Housing	Investment / Commercial Properties - Occupancy And Compliance	0.500	1.000	0.500	-	2.000	3 & ROI
Regeneration and Housing	Property Asset Investment Programme	0.500	0.500	0.500		1.500	1, 2 & 3
Regeneration and Housing	Acquisition of Whorlton Road Industrial Estate	2.615	-	-	-	2.615	1 & ROI
Regeneration and Housing	Town Hall Roof		4.000	4.000	4.000	12.000	1 & 2
Regeneration and Housing	Tackling Homelessness	0.500	0.500	-	-	1.000	4 & ROI
Regeneration and Housing	Asset Review - Accommodation Works	0.300	1.200	-	-	1.500	2 & 3
Regeneration and Housing	Repair and Refurbishment of the Council Depot Facility	0.500	1.400	4.100	-	6.000	3 & 4
Regeneration and Housing	Dorman Museum Roof And Window Replacement	0.000	-	1.325	-	1.325	1
	<b>Total Regeneration and Housing</b>	<b>6.415</b>	<b>10.400</b>	<b>10.425</b>	<b>4.000</b>	<b>31.240</b>	
Environment, Communities and Culture	Purchase of New Vehicles	1.820	-	0.400	-	2.220	2
Environment, Communities and Culture	Repair Or Replace Longlands Road Overbridge	0.100	0.300	0.450	9.150	10.000	1, 2 & 3
Environment, Communities and Culture	Extension of Fleet Workshop	1.400	-	-	-	1.400	3
Environment, Communities and Culture	Replacement And Improvement To Equipment In Play Areas	0.500	0.200	0.200	0.200	1.100	2, 3 & 4
Environment, Communities and Culture	Town Hall And Theatre Equipment Renewal	1.500	-	-	-	1.500	2, 4 & ROI
	<b>Total Environment, Communities and Culture</b>	<b>5.320</b>	<b>0.500</b>	<b>1.050</b>	<b>9.350</b>	<b>16.220</b>	
	<b>Total All Directorates</b>	<b>11.735</b>	<b>10.900</b>	<b>11.475</b>	<b>13.350</b>	<b>47.460</b>	

**Priority Key**

1. Urgent Works.
- 2, Health & Safety / Legislative Compliance
3. Asset Protection / Enhancement.
4. Other - Must align to the Council Plan

ROI - Return On Investment

### 3.4. **Repairs To Broadcasting House - £1.500m**

Due to Broadcasting House being included in the Middlesbrough Development Company (MDC) asset transfer arrangement and cited as a development opportunity, as such, repairs and maintenance have been minimised to manage costs for a building that may not have a significant lifespan. As the MDC asset transfer is indefinitely on pause, investment in the building for basic protection from the elements is required. Failure to invest will result in the Council having to provide a funded relocation package to the buildings tenants, one of which's lease does not expire until 2044. Therefore, investing in the building will ensure continuing revenue income and negate the need to fund relocation packages relating to existing tenants and make the building a more attractive venue for attracting future tenants.

The extent of the repairs include a full replacement of the roof coverings and structure. Works to the external stonewall cladding is required and the expansion joints to the wall cladding require replacing to prevent water ingress to accommodation on all floors.

The current heating system has reached its end of life and will need to be replaced within 12 months. Opportunities for grant funding will be explored but it is assumed that the Council will be required to fund the replacement cost. Finally, ceiling areas require fire compartmentation to meet current building regulations.

### **3.5. *Neptune Centre Roof Repairs And Wall Cladding - £1.800m***

The Neptune Centre is managed by the Council's contracted leisure service provided. However, the responsibility for major repairs rests with the Council and should the building become inoperable, the Council could be subjected to loss of income earning claims from the provider.

The metal roofing sheet and wall cladding are at their end of life and showing signs of failure and water ingress. Recent inspections and maintenance have identified that the main fixings are no longer purposeful, and roofing sheets are at risk of lifting in high winds, which would cause significant damage to the building structure, surrounding buildings and pose a high level of risk to the public. The level of work required to repair or replace is subject to a final specialist condition report. Recent inspections and maintenance have shown that the main fixings are no longer purposeful, roofing sheets are at risk of lifting in high winds which will cause significant damage to the building structure, surrounding buildings and a high-level risk to the public. The level of works required is subject to a final specialist condition report.

### **3.6. *Investment / Commercial Properties – Occupancy And Compliance - £2.000m***

The Council has a significant portfolio of Investment / Commercial properties, including the Cleveland Centre, Captain Cook Precinct, Centre Square Buildings 1 & 2 and the Boho complex.

Inevitably there are / will be vacant units within the portfolio, which depending on current market conditions may not be entirely fit for tenant requirements. The ability to achieve tenancies can be enhanced with capital investment to reconfigure some of the larger spaces to adapt to smaller lettings, where there is more demand and tenancy turnover. As such the floorplates need to be adapted for smaller tenancies and this involves the investment in additional mechanical ventilation, electrical services, partitioning and adaptations for means of escape. Therefore, there is a need for a flexible capital allocation to allow for adaptation of space to enable lettings.

In addition, some of the stock is at an advanced age and needs periodic investment to ensure compliance with current safety legislation and investment to increase the longevity of the stock. This entire programme has the aim of protecting and enhancing the income streams associated with the strategic commercial estate.

### **3.7. *Property Asset Investment Programme - £1.500m***

The Property Asset Investment Programme is the budget that is used to undertake all necessary major repairs, maintenance and renewal for all of the Council's premises. An annual budget of £1.500m is allocated to the programme as part of the Business As Usual increases to the Council capital programme. There is a significant backlog of works that are required across the portfolio, this added to inflationary increases means that the allocation of £1.500m is no longer adequate. Therefore an additional £0.500m has been added to the Council capital programme

for each of the years 2026/27 to 2028/29, with the annual Business As Usual allocation increasing to £2.000m from 2029/30.

### 3.8. ***Acquisition of Whorlton Road Industrial Estate - £2.615m***

Acquisition of Whorlton Road Industrial Estate will enable the Council to merge the respective legal interests in the property & secure the unencumbered freehold title clear of other third party legal interests.

The current lease agreement is set to expire, the capital investment for the acquisition would remove the Council's current dilapidation liability, which is estimated at £2.419m, this though is subject to a further final valuation. The dilapidation liability results from a contractual requirement to return the premises back to the landlord in accordance with the terms of the Council's current occupation agreement.

The Council currently utilises a number of the units for storage purposes, acquiring the estate negates the need to identify alternative sites for the storage.

Additionally, there are other tenants within the estate, those tenancies will transfer to the Council. Therefore, through acquisition, savings will be achieved through not renting other properties for Council use and income will be achieved through the existing tenancies.

### 3.9. ***Town Hall Roof - £12.000m***

Middlesbrough Town Hall roof is at the end of its operational life. This includes the roof, rainwater products and some of the ornate stonework on the building.

Similarly, the roof space of this heritage asset does not have any fire compartmentation - making it a significant risk for catastrophic loss in the event of a meaningful fire event. This work has been deferred previously as a consequence of affordability and disruption to services. However, the work is now of an urgent nature and cannot be further delayed.

The nature of the Town Hall's structure means that the work can be programmed in order of priority and urgency. It is currently assumed that the work will take up to three years to complete with the concert side of the building being the priority, followed by the municipal element.

The relevant areas of the building will require complete closure whilst the works are being undertaken. It is envisaged that works on the concert side will commence in January 2027 and conclude in December 2027. The venue manager is assuming that timetable and will not take any bookings for performances during this time. Works on the municipal side of the roof will take place thereafter but similarly, the Council's political function will require relocating and the Registrar's requires closing. Alternative options for the facilitation of both functions are being explored.

In addition, there is a requirement to undertake a level of investment to address the condition and appearance of the Municipal Buildings internal fabric.

There will inevitably be a revenue cost due to the closure from lost income within the concert facility and potentially the Registrar's Office. This will be addressed as part of the Medium Term Financial Plan refresh.

### **3.10. *Tackling Homelessness - £1.000m***

The Homelessness Act 2002 requires that all councils in England provide a homelessness service. Homeless temporary accommodation budgets are working to huge pressures as we see national housing pressures lack of suitable housing, increase in homelessness, increase in clients with support needs, reduced services and budgets to support vulnerable clients manifest within Middlesbrough placing pressure on our budgets and services. This bid is crucial to ensure we have funds available to positively and proactively respond to pressures for both Adult and Children's social care and working to legislation.

On 21 January 2026, Executive approved the "Investment Into Housing to Reduce Temporary Accommodation Costs" report. This report approves a menu of options to positively address homelessness within the Borough, with £6.141m of grant and Section 106 contributions being assigned to fund the proposals. This in itself will not eradicate the issue, therefore an additional £1.000m of Council capital is provided as additional funding for other initiatives that will further reduce homelessness within Middlesbrough.

Whilst not the primary driver, preventing homelessness does reduce the burden on the Council's revenue resources.

### **3.11. *Asset Review – Accommodation Works - £1.500m***

An asset review was undertaken in 2023 to identify Council owned land and property that could be utilised differently to assist in supporting the Council's financial recovery. In November 2023 Executive approved a report which recommended the rationalisation of some Council properties in order to make savings and align the portfolio with the strategic needs and direction of the Council. The investment of £1.5m in existing Council buildings to accommodate additional staff was approved.

One of the report's recommendations was the closure and sale of Middlesbrough House, amongst other properties.

Following the report, further due diligence on the approved closures and moves has led to a re-evaluation of the Council's operational estate to determine the preferred options. Finding accommodation for the Pathways (care leaver's) and Homeless Teams were identified as priorities. The Homeless Team will be relocated to Broadcasting House, with options being considered for the Pathways Team. The original budget provided will be required to fund the costs for these relocations.

The report recommended the closure and sale of Middlesbrough House. Extensive modelling has been undertaken to ascertain if decanting the remaining Council occupants into other buildings was feasible, with the conclusion being that it is not possible. Therefore, the additional £1.500m will be utilised primarily for repairs and refurbishment of the building to create a fit for purpose Children's Care Hub. This may result in other Council accommodation being freed up for potential sale.

### **3.12. *Repair And Refurbishment of the Council Depot Facility - £6.000m***

The Council's main depot at Cargo Fleet is in a significant state of disrepair and is presenting serious maintenance and occupational issues.

The depot roof is end of life and contains managed asbestos. This is providing significant limitations to the service operations and is requiring cumulatively expensive patch repairs. The accommodation is poor and does not meet service requirements. The roof replacement is anticipated to cost C. £3.000m alone and this would not necessarily address the services full extent of operational limitations.

A complete replacement of the windows and an extensive internal refurbishments are also required in order to bring the facility back into an appropriate state.

The alternative of building a new facility has been considered but the assumptions are that this could cost up to £20.000m. Therefore, investment in the current premises, which will ensure operational functions can remain here for a number of years is considered to be the most appropriate solution when considering value for money.

### **3.13. *Dorman Museum Roof and Window Replacement - £1.325m***

Urgent works are required at the Dorman Museum to address significant deterioration of the roof and windows of the building.

A feasibility study was completed in 2025 for a full replacement of the Dorman Roof. The latest condition survey, received in March 2025 describes the roof condition as poor and found that in all cases existing roof systems have either exceeded their serviceable life or are reaching end of life stage and should be refurbished within 2 years. There are major defects and parts of the roof are saturated. Rainwater regularly leaks into the building damaging the internal fabric, putting collections at risk and compromising the visitor experience. The report also identifies the single-glazed sash windows on the building's front and side-wing elevations as Poor, with swollen timber resulting in some windows being jammed open causing heat loss and risks in terms of security and pest invasion.

### **3.14. *Town Hall and Theatre Equipment Renewal - £1.500m***

Investment is urgently required in a range of failing and / or end of life equipment at the Town Hall and Theatre, including LED lighting, public address (PA) systems, sound and communication systems. Failure to invest in the equipment will cause inefficiencies, detrimentally impacting production quality and the Council's ability to attract more commercially successful shows, resulting in the venues not optimising their performance capacity and as such representing lost revenue income opportunities. Additionally, accessibility improvements such as a lift to the Town Hall main stage are urgently required.

### **3.15. *Purchase of New Vehicles - £2.220m***

The Government has introduced the Simpler Recycling initiative which includes additional refuse collection. Whilst the Government provided funding for initiative, there was a shortfall regarding the number of refuse vehicles that were required to comply. £1.600m of the funding is for the acquisition of six additional refuse vehicles. The remaining allocation of £0.620m is required to renew the wider fleet as vehicles come to the end of their useful life.

### **3.16. *Repair or Replace Longlands Road Overbridge - £10.000m***

Longlands Road Overbridge is of considerable strategic importance to Middlesbrough's highways network, with the structure carrying the traffic on Longlands Road A1085 over the Middlesbrough to Whitby railway line.

The bridge is known for having historic structural problems associated with rotation and movement in the foundations. Remedial work was undertaken to address the issue in the 1970's, however, the movement has persisted. Furthermore, inspections over the last decade have shown progressive deterioration of the superstructure.

A comprehensive repair or full replacement of the overbridge will be required, this will address the root causes of the structural deficiencies, eliminating the reliance on short term, reactive maintenance. These reactive measures are not only costly but fail to resolve the underlying issues, leading to recurring expenditure and increased risk of unplanned closure.

The Council has commissioned expert advice regarding the most appropriate level of intervention to address the issues. The £10.000m proposed budget assumes a comprehensive repair, with the physical works commencing during 2029/30, however, this is subject to change depending upon the recommendations of the external advisor.

### **3.17. *Extension to Fleet Workshop - £1.400m***

Following Government legislation change, and the requirement to collect food waste and make provision for dedicated cardboard and paper recycling collection, the Council has had to purchase an additional 13 refuse collection vehicles, which, in addition to the existing heavy goods fleet require safety inspection and servicing on an 8 weekly cycle.

The current workshop does not have the capacity to facilitate the safety inspection and servicing requirements of the new vehicles. The extension will enable Fleet Services to need to expand the existing workshop to provide an additional pit and service ramp.

The works will include upgrading the current storage facility adjacent to the workshop to provide lighting, compressed air and power supply. Structural and Civil engineering works are also required to add an additional roller shutter door and strengthen the existing floor.

The capital investment will enable Fleet Services to continue to service and maintain our heavy goods vehicles to comply with our Operator Licence undertakings and allow the Council to meet its statutory requirements for waste collection and highway maintenance.

**3.18. *Replacement and Improvement to Equipment in Play Areas - £1.100m***

A number of the town's play areas are currently in poor condition. £0.500m is allocated to 2026/27 to bring all play areas up to an acceptable standard. A further £0.200m has been allocated for each subsequent year to ensure that funds are available to replace damaged or vandalised equipment.

**3.19.** In addition to the above, **£9.173m** of Council resources have been added to the Capital Programme in financial years 2029/30 to extend schemes deemed Business as Usual. This continues allocations to these schemes as in previous years, and is required as the Capital Programme has been extended to cover the MTFP period to 2029/30. **Table 3** below shows the relevant schemes and the amount of funding provided.

**Table 3: Council funding provided to schemes deemed Business as Usual 2029/30**

Council Funding Provided To Schemes Deemed Business As Usual		
Directorate	Capital Project Description	2029/30 £m
Regeneration and Housing	Capitalisation Of Major Schemes Salaries	0.530
Regeneration and Housing	Capitalisation Of Planning Services Surveys	0.040
Regeneration and Housing	Derisking Sites	0.500
Regeneration and Housing	Property Services Building Investment	0.340
Regeneration and Housing	Property Asset Investment Programme	2.000
	<b>Total Regeneration and Housing</b>	<b>3.410</b>
Environment, Communities and Culture	Members Small Schemes	0.060
Environment, Communities and Culture	Purchase Of New Vehicles	1.200
Environment, Communities and Culture	Capitalisation Of Wheeled Bin Replacement	0.100
Environment, Communities and Culture	Capitalisation Of Street Furniture / Dog Fouling & Litter Bins	0.055
Environment, Communities and Culture	Capitalisation Of Highways Maintenance	0.575
Environment, Communities and Culture	Street Lighting Maintenance	0.468
	<b>Total Environment, Communities and Culture</b>	<b>2.458</b>
Adult Social Care and Health	Chronically Sick & Disabled Persons Act - All Schemes	1.070
Adult Social Care and Health	Capitalisation Of Staying Put Salaries	0.050
	<b>Total Adult Social Care and Health</b>	<b>1.120</b>
Legal and Corporate Services	ICT Essential Refresh & Licencing	2.185
	<b>Total Legal and Corporate Services</b>	<b>2.185</b>
<b>Total Council Funding Provided To Schemes Deemed Business As Usual</b>		<b>9.173</b>

#### **4. Financing approach for the Capital Programme**

- 4.1. All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council's own resources (revenue budget, reserves or capital receipts) or debt (borrowing or leasing).
- 4.2. In terms of affordability, receiving capital funding from a partner organisation in the form of a contribution or from central government via an approved grant is always the Council's preferred route of financing. There is no initial cost of the capital investment, with only the ongoing revenue consequences to consider.
- 4.3. When the Council puts its own funding into a capital project, there is an opportunity cost of this investment. If it sells a capital asset to generate a receipt, it releases the asset and possibly revenue income that is generated. If it uses prudential borrowing, there is an ongoing revenue costs of principal and interest of between 8% - 10% per annum over the estimates useful life of the asset being financed. The final option of funding from the revenue budget has not been used in recent years due to the pressures on the revenue budget position and the low level of revenue reserves currently. The Council would therefore prioritise its own financing resource as capital receipts first, prudential borrowing last. Direct revenue financing is not recommended within the period of this MTFP.
- 4.4. In addition, there would be restrictions on the level of capital receipts in any financial year, based on the availability of buyers for specific assets, the need to demonstrate best value on any sale and the legal processes required for any sale. The amount of prudential borrowing will be restricted by the impact on the revenue budget of servicing the debt costs of principal (minimum revenue provision) and interest (on any loans drawn down to finance the asset).
- 4.5. The Council must ensure that any approach to financing the Capital Programme is affordable, sustainable, and prudent in line with the requirements of the CIPFA Prudential Code on Capital Finance. It does this by setting and monitoring a set of prudential indicators each year. These are key metrics for the Corporate Director of Finance and for elected members when setting a budget for each financial year and when considering any changes that may occur during the financial year.
- 4.6. More details on this can be seen with reference to the Council's Prudential Indicators and Treasury Management Strategy 2026/27 report included elsewhere on this agenda. Some key Prudential Indicator values on the current position of the Council are shown in **Table 4** below for reference purpose.

**Table 4: Key prudential indicators**

Prudential Indicator	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	2029/30 (£m)
<b>Capital Financing Requirement (underlying need to borrow)</b>	<b>312.383</b>	<b>333.755</b>	<b>350.350</b>	<b>355.651</b>	<b>358.733</b>
External Borrowing	289.360	<b>326.028</b>	347.623	350.651	351.233
Internal Borrowing	23.023	<b>7.727</b>	2.727	5.000	7.500
% of Net Revenue Budget on debt costs	8.4%	<b>7.1%</b>	7.1%	7.0%	7.0%
Authorised limit for External Debt	331.000	<b>354.000</b>	371.000	376.000	379.000

## **5. Risk & Governance**

5.1. The proposed four year Capital Programme will require the Council to use a higher proportion of available resources but without recourse to any more borrowing than is necessary to meet existing commitments. Investment of this nature will result in the Council being exposed to additional inherent risks as follows:

- economic risks on capital projects such as rising inflation and extended leading times for orders.
- the impact of increases in construction costs.
- major schemes have a long pay-back period, which will require the use of reserves in the early years to fund short term deficits in business plans.
- Any unforeseen events occur which effect the overall cost or delivery times for specific schemes.

5.2. The management of risk on projects within the Capital Programme is managed by individual service directors as part of their own risk processes but is overseen by the Leadership Management Team as part of its corporate governance responsibilities.

5.3. The governance arrangements for managing and monitoring the delivery of the programme to plan and to budget were strengthened during 2024/25 as detailed in the [Capital Programme Governance Improvement](#) report to Executive on 13 November 2024. This involved the creation of a Strategic and Corporate Capital Programme Board framework consisting of elected members and senior officers to oversee and support the delivery of the Capital Programme as part of its governance improvement. This will take the lead role for the organisation on both programme planning, scheme delivery and financing.

5.4. Future budget planning rounds will be subject to improved programme governance through the above to ensure that new projects align to the priorities of the Council plan and available resources to ensure value for money and affordability.

## Annex

1

Proposed Revised Capital Programme 2026/27 to 2029/30

## Appendix 9 - Annex 1 : Updated Investment Strategy 2026/27 to 2029/30

Denotes increases in the Capital Programme for schemes, including Business As Usual

Denotes new schemes added to the Capital Programme

Denotes re-profiling of funds following 2025/26 Quarter 3 Budget report

		Forecast Expenditure				TOTAL	Council Funding	External Funding
		2026/27	2027/28	2028/29	2029/30			
Regeneration and Housing		£m	£m	£m	£m	£m	£m	£m
Housing Growth		0.140	0.453	-	-	0.593	0.593	-
Newham Hall		4.941	6.836	-	-	11.777	4.094	7.683
BOHO X		0.178	-	-	-	0.178	0.042	0.136
Indigenous Growth Fund - Captain Cook Square		0.762	1.200	-	-	1.962	-	1.962
Investment / Commercial Properties - Occupancy And Compliance		0.500	1.000	0.500		2.000	2.000	-
Pride in Place		1.375	-	-	-	1.375	-	1.375
Towns Fund		9.079	0.928	-	-	10.007	0.880	9.127
Towns Fund - East Middlesbrough Community Hub		1.218	-	-	-	1.218	1.218	-
Acquisition of Town Centre Properties		-	1.000	-	-	1.000	1.000	-
Levelling Up Partnership		2.325	1.641	-	-	3.966	-	3.966
Capitalisation Of Major Schemes Salaries		0.530	0.530	0.530	0.530	2.120	2.120	-
Capitalisation of Planning Services Surveys		-	-	-	0.040	0.040	0.040	-
Tackling Homelessness		0.500	0.500	-	-	1.000	1.000	-
Affordable Housing Via Section 106		-	3.855	2.361	-	6.216	0.302	5.914
Highways Infrastructure Development Section 106		-	2.474	1.752	-	4.226	0.142	4.084
Levelling Up Fund - South Middlesbrough Accessibility		0.903	-	-	-	0.903	-	0.903
Derisking Sites		0.482	0.429	1.300	0.500	2.711	2.711	-
Property Services Building Investment		0.340	0.340	0.340	0.340	1.360	1.360	-
Property Asset Investment Programme		2.182	2.000	2.000	2.000	8.182	8.182	-
Town Hall Roof		0.050	6.906	4.000	4.000	14.956	14.956	-
Municipal Buildings Refurbishment		-	0.891	-	-	0.891	0.891	-
Repair And Refurbishment Of The Council Depot Facility		0.500	1.791	4.100	-	6.391	6.391	-
Cleveland Centre		0.159	-	-	-	0.159	0.159	-
Repairs To Broadcasting House		1.500	-	-	-	1.500	1.500	-
Dorman Museum Roof And Window Replacement		-	-	1.325	-	1.325	1.325	-
Neptune Centre Roof Repairs And Wall Cladding		-	1.800	-	-	1.800	1.800	-
Acquisition of Whorlton Road Industrial Estate		2.615	-	-	-	2.615	2.615	-
Cemetery Provision		2.392	-	-	-	2.392	2.392	-
Asset Review - Accommodation Works		0.800	2.174	-	-	2.974	2.974	-
Neighbourhood Hubs Investment		2.960	2.000	-	-	4.960	4.960	-
<b>Total Regeneration and Housing</b>		<b>36.431</b>	<b>38.748</b>	<b>18.208</b>	<b>7.410</b>	<b>100.797</b>	<b>65.647</b>	<b>35.150</b>

		Forecast Expenditure				TOTAL	Council Funding	External Funding
		2026/27	2027/28	2028/29	2029/30			
Environment, Communities and Culture		£m	£m	£m	£m	£m	£m	£m
Purchase of New Vehicles		3.229	1.200	1.600	1.200	7.229	7.229	-
Extension of Fleet Workshop		1.400	-	-	-	1.400	1.400	-
Capitalisation of Wheeled Bin Replacement		0.100	0.100	0.100	0.100	0.400	0.400	-
Capitalisation of Street Furniture / Dog Fouling & Litter Bins		0.055	0.055	0.055	0.055	0.220	0.220	-
Capitalisation of Highways Maintenance		0.575	0.575	0.575	0.575	2.300	2.300	-

City Regional Sustainable Transport Scheme - Highways Maintenance	3.239	0.200	-	-	3.439	-	3.439
City Regional Sustainable Transport Scheme - Incentive Funding	1.631	-	-	-	1.631	-	1.631
Street Lighting-Maintenance	0.468	0.468	0.468	0.468	1.872	1.872	-
Flood Prevention	0.090	-	-	-	0.090	-	0.090
Section 106 Ormesby Beck	0.015	-	-	-	0.015	-	0.015
Bridges & Structures	3.880	3.650	4.798	-	12.328	12.328	-
Newport Bridge	0.500	-	-	-	0.500	0.500	-
<b>Repair Or Replace Longlands Road Overbridge</b>	<b>0.100</b>	<b>0.300</b>	<b>0.450</b>	<b>9.150</b>	<b>10.000</b>	<b>10.000</b>	<b>-</b>
Highways Infrastructure	0.600	0.200	-	-	0.800	0.800	-
Traffic Signals Obsolescence Grant	0.400	-	-	-	0.400	-	0.400
FUSION adaptive travel control solution	0.240	-	-	-	0.240	-	0.240
Street Lighting Column Replacement	0.355	-	-	-	0.355	0.355	-
Section 106 Marton West Beck	0.094	-	-	-	0.094	-	0.094
Members Small Schemes	0.218	0.060	0.060	0.060	0.398	0.398	-
Linthorpe Road Cycleway Removal	1.169	-	-	-	1.169	-	1.169
Carriageway Resurfacing Programme	0.687	-	-	-	0.687	0.687	-
Footways Repairs Programme	0.500	-	-	-	0.500	0.500	-
Regulatory Services ICT System	0.356	-	-	-	0.356	0.356	-
<b>Town Hall And Theatre Equipment Renewal</b>	<b>1.500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.500</b>	<b>1.500</b>	<b>-</b>
Replacement And Improvement To Equipment In Play Areas	0.500	0.200	0.200	0.200	1.100	1.100	-
<b>Total Environment, Communities and Culture</b>	<b>21.901</b>	<b>7.008</b>	<b>8.306</b>	<b>11.808</b>	<b>49.023</b>	<b>41.945</b>	<b>7.078</b>

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	
<b>Education and Partnerships</b>					
Block Budget - Family Hubs	0.075	0.077	0.078	-	0.230
Block Budget - School Condition Allocation (SCA)	0.737	-	-	-	0.737
Block Budget - Basic Need	2.439	-	-	-	2.439
Block Budget - High Needs Provision Capital Allocation (HNCPA)	1.426	-	-	-	1.426
Contingency Funding Reserve	0.050	-	-	-	0.050
Building Condition Improvements - Primary School	0.030	-	-	-	0.030
Building Condition Improvements - Special Schools	0.005	-	-	-	0.005
School Led Capital schemes - All Maintained Schools	0.100	-	-	-	0.100
Sufficiency Schemes - Primary	0.185	-	-	-	0.185
Sufficiency Schemes - Secondary	2.379	-	-	-	2.379
Sufficiency Schemes - Special Educational Needs & Disabilities (SEND) and Alternative Education	0.955	-	-	-	0.955
Capitalisation of Salary Costs	0.127	-	-	-	0.127
<b>Total Education &amp; Partnerships</b>	<b>8.508</b>	<b>0.077</b>	<b>0.078</b>	<b>-</b>	<b>8.663</b>

Council Funding	External Funding
£m	£m
-	0.230
-	0.737
-	2.439
-	1.426
-	0.050
0.005	0.025
-	0.005
-	0.100
-	0.185
0.146	2.233
-	0.955
-	0.127
0.151	8.512

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	
<b>Adult Social Care and Health</b>					
Chronically Sick & Disabled Persons Act - All schemes	0.991	1.000	1.070	1.070	4.131
Disabled Facilities Grant - All schemes	0.621	-	-	-	0.621
Capitalisation of Staying Put Salaries	0.050	0.050	0.050	0.050	0.200
Home Loans Partnership (Formerly 5 Lamps)	0.071	-	-	-	0.071

Council Funding	External Funding
£m	£m
4.131	-
-	0.621
0.200	-
-	0.071

Total Adult Social Care and Health	1.733	1.050	1.120	1.120	5.023	4.331	0.692
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	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	£m
<b>Legal and Corporate Services</b>					
ICT Essential Refresh & Licensing	1.686	2.185	2.185	2.185	8.241
ICT Transformational Capital Block Budget	3.000	1.500	-	-	4.500
HR Pay	0.037	-	-	-	0.037
<b>Total Legal and Corporate Services</b>	<b>4.723</b>	<b>3.685</b>	<b>2.185</b>	<b>2.185</b>	<b>12.778</b>

Council Funding	External Funding
£m	£m
8.241	-
4.500	-
0.037	-
<b>12.778</b>	<b>-</b>

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	£m
<b>Finance</b>					
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	0.248	-	-	-	0.248
Capitalisation of Property Finance Lease Arrangements	0.150	-	-	-	0.150
<b>Total Finance</b>	<b>0.398</b>	-	-	-	<b>0.398</b>

Council Funding	External Funding
£m	£m
0.248	-
0.150	-
<b>0.398</b>	<b>-</b>

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	£m
<b>Transformation Programme</b>					
Transformation / Subject Matter Expertise	3.169	0.107	-	-	3.276
Neighbourhood	1.020	0.612	-	-	1.632
Redundancy	0.200	-	-	-	0.200
Contingency	1.400	0.551	-	-	1.951
<b>Total Transformation</b>	<b>5.789</b>	<b>1.270</b>	-	-	<b>7.059</b>

Council Funding	External Funding
£m	£m
3.276	-
1.632	-
0.200	-
1.951	-
<b>7.059</b>	<b>-</b>

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	£m
<b>ALL DIRECTORATES</b>					
<b>Total ALL DIRECTORATES</b>	<b>79.483</b>	<b>51.838</b>	<b>29.897</b>	<b>22.523</b>	<b>183.741</b>

Council Funding	External Funding
£m	£m
132.309	51.432

	Forecast Expenditure				
	2026/27	2027/28	2028/29	2029/30	TOTAL
£m	£m	£m	£m	£m	£m
<b>FUNDED BY:</b>					
Borrowing	26.741	22.260	11.475	9.645	70.121
Capital Receipts	11.960	16.060	14.231	12.878	55.129
Flexible Use of Capital Receipts	5.789	1.270	-	-	7.059
Grants	29.498	6.363	0.078	-	35.939
Contributions	5.495	5.885	4.113	-	15.493

Council Funding	External Funding
£m	£m
70.121	-
55.129	-
7.059	-
-	35.939
-	15.493

<b>Total FUNDING</b>	79.483	51.838	29.897	22.523	183.741	-
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132.309	51.432
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## Appendix 10

### FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2026/27

#### 1. Summary

- 1.1 The Council needs to deliver transformational change of its service delivery models in order to achieve financial sustainability and improve outcomes to its customers over the period of the Council's Medium Term Financial Plan (MTFP) from 2026/27 to 2029/30 and in the longer term. The Council's Transformation Programme is an integral part of the MTFP, and necessary not only to deliver change but to reduce the overall cost of service delivery by providing financially sustainable services all within the cost envelope.
- 1.2 Whilst the level of the Council's reserves have improved in the last few years from that which existed in 2023/24 there are still not sufficient revenue reserves to fund investment in transformation without impacting on the medium to long term financial sustainability, and therefore the only source of funding available to the Council is the use of capital receipts from asset sales.
- 1.3 Local authorities are ordinarily only able to utilise capital receipts from the sale of fixed assets for specific purposes, mainly funding capital expenditure or repaying debt. This precludes the financing of revenue expenditure under s15(1) of the Local Government Act 2003.
- 1.4 However from 2026/17 statutory regulations have allowed capital receipts to be used to finance revenue expenditure for specific purposes as detailed in Section 2 and subject to certain conditions. The current statutory direction applies to up to 31 March 2030.
- 1.5 This is achieved through the adoption of a Flexible Use of Capital Receipts (FUoCR) Strategy which sets out any plans for eligible revenue expenditure to be incurred during the financial year to be funded by capital receipts in accordance with statutory regulations.
- 1.6 The annual FUoCR Strategy is required to be approved by Full Council as part of the budget and policy framework. A copy of the FUoCR Strategy, once approved by Full Council is required to be shared with the Ministry of Housing, Communities and Local Government (MHCLG) to enable review and oversight (but not approval).
- 1.7 The Council can only apply capital receipts to fund eligible expenditure in accordance with the plans set out in the FUoCR strategy and cannot exceed the level of planned expenditure without formally reviewing and approving a revised strategy. Revisions can be made during the financial year subject to Full Council approval and are required to be notified to MHCLG.
- 1.8 The FUoCR strategy is critical to enable the development and implementation of Transformation plans that seek to improve the efficiency and effectiveness of services to the community and deliver the cost reduction and/or income generation

that is required in order to achieve financial sustainability for the Council over the medium to longer term. The 2026/27 FUoCR Strategy sets out an estimate of investment requirements together with the estimated forecast savings where applicable over the period of the MTFP, that will be further updated as the Transformation Programme develops.

- 1.9 Work to develop business cases for service redesign in areas that will deliver further savings from 2026/27 onwards has been progressing and will continue to progress during 2026/27 and future years and will be further reported to Executive in March 2026 and at intervals throughout 2026/27 financial year in order to consider and recommend to Full Council approval of any revisions to the FUoCR Strategy as required by the regulations.
- 1.10 The majority of transformation expenditure in 2026/27 is planned to be met from capital receipts under the FUoCR Strategy, given that the Council's low revenue reserves are insufficient to fund the investment required. Any expenditure that does not qualify for capitalisation under the Strategy (which will be limited in value) will be met from the Change Fund.

## **2. Legislative framework**

- 2.1 Local authorities are ordinarily only able to utilise capital receipts from the sale of fixed assets for specific purposes which is normally restricted to either funding capital expenditure or repaying debt, and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 made under Section 11 of the Local Government Act 2003. The receipts cannot usually be used to fund revenue expenditure under s15(1) of the Local Government Act 2003 (as amended).
- 2.2 The Secretary of State however is empowered to issue Directions allowing revenue expenditure incurred by local authorities to be treated as capital expenditure and therefore funded by capital receipts.
- 2.3 The Secretary of State for Communities and Local Government issued a Direction in March 2016 providing a time limited relaxation to the regulations under the Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure. This gave local authorities greater freedoms to use capital receipts to finance expenditure, initially up until 2018/19. This allowed local authorities to treat qualifying expenditure on transformation projects as capital expenditure and to fund it from capital receipts received after April 2016.
- 2.4 The direction allows authorities to use the proceeds from asset sales to fund the revenue costs in specific circumstances where projects:
  - will reduce costs, and/or
  - increase revenue income, and/or
  - support a more efficient provision of services.

2.5 Local authorities are only permitted to use the flexible use of capital receipts concession from a ‘qualifying disposal’ of property, plant and equipment assets received in the years in which this flexibility is offered under the direction.

2.6 ‘Qualifying expenditure’ is defined as ‘expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The Statutory Guidance provides some examples of qualifying expenditure.

2.7 There have been number of extensions to the scheme since 2018/19 by revised statutory directions and in 2022 new restrictions were introduced as follows :

- a. that capital receipts obtained must be from disposals by the local authority to an entity outside the local authority’s group structure. The intent of this condition is that capital receipts which are to be used by authorities under the flexibilities afforded by the direction, should be from genuine disposals of assets by the authority. Where an authority retains some control of the assets, directly or indirectly, and retains exposure to the risks and rewards from those assets, the disposal does not give rise to a capital receipt that can be used in accordance with the direction.
- b. authorities were also restricted from funding discretionary redundancy payments, i.e., those not necessarily incurred under statute. Statutory payments that can be claimed through the flexible use of capital receipts were statutory redundancy pay (based on the capped weekly wage for statutory payments of £643 and a maximum 30 weeks as per the statutory guidance) and pension strain costs – not including any discretions, added years etc.

2.8 The [Local government finance policy statement 2025 to 2026](#) published by MHCLG in November 2024 and the subsequent amended legislation published on 26 March 2025 extended the flexible use of capital receipts to 31 March 2030. In this the government also removed the restriction with respect to redundancy costs imposed from April 2022 (as detailed in 2.7 b. above), which limited the use of the flexibility to statutory redundancy costs only. This will support authorities in taking forward transformation and invest-to-save projects.

2.9 Authorities wishing to take advantage of the flexibility are required to annually prepare a “Flexible Use of Capital Receipts” (FUoCR) Strategy to be approved by Full Council. This requirement can be satisfied by including relevant documents within the Annual Budget documents or as a separate report. As a minimum, the Strategy should list each project for which it is proposed to make use of the capital receipts flexibility and that on a project-by-project basis, details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority’s Prudential Indicators for the forthcoming year and subsequent years.

- 2.10 Since 2022/23 local authorities must send details setting out their planned use of the flexibility in advance of use for each financial year to the Secretary of State by submitting via the MHCLG Delta system. This condition can be met by sending the authority's own strategy documents, provided they contain the detail asked for in the direction. This is not an approval process, but the information must be sent to ensure transparency and allow proper monitoring by central government.
- 2.11 Since 2022/23 the Strategy is required to contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.
- 2.12 The Statutory Guidance allows local authorities to update their Strategy during the year and must notify the Secretary of State and MHCLG to enable central Government to keep track of planned and actual use of the flexibility. Full Council must approve the revised plan.
- 2.13 The amount of expenditure capitalised in the financial year must not exceed the amount set out in the plan, including any updated plans, provided to the Secretary of State / MHCLG. This is to allow central Government to keep track of planned use of the flexibility for national accounts purposes.

### **3. Use of Flexible Capital Receipts in previous years**

- 3.1 It is a requirement of the FUoCR guidance, that authorities must include details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

Middlesbrough Council implemented a FUoCR Strategy for the first time in 2021/22 and a report was approved by Full Council on 20 October 2021.

#### **2021/22**

- 3.2 The FUoCR Strategy for 2021/22 approved by Full Council on 20 October 2021 included proposed projects along with estimated costs and potential savings. Progress against the approved Strategy for 2021/22 was monitored throughout the financial year as part of regular budget monitoring arrangements and reported accordingly as part of the current quarterly budget monitoring reports to Executive, along with any updates to the Strategy as proposals were developed and expenditure was incurred. The final statement of expenditure on projects to transform services that were funded through flexible use of capital receipts for 2021/22 and the associated estimated annual revenue savings or future cost avoidance, was reported as part of the Revenue and Capital Budget – Year-End Outturn position 2021/22 report to Executive on 14 June 2022, and was also shown in the Strategy for 2022/23.
- 3.3 Entries were made in the Council's accounts in 2021/22 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.

## **2022/23**

- 3.4 The Strategy for 2022/23 was approved by Full Council on 7 September 2022. The report summarised the projects intended to transform services and proposed to be funded through the flexible use of capital receipts for 2022/23. These totalled approximately £2.7m along with estimated projected costs and associated estimated annual revenue savings or future cost avoidance. In some cases, there is a clear link between a project and the realisable financial benefit. In other cases, that link is less clear and the project or additional resource contributes to enabling savings or costs avoidance in other areas or provides a wider benefit, which would not otherwise be realised.
- 3.5 Delivery against the 2022/23 Strategy was reported through quarterly monitoring reposts and the final year-end position against the Strategy was reported as part of the Revenue and Capital Budget – Year-End Outturn position 2022/23 report to Executive on 20 June 2023.
- 3.6 Entries were made in the Council's accounts for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.

## **2023/24**

- 3.7 The planned use of flexible capital receipts in 2023/24 was set out in the budget and MTFP report approved by Council on 27 February 2023. The plan incorporated £3m of expenditure on transformation and other eligible expenditure within an overall MTFP strategy that forecast flexible receipts in year in excess of £9m, the balance of receipts assumed to be used to finance the capital programme.
- 3.8 The main emphasis of the FUoCR Strategy in 2023/24 was associated with expenditure within the Children's Financial Improvement Plan targeted to realise savings in expenditure and cost avoidance arising from a range of projects.
- 3.9 The estimates of transformational expenditure were made on a prudent basis, and it was noted that there may be a need to review and revise the original plan dependent upon whether the initial planned projects were delivered given the significant transformation work required within Children's Services which presented the single biggest risk to the Council's financial sustainability.
- 3.10 It was noted that if it was necessary to increase the use of capital receipts on a flexible basis during 2023/24 above that contained in the Strategy, that an amended plan and strategy would be submitted for approval by Full Council and notified to DLUHC (now MHCLG) as required by the FUoCR guidance.
- 3.11 A number of schemes within the original plan for 2023/24 for £3m approved by Full Council in February 2023 did not progress as originally intended and a number of new projects were added for which the expenditure qualifies under the regulations for flexible use of capital receipts funding.
- 3.12 In order to reduce the forecast overspend, it was necessary for the Council to develop implement a further range of transformational and efficiency plans to secure cost reduction and income growth within 2023/24 and into 2024/25 and future years, and

therefore a revised FUoCR strategy for 2024/25 was approved by Full Council on 17 January 2024 which increased the potential eligible expenditure to £4.3m subject to the realisation of sufficient capital receipts at 31 March 2024.

- 3.13 Progress against the 2023/24 Strategy was reported in the quarterly budget monitoring reports to Executive, and the final position was reported in paragraph 4.40 of the 2023/24 Revenue and Capital Outturn and development of MTFP report to Executive on 26 June 2024. This showed a reduced level of capital receipts totalling £2.399m being sold and cash received by the Council at 31 March 2024. Therefore, in accordance with the approved Council policy, £2.399m of eligible revenue expenditure was funded by FUoCR and included in the capital programme, therefore reducing total revenue expenditure. Table 9 of the report summarised this with the detailed analysis of the application of FUoCR set out in Appendix 5.
- 3.14 Entries were made in the Council's accounts in 2023/24 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Capital Programme.

## **2024/25**

- 3.15 The 2024/25 budget, MTFP, Capital Programme and Treasury Management Policy approved on 8 March 2024 set out the estimated investment required to deliver transformation and to meet the estimated cost of redundancies over the 3 year period of the MTFP. The total cost was estimated to be up to £26.7m over the period of which £13.7m related to 2024/25. The approved funding source was capital receipts in accordance with an approved FUoCR Strategy.
- 3.16 The FUoCR Strategy for 2024/25 was done in two phases with Phase 1 being approved by Full Council on 27 March 2024 as part of The Approach to Transformation of Middlesbrough Council report. This approved £4.827m of expenditure.
- 3.17 The FUoCR Strategy was revised as part of the Transformation of Middlesbrough Council report to Full Council on 24 April 2024. This report approved Phase 2 for the balance of the budget allocation of £8.873m with further programme investment expenditure of £4.256m, redundancy budget of £2.900m and the contingency budget of £1.717m.
- 3.18 Progress against the 2024/25 Strategy was reported in the quarterly budget monitoring reports to Executive. and the final position was reported in Table 9 in paragraph 4.38 of the 2024/25 Revenue and Capital Outturn report to Executive on 11 June 2025. This showed that a reduced level of £4.447m of eligible revenue expenditure was funded by FUoCR and included in the capital programme in 2024/25, therefore reducing total revenue expenditure. This was in comparison to the total estimate for 2024/25 of £13.700m approved by Council. Table 9 of the report summarised this by themes with the detailed analysis of the expenditure funded through FUoCR in 2024/25 within themes set out in Appendix 8, along with the link to budget savings where applicable.
- 3.19 Entries were made in the Council's accounts in 2024/25 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Capital Programme.

## 2025/26

3.20 The 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting approved by Full Council on 19 February 2025 set out the inclusion of transformation and redundancy expenditure which could be capitalised under the Flexible Use of Capital Receipts Strategy (FUoCR) of £7.500m in 2025/26 (as part of the planned £26.700m Transformation Programme from 2024/25 to 2028/29), and that the annual Flexible Use of Capital Receipts (FUoCR) Strategy would be presented to Council for consideration and approval in March 2025.

3.21 The FUoCR Strategy for 2025/26 was approved by Full Council on 26 March 2025. This set out plans for up to £7.5m of expenditure linked to the Council's Transformation Programme to be incurred during 2025/26 to be funded by capital receipts in accordance with statutory regulations.

3.22 Progress against the 2025/26 Strategy has been reported in the quarterly budget monitoring reports to Executive. The Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026 highlighted that it is currently forecast that only £5.694m of the £7.500m planned expenditure would be incurred in relation to the Transformation Programme in 2025/26 and that £5.694m of eligible revenue expenditure is forecast to be funded by FUoCR in 2025/26.

3.23 The Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 report to Executive on 4 February 2026 also highlighted that two schemes totalling £9.500m that were previously within the Transformation element of the Capital Programme have been moved within the Capital Programme to the respective Directorates that will manage the schemes:

- £5.000m of investment in Neighbourhood Hubs to support the Neighbourhood strategy is now included within the Regeneration Directorate.
- £4.500m of investment in ICT Infrastructure is now included within the Legal and Governance Services Directorate.

3.24 Whilst both schemes will still be funded from the £26.700m of capital receipts allocated to the Transformational Programme, due to the fact that they are just capital expenditure funded from capital receipts and not revenue expenditure they can no longer be funded through the FUoCR Strategy. The impact of this is that the total funds available for revenue funding through the FUoCR strategy will reduce to £17.200m. Of the £17.200m total, £4.447m was spent in 2024/25 with £5.694m forecast spend in 2025/26 leaving £7.059m for 2026/27 onwards.

3.25 The final year-end position against the Strategy will be reported as part of the 2025/26 Revenue and Capital Budget Outturn report to Executive in June 2026.

## 4. 2026/27 Transformation and FUoCR Strategy

4.1 The Proposed Revised Capital Programme 2026/27 to 2029/30 in Annex 1 of Appendix 9 of this Council report sets out the inclusion of transformation and redundancy expenditure which could be capitalised under the Flexible Use of

Capital Receipts of £5.789m in 2026/27 (as part of the planned £26.700m Transformation Programme from 2024/25 to 2028/29), and this is included in the Flexible Use of Capital Receipts (FUoCR) Strategy for 2026/27 presented to Council for consideration and approval.

4.2 **Table 1** below summarises the forecast Transformation Programme from 2026/27 to 2027/28 and shows that it is anticipated that the amount of transformation expenditure/subject matter expertise in 2026/27 will be up to £3.169m, along with up to £1.020m specifically for the Neighbourhood theme, an estimate for redundancy costs of up to £0.200m and a contingency budget of £1.400m, making a total of up to £5.789m in 2026/27.

***Table 1 : Transformation Programme – to be funded by FUoCR Strategy***

	Forecast Expenditure		
	2026/27	2027/28	TOTAL
Transformation Programme	£m	£m	£m
Transformation / Subject Matter Expertise	3.169	0.107	3.276
Neighbourhood	1.020	0.612	1.632
Redundancy	0.200	-	0.200
Contingency	1.400	0.551	1.951
<b>Total Transformation</b>	<b>5.789</b>	<b>1.270</b>	<b>7.059</b>

4.3 It is not currently expected that expenditure will be incurred on the Transformation Programme from 2028/29 onwards but this will subject to review in the future and may depend on whether there is any slippage /delays on the planned expenditure in 2026/27 and 2028/29 and but will be dependent on the level of capital receipts available.

4.4 **Annex 1** provides details of the planned transformation expenditure totalling £5.789m in 2026/27 to be funded from the 2026/27 FUoCR Strategy.

4.5 In some cases there is a direct link between a project and the realisable financial benefit, however in others it is difficult to quantify and the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised; for example some enabling services and expenditure.

4.6 A number of transformation projects are in development. A further report updating progress on the Transformation Programme will be presented to Executive in March 2026.

4.7 It may be necessary for further revisions to the FUoCR Strategy to be submitted to Full Council throughout the 2026/27 financial year for approval of further allocations of this budget as business cases are developed.

4.8 The estimates of transformational expenditure have been made on a prudent basis, and it should be noted that there will be potentially other expenditure which will be incurred due to the significant transformation work that will be required within the Council that will be reflected in further phases of the FUoCR Strategy to be considered by Full Council during 2026/27.

4.9 Any increase in the use of capital receipts on a flexible basis during 2026/27 above that contained in this Strategy, will as per the Statutory Guidance, require an amended plan and strategy to be made and approved by Full Council, and notified to the Secretary of State / MHCLG.

### **Monitoring the Strategy**

4.10 Delivery against the Strategy will be monitored throughout the financial year as part of the Transformation Programme governance arrangements and reflected in regular corporate budget monitoring arrangements and be reported quarterly to Executive including the realisation of cashable capital receipts. It should be noted that the final financing position on the Strategy will be determined as part of the accounts closure process at 31 March 2027.

4.11 The legitimacy of the use of the Strategy has been determined by the Council's s151 Officer to be in accordance with the statutory regulations.

### **The Prudential Code**

4.12 The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed Strategy. The capital expenditure prudential indicators will be amended and approved as appropriate.

4.13 The indicators that will be impacted by this Strategy are set out in the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27 report to this Council.

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## Appendix 10 - Annex 1: Planned Transformation Expenditure 2026/27 funded via FUoCR

Theme	Transformation expenditure	FUoCR Criteria	FUoCR 2026/27 £m	Link to savings where applicable
Adult Social Care & Health	Independent Supported Living reviews Increase social work management support and transformation Other small scale initiatives	Service Improvement / Savings Service Improvement	0.167 ASC12 Transformation of Adult Social Care Services 0.171 N/A 0.055 ASC12 Transformation of Adult Social Care Services	
<b>Total Adult Social Care &amp; Health</b>			<b>0.393</b>	
Children's Care	Children's Charity - SHiFT 3 year Contract commitment Edge of Care Team Modernising Fostering Resource Plan Request - Additional Agency staff High Needs Resource Allocation System  Other small scale initiatives	Saving / Service Improvement Saving / Demand Management Saving / Service Improvement Saving Savings / Enabling / Service Improvement  Savings / Enabling / Service Improvement	0.285 CC06 SHIFT Project - A multidisciplinary approach to prevention 0.501 CC10 Introduce Edge Of Care Team 0.354 CC08 Redesign of short break provision 0.165 CC03 to CC10 Various initiatives to address demand management 0.390 Savings will be achieved as the Council moves towards a more sustainable high needs funding system  0.009 N/A	0.285 CC06 SHIFT Project - A multidisciplinary approach to prevention 0.501 CC10 Introduce Edge Of Care Team 0.354 CC08 Redesign of short break provision 0.165 CC03 to CC10 Various initiatives to address demand management 0.390 Savings will be achieved as the Council moves towards a more sustainable high needs funding system  0.009 N/A
<b>Total Children's Care</b>			<b>1.704</b>	
Environment, Communities & Culture	Permit system for Resident Parking 3 Environment Sustainability Managers	Service Improvement Enabling	0.062 N/A 0.119 N/A	
<b>Total Environment, Communities &amp; Culture</b>			<b>0.181</b>	
Neighbourhood	8 Community Development Workers 8 Neighbourhood Navigators 1 Community Safety Co-ordinator 4 Neighbourhood Link Workers	Enabling / Service Improvement Enabling / Service Improvement Enabling / Service Improvement Enabling / Service Improvement	0.385 N/A 0.385 N/A 0.056 N/A 0.194 N/A	
<b>Total Neighbourhood</b>			<b>1.020</b>	
Legal and Corporate Services	Core Enabling Services: ICT Service Maturity Artificial Intelligence discovery assessment  ICT Digital Transformation Lead Application Developer / Desktop Engineer  Project Management Office support	Enabling Savings / Enabling / Service Improvement / Demand Mgmt.  Service Improvement / Enabling Enabling  Enabling	0.170 N/A 0.027 Savings will be achieved through the implementation of Artificial intelligence technology.  0.089 N/A 0.176 Savings will be achieved through the implementation of advanced / enhanced ICT technology.  0.040 N/A	
<b>Total Legal and Corporate Services</b>			<b>0.502</b>	
Finance	Customer & Continuous Improvement Team	Enabling / Service Improvement	0.311 N/A	
<b>Total Finance</b>			<b>0.311</b>	
Regeneration & Housing	Marketing & Communications	Enabling / Service Improvement	0.078 N/A	
<b>Total Regeneration &amp; Housing</b>			<b>0.078</b>	
Redundancy	Cost estimate of redundancy to support staff reductions	Savings	0.200	Redundancy costs will support savings across the Council which include a reduction in staff levels.
<b>Total Redundancy</b>			<b>0.200</b>	
Contingency	Cost estimate of redundancy to support staff reductions	To support all FUoCR criteria	1.400 N/A	
<b>Total Contingency</b>			<b>1.400</b>	
<b>TOTAL PLANNED TRANSFORMATION EXPENDITURE 2026/27 FUNDED BY FUoCR</b>				<b>5.789</b>

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## Appendix 11

### Council Tax Setting 2026/27

1.1 The legislation governing the setting of Council Tax is contained in Sections 30 to 38 of the Local Government Finance Act 1992. Section 31B(1) requires a billing authority to calculate the basic amount of its Council Tax, which in Middlesbrough Council's case is that applicable to Band D dwellings in its area.

1.2 The calculation is made in accordance with a formula **R/T** where:

**R** is the amount calculated by the Middlesbrough Council as its Council Tax requirement for 2026/27, calculated in accordance with section 31A(4) of the Act. This has been calculated as **£78,459,566**.

**T** is the amount calculated by Middlesbrough Council as its Council Tax Base for 2026/27. On 3 December 2025 the Executive calculated the amount of **37,062.20** as its Council Tax Base for the year 2026/27 in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

1.3 Application of the formula R/T thus gives a basic amount of Council Tax of **£2,116.97** for a Band D property in accordance with Section 31B(1) of the Act as shown in **Table 1** below:

**Table 1 – Calculation of Basic Council Tax 2026/27: -**

	£	£
Net Budget Requirement		200,840,344
Less:		
Revenue Support Grant	49,068,947	
Business Rates Top up Payment	46,750,026	
Retained Business Rates	24,474,805	
		120,293,778
		80,546,566
Estimated Collection Fund Surplus 2025/26		(2,087,000)
Council Tax Requirement	R	78,459,566
Taxbase	T	37,062.20
<b>Basic Council Tax</b>	<b>(R) / (T)</b>	<b>2,116.97</b>

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.

1.4 The calculation of the actual Council Tax (Band D) for parish and non-parish areas (Middlesbrough Council only element excluding Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts) is as follows:

**a. Table 2 – Actual Council Tax (Band D) - Areas other than Nunthorpe and Stainton & Thornton Parishes – 2% increase: -**

	£	£
Basic Amount as above:		2,116.97
Less : Parish Precepts	41,119	
Divided by Tax Base	37,062.20	
Equals		1.11
<b>Band D Tax</b>		2,115.86

**b. Table 3 – Actual Council Tax (Band D) – Nunthorpe Parish: -**

	£	£
Add: Parish Precept	26,871	
Divided by Tax Base	2,408.72	
Equals		11.16
<b>Band D Tax</b>		2,127.02

**c. Table 4 - Actual Council Tax (Band D) Stainton & Thornton Parish: -**

	£	£
Add: Parish Precept	14,248	
Divided by Tax Base	1,530.35	
Equals		9.31
<b>Band D Tax</b>		2,125.17

1.5 The calculation of the actual Council Tax for each valuation band for the Middlesbrough Council only element (excluding Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts) is shown in **Table 5** below:

**Table 5 - Middlesbrough Council Tax bands 2026/27 (excluding Police & Fire Precepts): -**

Middlesbrough Council Tax bands excluding Police & Fire Precepts				
Band	Proportion	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	6/9	1,410.57	1,418.01	1,416.78
B	7/9	1,645.67	1,654.35	1,652.91
C	8/9	1,880.76	1,890.68	1,889.04
D	1	2,115.86	2,127.02	2,125.17
E	11/9	2,586.05	2,599.69	2,597.43
F	13/9	3,056.24	3,072.36	3,069.69
G	15/9	3,526.43	3,545.03	3,541.95
H	18/9	4,231.72	4,254.04	4,250.34

1.6 Cleveland Fire Authority has set a precept for Middlesbrough of **£3,686,206** and a £5 (5.29%) increase in Band D Council Tax. Council Tax levels for 2026/27 are set out in **Table 6** below (*subject to formal approval on 13 February 2026*)

**Table 6 – Cleveland Fire Authority Council Tax 2026/27 (subject to formal approval on 13 February 2026): -**

<b>Cleveland Fire Authority</b>	
<b>Band</b>	<b>Tax £</b>
A	66.31
B	77.36
C	88.41
D	99.46
E	121.56
F	143.66
G	165.77
H	198.92

1.7 Cleveland Police and Crime Commissioner has set a precept of **£12,331,706** and a £15 (4.72%) increase in Band D Council Tax. Council Tax levels for 2026/27 are set out in **Table 7** below

**Table 7 – Cleveland Police & Crime Commissioner Council Tax 2026/27: -**

<b>Cleveland Police &amp; Crime Commissioner</b>	
<b>Band</b>	<b>Tax £</b>
A	221.82
B	258.79
C	295.76
D	332.73
E	406.67
F	480.61
G	554.55
H	665.46

1.8 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 8** (*subject to formal approval of Fire precept*)

**Table 8 - Middlesbrough Council Tax bands 2026/27 including Police & Fire Precepts (subject to formal approval of Fire precept)**

<b>Middlesbrough Council Tax bands including Police &amp; Fire Precepts</b>			
<b>Band</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	1,698.70	1,706.14	1,704.91
B	1,981.82	1,990.50	1,989.06
C	2,264.93	2,274.85	2,273.21
D	2,548.05	2,559.21	2,557.36
E	3,114.28	3,127.92	3,125.66
F	3,680.51	3,696.63	3,693.96
G	4,246.75	4,265.35	4,262.27
H	5,096.10	5,118.42	5,114.72

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## Appendix 12

### Education Funding and Dedicated Schools Grant 2026/27

#### Introduction

- 1.1 In conjunction with the National Funding Formula (NFF) the Dedicated Schools Grant (DSG) funding is allocated over four blocks and the indicative Dedicated Schools Grant for 2026/27 totals **£222.114m** after deductions for national non-domestic rates and direct funding of high needs by Education & Skills Funding Agency (ESFA).
- 1.2 This budget has 4 elements - budgets delegated to individual schools (Schools Block), support to high needs pupils (High Needs Block), provision for early years expenditure (Early Years Block), and support for central services (Central Services Block).

#### Funding Allocations

- 1.3 The following table provides a summary of the amounts to be received in 2026/27 and a comparison to that received in 2025/26. It should be noted though that the above amounts are subject to change during the year as the Schools Block includes amounts which are passported directly to academies (known as recoupment), and certain elements of the High Needs Block are paid directly to providers.

**Table 1 - Dedicated Schools Grant (DSG) after deductions 2026/27**

DSG Block	2025/26 £m	2026/27 £m	Increase £m	Increase %
Schools Block	150.103	156.767	6.664	4.4
Central School Services Block	1.136	1.464	0.328	28.9
High Needs Block	33.283	36.037	2.754	8.3
Early Years Block	22.647	27.846	5.199	23.0
<b>TOTAL DSG AFTER DEDUCTIONS</b>	<b>207.169</b>	<b>222.114</b>	<b>14.945</b>	<b>7.2</b>

- 1.4 **Schools Block**

2026/27 DSG Schools Block allocation, after business rate deduction, is an increase of £6.664m (4.4%) compared with 2025/26. Also, there is an Area Cost Adjustment (ACA) added to the model this year to reflect both General Labour markets and teacher pay scales. However, it should be noted that the Schools Budget Support Grant (SBSG) and the National Insurance Contributions (NICs) grant have been rolled into the above allocations for 2026/27, having previously been separate grant allocations outside of the initial DSG allocations.

DSG Schools block funding is allocated based on the National Funding Formula (NFF), which is based on the October 2025 census:

**Table 2 – Pupil Numbers**

	October 2025 census numbers	October 2024 census numbers	Difference
Primary	13,254	13,515	(261)
Secondary	8,827	8,805	22
<b>Total</b>	<b>22,081</b>	<b>22,320</b>	<b>(239)</b>

## APPENDIX 12

Funding for Schools budgets comprises:

- a) Dedicated Schools Grant (DSG) - this is the main funding stream allocated to schools by the LA.
- b) Pupil Premium Grant – this is distributed by the Council to maintained schools only. The allocation is set out by the (ESFA) with academies receiving this funding directly.

The minimum funding guarantee (MFG) is in place at 0.00% this year following consultation with Schools Management Forum, who are looking to align over the next few years with the hard National Funding Formula whilst best possible supporting the primary school settings experiencing reducing school roll numbers along with one secondary reduction. The formulation of the budget is also aligned with government guidance and the necessary approvals required from Schools Management Forum (SMF), which are public documents. SMF approved principles modelled in option 2a on 14 January 2026. The Schools Budgets has been submitted for Middlesbrough schools on 20 January 2026 within the required deadline along with political ratification.

The standard approach followed by the Local Authority in setting the Schools Budget is to set budgets by block which mirror the DSG income received. For 2026/27 a request for High Needs funded services to be supported by a transfer from Schools Block as done in 2025/26 was not approved by SMF on 14 January 2026 (0.5% would have equated to £0.787m for 2026/27).

DSG allocation is updated throughout the year as pupil numbers are confirmed. During this process any unallocated balance is put to DSG Reserve, reported in the council balance sheet as “DSG unusable Reserves”. This is not currently a council liability. Any surplus in schools block, identified as Growth funding and agreed by SMF, is used to support the following year(s) place planning and sufficiency across Middlesbrough schools.

### 1.5 Central School Services Block (CSSB)

The CSSB is made up of two categories, historic and ongoing commitments with funding totalling £1.464m for 2026/27 for Middlesbrough. This includes Teachers' Pension Employer Contribution (TPECG) funding for centrally employed teachers.

The grant has increased significantly in comparison to previous trends due to the historic element now being eroded and the new funding formula now implemented. Due to this overall, there is a £0.328m, 28.9% increase from 2025/26.

The services funded can be found in the SMF DSG CSSB report 2026/27 of 14 January 2026.

### 1.6 High Needs Block

For 2026/27 Middlesbrough's indicative allocation is £36.037m. The indicative allocations are based on the latest mid-2025 ONS population estimate for Middlesbrough. The High Needs Block allocation for 2026/27 is finalised during 2026/27 taking into account the Spring 2026 pupil numbers and any other deductions and recoupment. There are major issues with the High Needs Block with expenditure being above the income received as detailed in paragraphs 1.8 to 1.13.

### 1.7 Early Years Block

The funding split of the indicative £27.846m for Early Years in 2026/27 is shown in **Table 3** below:

## APPENDIX 12

**Table 3 – Indicative Early Years Block Funding 2026/27**

Description	2026/27 (Provisional) £
3 & 4 Year Old Universal Entitlement	8,214,006
3 & 4 Year Old Additional 15 hours	2,859,497
2 Year Old Families Receiving additional support	3,759,987
2 Year Old Working Parent Entitlement	4,471,588
Under 2s Entitlement	7,745,175
Early Years Pupil Premium (EYPP)	367,172
2 Year old Pupil Premium	246,986
Under 2s Pupil Premium	10,901
Disabled Access Fund (DAF) 3&4yo	127,725
Disabled Access Fund (DAF) 2yo	34,125
Disabled Access Fund (DAF) Under 2yo	8,775
Maintained Nursery Supplementary Funding	0
<b>TOTAL</b>	<b>27,845,936</b>

*Note: This is a provisional allocation (based on January 2025 census numbers)*

The required SMF noting of rates and the approval of Special Education Needs (SEN) and pass through rate for the Council was agreed on 14 January 2026.

### **2025/26 forecast DSG position**

1.8 Currently after deductions and academies recoupment the Council will receive DSG of £70.630m in 2025/26. The forecast expenditure is £79.631m, a forecast year-end overspend of £9.000m within 2025/26 as shown in **Table 4**.

**Table 4 - Dedicated Schools Grant (DSG) after recoupment and deductions 2025/26**

	2025/26 Income Forecast	2025/26 Expenditure Forecast	2025/26 Forecast Year-end Overspend	Balance as at 31/3/2025	Forecast Cumulative DSG Deficit as at 31/3/2026
	£m	£m	£m	£m	£m
Early years	23.058	23.058	0.000	(0.749)	(0.749)
Schools Block	13.277	13.277	0.000	(0.490)	(0.490)
High Needs	33.159	42.159	9.000	23.515	32.515
Central school services block	1.136	1.136	0.000	(0.021)	(0.021)
<b>TOTAL</b>	<b>70.630</b>	<b>79.630</b>	<b>9.000</b>	<b>22.213</b>	<b>31.213</b>

1.9 As shown in **Table 4** above there was a £22.213m total cumulative deficit on the DSG grant at the end of 2024/25, which included £23.515m attributed to the High Needs Block. The DSG deficit is predicted to increase during 2025/26 and it is currently forecast that there will be a total cumulative DSG deficit of £31.213m on 31 March 2026, including £32.515m relating to the High Needs Block.

1.10 The pressure has been driven up by increasing Education and Health Care Plans (EHCPs). There are now over 2000 children with an EHCP in Middlesbrough. This

## APPENDIX 12

represents around 7.76% of children within the school age population. Between 2020 and 2024, the number of children with an EHCP in Middlesbrough increased by 59%. Alongside this, Middlesbrough has continued to experience high levels of permanent exclusion leading to higher numbers of children requiring provision to be made for them as a result of exclusion.

1.11 On completion of the Delivering Better Value (DBV) work, the early evaluation has identified that there would be a pressure in the current year. However, additional risks were highlighted as part of the DBV programme; specifically, that this may not be achieved without significant change regarding inclusion in mainstream schools. Inclusion within mainstream has remained a challenge, which has resulted in continued increased demand for specialist provision. These are over commissioned places which has resulted in financial pressure to provide place funding. Alongside this, there has also been an increase in rates from specialist providers across the board and significant increased pressure from rising permanent exclusions.

A range of management actions are being taken following the completion of the DBV programme these include initiatives such as:

- Work with health colleagues to identify health contributions where relevant
- On-going reviews of Education, Health and Care (EHC) assessments
- Training for staff and school staff to support children remaining in mainstream settings
- Reintegration of Excluded pupils to mainstream where possible
- Governance of High Needs budget
- Service review and modelling
- Review of Top-ups in line with Improvement Plan and the implementation of a new resource allocation system
- Reduce Exclusions
- Consider notional SEND budget and how this is used,
- Linking school inspection in with SEND and Alternative Provision Improvement plan,
- Review school reserves and examination of potential of implementing a policy (subject to SMF) for taking excess reserves back into High Needs where relevant and appropriate.

1.12 The Dedicated Schools Grant (DSG) is currently subject to a statutory override by central Government which instructs Councils to account for the DSG deficits and resulting negative balance in a separate reserve and not to fund it by using its General Fund resources. This was planned to end on 31 March 2023, however the Government recently extended the arrangement to at least 31 March 2028.

1.13 Whilst the Government have recognised the DSG deficit issue with various announcements as detailed in the main report, there still remains a degree of uncertainty about the future of SEND provision and the remaining element of the historic deficit and accruing future deficits post 2025/26, and this along with the statutory override only being extended until 31 March 2028 still presents a risk to the Council's financial position. This will remain a risk whilst the Council awaits further detailed announcements on how the Government will deal with future accruing deficits and the detail of the Schools White Paper which is due to be published shortly.

## Appendix 13

### Pay Policy Statement 2026/2027

#### Introduction

1. This Pay Policy Statement sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. The policy must be approved by full Council and is subject to annual review. Any amendments during the year must also be considered by full Council. The Pay Policy Statement will be published on the Council's website as soon as reasonably practicable after approval or amendment.
2. Section 38 of The Localism Act 2011 does not require the Council to consider individual schools, or any individual employed by a third party contracted to work for the Authority. Therefore, the arrangements set out in this document do not extend to any staff employed within a school or individuals engaged via an agency.

#### Definitions

3. The Localism Act 2011 defines the following as Chief Officer posts:
  - Head of Paid Service designated under Section 4(1) of the Local Government and Housing Act 1989
  - Monitoring Officer designated under Section 5(1) of that Act
  - Any statutory Chief Officer mentioned in Section 2(6) of that Act
  - Any non-statutory Chief Officer mentioned in Section 2(7) of that Act
  - Any Deputy Chief Officer mentioned in Section 2(8) of that Act.
4. The following posts within the Council fall within the above definition:
  - Chief Executive
  - Corporate Directors
  - Service Directors
  - Monitoring Officer (Director of Legal and Corporate Services)
5. At 31<sup>st</sup> December 2025 the lowest paid employee of the Council received £13.05 per hour.
6. Apprenticeships have been excluded as the salaries attributable to apprenticeships are largely in line with those set out within National Apprentice rates.
7. The median salary figure for the organisation is the middle value of all employees' salaries listed in numerical order. The median salary figure is then used to calculate the organisation's pay multiple and is calculated on a fixed date each year, on 31 December.

## Content

8. To comply with the Localism Act 2011, the Council is required to approve a Pay Policy Statement setting out details of the Council's policies on the following:
  - Level of remuneration of Chief Officers
  - Level of remuneration paid upon recruitment
  - Payment of increments
  - Enhanced / additional pension contributions
  - Payment of bonuses, performance related pay and severance pay for Chief Officers
  - Awarding additional fees for election work
  - The creation of new posts with a salary package over £100,000 per annum
  - Employment of individuals already in receipt of a local government pension
  - Employment of ex-employees as Chief Officers under a contract for services
9. The Pay Policy Statement also sets out:
  - The Council's approach to the pay of its lowest paid employees
  - The relationship between Chief Officer / senior staff pay, and the Council's remaining employees as set out within the context of the pay multiple calculation
  - How this Pay Policy Statement will be publicised

## Chief Officer Remuneration

10. The level of remuneration paid to Chief Officers is based on the Local Government Association Scheme and the policy on this was approved in December 2005 by the Mayor. The terms and conditions of Chief Officer Employment contracts incorporate nationally agreed Joint Negotiating Committee terms and conditions.

Post	Salary Band
Chief Executive	£171,761
Executive Director	£126,537 – £139,628
Strategic Director	£119,689
Monitoring Officer <sup>1</sup>	£119,689
Joint Director of Public Health <sup>2</sup>	£100,991 - £107,172
Director Level 1	£100,991 - £107,172
Director Level 2	£88,629 - £94,811

## Level of remuneration paid upon recruitment

11. The Council's policy on pay upon recruitment is set out within the Recruitment & Selection Policy Statement and Guide, which applies to all employees. The Starting Salaries Policy states that upon recruitment to a post, remuneration will begin at the bottom of the pay band unless agreed otherwise by the Director and the Head of Human Resources in exceptional circumstances. In the case of Chief Officers, the Chief Executive and the Corporate Director of Finance would be required to agree any variation to this policy.

<sup>1</sup> Currently allocated to the Director of Legal and Governance Services

<sup>2</sup> Director of Public Health has joint responsibility for Middlesbrough and Redcar & Cleveland

## **Payment of increments and increases in salary**

12. The Council's policy on the payment of increments is that all employees with less than six months' service on the first of April will receive their first increment six months after appointment, promotion or re-grading. Otherwise, all employee increments are payable on an annual basis on the first of April. Other increases in pay for any employee will only occur where:

- There is a pay award agreed by way of national / local collective bargaining
- There is a significant change to a job role which results in a higher salary being appropriate which is confirmed by an appropriate job evaluation process
- Recruitment and Retention payments which, following consideration of the circumstances at the time, are deemed necessary and in the best interests of the Council and which are determined under the relevant policy relating to such payments.

## **Enhanced / additional pension contributions**

13. The Council's policy on enhanced or additional contributions to pensions is set out within the Teesside Pension Fund Policy Statement and the Council's Statement of Policy regarding the application of the discretionary elements of the Local Government Pension Scheme regulation. These apply to all employees. These statements set out:

- Allocation of employee contribution bands
- Awarding extra benefits for early retirement situations
- Extending time limits for certain provisions
- Setting up a shared cost Additional Voluntary Contribution (AVC) scheme
- Waiving actuarial reductions for early / flexible retirements

## **Payment of bonuses, performance related pay and severance pay**

14. The Council's policy is that it does not operate bonus or performance related pay for its employees.
15. The policy on severance and redundancy pay is set out within the Reviews, Consultation and Redundancy Policy, which applies to all employees. This states that calculation of any redundancy payment to an employee will be in accordance with the Council's policy in relation to Redundancy. Redundancy payments will be based on age and years' service in line with the Statutory Redundancy table up to a maximum of 30 weeks, however the Council retains the discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006 to offer discretionary payments. Such discretionary elements will be approved by the Chief Officer Appointments Committee as a Committee of full Council.
16. Corporate Affairs and Audit Committee previously approved a temporary enhancement of the Council's Voluntary Redundancy Scheme. This policy currently enables a multiplier of 1.25 to be applied to voluntary redundancies that arise either because of a review within a specific service area or from time to time within a Council wide scheme.
17. Where consideration to allow voluntary redundancy/early retirement to terminate a contract of employment any redundancy payment, pension strain costs and/or salary in

lieu of notice total amounts to a single payment of £100,000 or more, full Council or a committee thereof will be given an opportunity to vote before the package is approved.

18. Where an employee is contractually entitled to a payment in excess of £100,000 on the grounds of compulsory redundancy, failure to comply with this would place the Council in breach of contract and leave it exposed to litigation. Therefore, there is an exemption from the requirement to give Council an opportunity to vote on those cases where the payment of a severance package does not involve any discretion, this is because the Council is legally bound to comply with severance terms in any event.
19. In the absence of any exceptional circumstances which render it necessary in the best interests of the Council to do so, the Council will generally not re-engage any individual who has previously been employed by the Council and left that employment with the benefit of a severance, early retirement, or redundancy payment.

### **Awarding additional fees**

20. The policy on the payment of additional fees is set out within the Council's Constitution and decision making is delegated to the Corporate Affairs and Audit Committee. The Council's policy on the payment of additional fees to officers within the scope of this statement is that fees for election duties for Chief Officers are not included in salaries. These are determined separately in consultation with the other Tees Valley Councils. For contested elections, the fees are based on an agreed sum for the first 1,000 electors and a further sum for each additional 1,000 electors or fraction thereof, and a set agreed sum for uncontested elections. This policy of payment is approved by the Council's Corporate Affairs Committee and is in line with national guidance and legislation.

### **Creation of new posts with a salary package over £100,000 per annum**

21. In line with the requirements of the Localism Act 2011, Council will be given the opportunity to approve salary packages for any new posts that would come within the scope of this Pay Policy Statement, defined within the Act as posts over £100,000 per annum. This includes any additional fees, charges or allowances that would be routinely payable. The approach to be taken when creating a new post is set out within the Constitution. Where a Chief Officer post is created which is under £100,000 the usual processes will be followed as set out within the Recruitment and Selection Policy and the Pay Policy Statement will be amended accordingly.

### **Employment of individuals already in receipt of a local government pension**

22. The approach to the employment of individuals already in receipt of a Local Government Pension is set by the administering authority for the pension. The Local Government, Teesside Pension Fund has resolved not to abate pensions on re-employment, having regard to the enactment of regulations introducing flexible retirement, unless an enhanced ill-health retirement has been awarded. Some pensioners have been awarded extra pensions by their former employers to compensate them for retiring early. When this happens, the extra pensions, called compensatory added years (CAYs), are paid along with the Fund's retirement pension. These extra pensions may be abated upon re-employment or upon subsequent retirement, in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended).

## **Employment of ex-employees as Chief Officers under a contract for services**

23. The Council's position is that this is generally discouraged, however there may be some specific circumstances where employment of an ex-employee under these terms, could be the most effective and efficient way of meeting the Council's needs. If this situation applies formal approval must be sought from the Chief Executive in their role as Head of Paid Service.

## **Chief Officers' Tax and National Insurance**

24. The Council does not enter arrangements with individual employees to minimise their tax and national insurance contributions.

## **Remuneration of the lowest paid employees within the Council**

### **Lowest paid employees**

25. On 31<sup>st</sup> December 2025 the lowest FTE salary within the Council grading structure is £25,185.

## **The Council's approach to the pay of its lowest paid employees**

26. The Council is committed to ensuring that pay and reward policies are fair and that the needs of the lowest paid employees are properly considered. The Council has completed the job evaluation process to ensure that all employees receive a fair and equal rate of pay for the work that they undertake. The Council is signed up to nationally negotiated pay agreements.

## **Relationship between the highest paid employee and other employees**

27. The Council publishes its pay multiple in line with the Local Authorities (Data Transparency) Code 2015. The pay multiple is the ratio between the highest paid employee (£171,761) and the median earnings across the organisation (see paragraph 7 for information on the method used to calculate this). The current median salary earned within the Council is £30,024. The pay multiple is 5.72.

## **Publication of the Pay Policy Statement and transparency information**

28. The Pay Policy Statement is published on the Council's website. Further information on the remuneration of Chief Officers can be found on the Open Data section of the Council's website in line with the Local Authorities (Data Transparency) Code 2015.

## **Potential future review**

29. The Pay Policy Statement will be amended should there be any changes in regulation.

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MIDDLESBROUGH COUNCIL



<b>Report of:</b>	Corporate Director of Finance (S151 Officer), Andrew Humble
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<b>Relevant Executive Member:</b>	Executive Member for Finance, Cllr. Nicky Walker
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<b>Submitted to:</b>	Council
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<b>Date:</b>	18 February 2026
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<b>Title:</b>	Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Council Plan priority:</b>	Delivering Best Value
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<b>Key decision:</b>	Yes
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<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
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<b>Subject to call in?</b>	No
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<b>Why:</b>	Part of the statutory budget setting process
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Proposed decision(s)
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That the Council **approves** the following as set out below:

- 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.

## Executive summary

The Council is required to approve annually a Treasury Management Strategy and a set of Prudential Indicators, which self-regulate the level of capital financing activities of the Council and the affordability of the capital programme. These need 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 is important from both a financial and governance perspective as it sets the framework within which the council manages its borrowing and investments, how it delivers these services, and how it controls the risks attached to any decisions made. It also sets out the parameters and criteria that govern the day-to-day cashflow management activity and how these impact on the medium to long term financial planning processes. These include achieving value for money from any external borrowing undertaken, managing risk on large value financial transactions, and protecting any resources that have been invested.

The Prudential Indicators are an integral part of the CIPFA Capital Finance Code and demonstrate whether the capital programme is affordable, sustainable, and prudent. These include the level of capital expenditure over the next four years, how this has been financed, the maximum level of external debt, and the cost to the revenue budget.

The Minimum Revenue Provision (MRP) policy governs how the Council plans to account for the repayment of loan principal in relation to its external borrowing activities and has a fundamental impact upon the current and future capital financing budget. The current MRP policy is 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 is to achieve improved affordability on an annual basis over the short to medium term, although there are higher revenue charges in 25 – 50 years' time.

The Council's underlying need to borrow is measured by the Capital Financing Requirement which is 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.

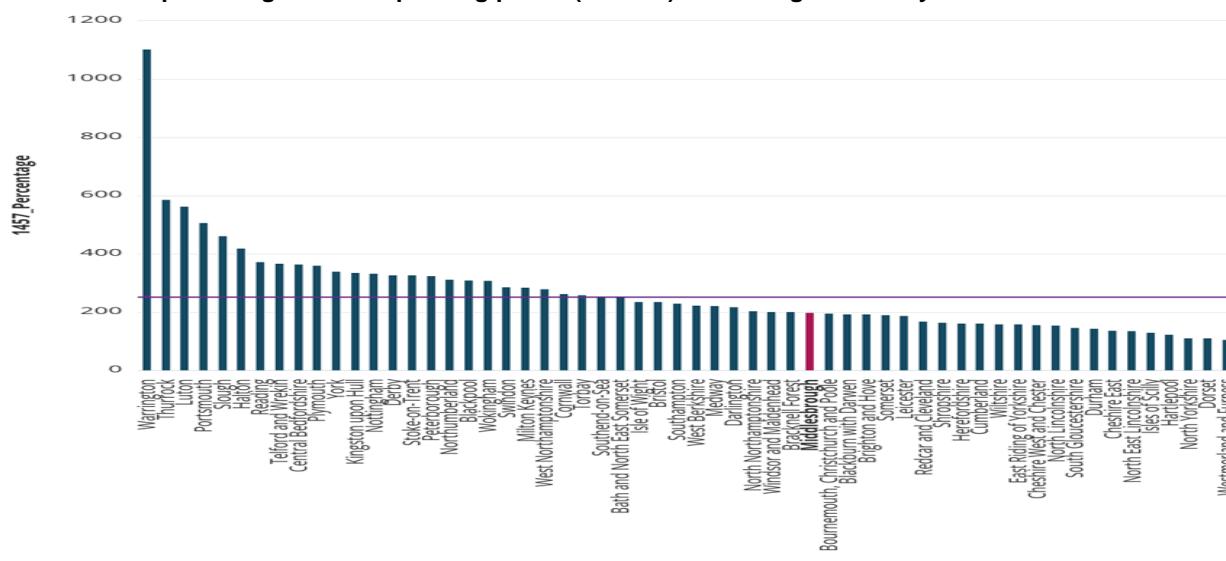
This results in the revenue cost of borrowing as shown in the table below.

	2024/25 actual	2025/26 forecast	2026/27 forecast	2027/28 forecast	2028/29 forecast	2029/30 forecast
Financing costs (£m)	10.406	12.205	14.151	16.022	16.769	17.396
Net Revenue Budget (£m)	143.190	143.304	200.840	225.265	241.231	250.017
Proportion of net revenue budget (%)	7.3%	8.5%	7.0%	7.1%	7.0%	7.0%

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

The Council will need to review what the affordability threshold will be in this context and if the 10% best practice amount previously recommended by CIPFA is still relevant. Capital investment is important for the ongoing Council plan ambitions, however, there continues to be a need to be prudent, sustainable and affordable. It will 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.

#### Total debt as a percentage of core spending power (2024/25) for All English unitary authorities



## **1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions**

1.1 This report outlines the Council's prudential indicators for the financial years 2026/27 – 2029/30 and sets the framework and approves the limits within which the treasury management operations for this period will work. It fulfils key legislative and guidance requirements as follows:

- (a) The setting of the prudential indicators setting out the expected capital activities and treasury management prudential indicators (included as treasury indicators) in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice.
- (b) The Treasury Management Strategy statement which sets out how the Council's treasury function will support capital decisions taken above, day to day treasury management activities on service delivery and any limitations on these, via the treasury prudential indicators.
- (c) The approval of the Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for historic capital debt for the financial year.
- (d) The Authorised Limit for External Debt for the financial year. This is the maximum amount of borrowing that the Council can enter, with any amount above this limit being deemed illegal.
- (e) The Annual Investment Strategy which sets out the Council's criteria for choosing the investment counterparties and limiting exposures to the risk of loss.

1.2 The information contained in the report regarding the Council's capital expenditure plans, treasury management and prudential borrowing activities, indicate that they are:

- Within the statutory framework and consistent with the relevant codes of practice.
- Prudent, affordable, and sustainable from the perspective of the S151 Officer.
- An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

<b>Our ambitions</b>	<b>Summary of how this report will support delivery of these ambitions and the underpinning aims</b>
<b>A successful and ambitious town</b>	Treasury Management is a corporate discipline that underpins and supports the financial infrastructure of the Council. As a result, this report and the governance around capital financing and treasury management arrangements indirectly contributes to all areas and ambitions within the Council Plan.
<b>A healthy Place</b>	
<b>Safe and resilient communities</b>	

<b>Delivering best value</b>	<p>The cost of capital financing and cashflow management for the Council is £12.2m per annum for 2025/26. This is one of the largest operating budgets managed by the Council and pays for more than £300m of historic capital investment. All decisions on borrowing and investments need to operate within this budget and the parameters set by Full Council (the Prudential Indicators) on an annual basis, to ensure that they are affordable and sustainable over the medium-term.</p> <p>Given the size of the transactions involved on borrowings and investments, it is important that these comply with the framework set out in the annual treasury management strategy. This allows risk to be managed in a prudent way, that appropriate governance measures are in place, and that best value can be achieved from these resources in the support of the Council Plan priorities.</p>
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## **2. Recommendations**

2.1 That the Council **approves** the following as set out below:

- 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.

## **3. Rationale for the recommended decision(s)**

3.1 The recommendations above will fulfil the following for the local authority:

- To comply with the Prudential Code for Capital Finance in Local Authorities and the Ministry for Housing, Communities, and Local Government (MHCLG) guidance on investments.
- To comply with the CIPFA Treasury Management Code of Practice for Local Authorities.
- To comply with the requirements of the Local Government Act 2003 Part 1.
- To approve a financial governance framework within which officers will operate when making both borrowing and investment decisions and entering material financial transactions.

#### **4. Background and relevant information**

4.1 The Prudential Indicators & Treasury Management Strategy report for the Council for 2026/27 covers the following areas:

- How the capital programme for the MTFP period is financed.
- The relevant prudential Indicators to monitor the performance, revenue budget affordability and sustainability of the capital expenditure being proposed in line with the requirements of the prudential code.
- Treasury Management arrangements in place for investing surplus funds and borrowing to fund capital expenditure financed by prudential borrowing.
- The types of investments the Council makes as part of managing its cash balances – the Annual Investment Strategy.
- Knowledge and skills of staff involved in the Treasury Management process.
- Minimum Revenue Provision policy – This determines how much the Council accounts for in terms of the revenue costs of historical capital debt. These costs have been incurred in relation to historical and future capital investment in its asset base to support the operational delivery of services.

4.2 Capital Expenditure relates to how the Council plans to invest in long-term assets and infrastructure (such as property, equipment, vehicles, roads etc.). The Council must consider how this expenditure is paid for and what the long-term financial implications are of undertaking this investment. The Council is also permitted to borrow funds to finance the capital programme under the Local Government Act 2003. It needs to consider the impact on the revenue budget of the level of borrowing being proposed, how it funds the repayment of this debt and the period over which this debt is repaid.

4.3 The Council must ensure the capital programme and its plans to borrow to finance it are prudent and affordable. Where elements of this are funded by borrowing (either externally or internally), the Council must set aside budgetary allocations in the general fund revenue budget to meet the cost of this debt. These budgets include the interest payable to lenders on external borrowing and the setting aside of funds to re-pay the principal element of debt (known as the Minimum Revenue Provision).

##### Prudential Indicators and Capital Investment Plans

4.4 The Council demonstrates the concepts of affordability, sustainability, and prudence on its investment plans by setting a range of Prudential and Treasury Management indicators. These are set out in Appendix 1 and are key metrics to the Corporate Director of Finance (S151 Officer) and elected members when setting the budget plans each year.

4.5 Any variance from these indicators during a financial year indicates either a higher level of indebtedness, or a lower level of prudence, on the capital activities of the Council than when the budget was set. The following section gives a brief commentary on these key indicators as we reach the start of the 2026/27 financial year.

4.6 There is total outstanding debt of £269.360 million on 31 December 2025, with circa £20m of additional borrowing expected to be required before 31 March 2026.

4.7 The forecast overall total long term external debt at the end of 2025/26 is therefore **£289.360 million** and should be compared with the estimated *Capital Financing Requirement* (the underlying value which the Council needs to borrow to fund capital activities) of **£312.383 million**. The Council therefore has an expected under-borrowed position of **£23.023 million**, which is financed via internal cash balances and provides a level of savings in interest payments as other revenue and capital cash has been used in lieu of borrowing. This is a key strategic decision each year as to whether the under-borrowing position is increased or reduced.

4.8 Table 6 in Appendix 1 shows the profile of outstanding debt over the whole of the medium-term financial planning period, and this will rise to a maximum of £351.223m by 31 March 2030. This increase in external debt is a direct result of the amounts required to fund the capital programme, and any additional cash flow demands required for liquidity purposes in each financial year.

4.9 The Council holds revenue budgets for repaying debt and interest (known as Capital Financing Costs). The repayment of debt costs for the 2026/27 financial year is expected to £14.151million (7.0% of the net revenue budget).

<u>Prudential Indicator</u>	2025/26 (£m)	<b>2026/27  (£m)</b>	2027/28 (£m)	2028/29 (£m)	2029/30 (£m)
<b>Capital Financing Requirement (underlying need to borrow)</b>	<b>312.383</b>	<b>333.755</b>	<b>350.350</b>	<b>355.651</b>	<b>358.733</b>
External Borrowing	289.360	<b>326.028</b>	347.623	350.651	351.233
Internal Borrowing	23.023	<b>7.727</b>	2.727	5.000	7.500
% of Net Revenue Budget on debt costs	8.4%	<b>7.0%</b>	7.1%	7.0%	7.0%
Authorised limit for External Debt	331.000	<b>354.000</b>	371.000	376.000	379.000

4.10 The table above summarises the key prudential indicators and how these change over the period to 2029/30 due to the Council's capital programme ambitions. Whilst the Council is not an outlier in terms of its level of total debt (see the graph below), it was previously reaching the limit of its revenue affordability on borrowing to fund its future capital investment. Changes to the Local Government Finance Settlement and how the net revenue budget have been calculated have changed somewhat with the Fair Funding Review 2.0 and the figures pre 2026/27 are not exactly comparable with those going forward.

4.11 The Council will need to review what the affordability threshold will be in this context and if the 10% best practice amount previously recommended by CIPFA is still relevant. Capital investment is important for the ongoing Council plan ambitions, but there continues to be a need to be prudent, sustainable and affordable. It will 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.

4.12 It is also a statutory requirement for the Council to set an authorised limit for external debt at the start of each financial year. This is an amount beyond which it would be ultra-vires (or outside of council powers) to exceed in a particular financial year. The authorised limit for 2025/26 is £331 million, with this increasing to **£354 million** for 2026/27 due to an increase in the level of borrowing required for the financial year.

4.13 It should be noted that the authorised limit for the Council is currently higher than either the level of external debt or the capital financing requirement. This is not uncommon within local authorities to build in extra headroom for unexpected capital investment, possible debt re-financing opportunities, and the remote possibility of needing to borrow for any further exceptional revenue purposes. At present, the Council's authorised limit is set at £20m above its capital financing requirement and allows a degree of flexibility within the Council's planning processes and this legal limit. As suggested above, it is not recommended to go beyond the capital financing requirement unless this is only for temporary and defined purposes.

### Treasury Management

4.14 Treasury Management is defined as '*the management of the Council's cash flows, borrowing and investments, and the associated risk*'. The main risks that affect a local authority include credit risk, interest rate risk, liquidity risk, and refinancing risk.

4.15 The Council is generally cash rich in the short term as many grants and contributions are paid in advance of need. Because of this, any excess cash is invested with an appropriate counterparty until the funds are required. When making an investment, the Council follows the advice set out in the Local Government Act 2003 and within the Treasury Management Code with paramount consideration given to the security of the sum invested, followed by the liquidity position of the Council and finally the interest rate achievable on the investment.

4.16 Given that credit criteria are the most important factor when making an investment decision, the Council receives regular updates from its external treasury management adviser, Arlingclose, on changes in credit ratings for individual financial institutions. They also advise on maximum amounts to be invested with each counterparty (financial institution) and the maximum duration for any fixed term deposits made. This framework helps to protect against the loss of any sums invested (credit risk), ensuring liquidity is not compromised, and that these investments earn interest to support the revenue budget.

4.17 On 31 December 2025, the Council had cash balances of £24.917 million invested either on fixed term deposit with central government or in liquidity accounts with appropriate banks. The strategic level of cash holdings is a minimum of £15.000 million below which the Council will look to borrow to maintain liquidity. The amount currently is slightly higher than normal due to income being received in advance of need in the first three quarters of the financial year and should reduce as we reach the end of the financial year.

4.18 In relation to external borrowing, the Council seeks to achieve a low but certain cost of finance, whilst retaining the flexibility to borrow for short-term periods and to respond to demands of the capital programme as needed. The Council therefore looks to create a balance between taking advantage of generally lower rates of interest for short term borrowing (predominantly from other local authorities) versus the need to achieve certainty over rates of borrowing in the longer term from either government or financial institutions (mainly from the PWLB or other banks).

4.19 Out of the £269.360 million worth of external debt on 31 December 2025, 89% is long term from the Public Works Loan Board – the government agency for local authority borrowing and 11% is long term with financial institutions (generally banks). There is also £8.0m short-term borrowing in place at present.

4.20 Current long-term interest rates for borrowing from the PWLB are between 4.25% and 6.25% depending on the length of the loan (local authorities can borrow up to 50 years from central government) with short term rates being between 3.5% and 4.25% for up to one year in duration.

4.21 On local authority borrowing, there has been much interest from both regulators and the media in recent years around individual councils taking significant amounts of long-term debt from the PWLB for the sole purposes of commercial activity – generally property investment. Under the Prudential Code, local authorities have lots of freedom to conduct and self-regulate their own borrowing and investment activities.

4.22 Both the Government and the Chartered Institute of Public Finance & Accountancy have said that borrowing for the sole purposes of commercial investment is against the spirit of the Code. The PWLB outlawed any local authority applications for this type of activity from 1<sup>st</sup> April 2021, with Section 151 Officers having to confirm on an annual basis that their investment plans do not contain any of these types of activity.

4.23 Although the Council has undertaken some capital projects in the past that have generated a revenue income stream, the primary aim has always been to regenerate the areas involved and to grow the wider economy within the Town. As a result, these activities can continue under the Code, with funding from the PWLB if required.

#### Knowledge & Skills

4.24 This Strategy provide details of the knowledge and experience in place of Officers within the corporate finance team (the local authority service that deals with treasury functions) and the access to external advice and guidance made available to enhance this. Council officers have a broad range of skills to ensure treasury management decisions are informed and risk-assessed on a consistent basis. The Council uses

external consultants to provide up to date and specialist advice which is bespoke for local government sector regulations, particularly focusing on risks and opportunities.

4.25 The Council also participates in a treasury management benchmarking club run by Arlingclose. This club provides access to data on other local authorities' approaches to Treasury Management, including strategic information, and the wider performance outputs of the Treasury Management activities.

4.26 As part of the Treasury Management Code, it is also a best practice requirement that elected members have the necessary skills & knowledge to scrutinise the Council's plans and processes in this area. The last formal training in this area provided by our external advisers was undertaken in 2021. In between this the S151 and Deputy S151 Officer have provided guidance and support as required to Executive and Audit Committee when the annual strategy, mid-year and outturn reports have been produced. However, it is good practice to have regular specialist training in this area due to the complexity of the subject matter and the high levels of risk involved in treasury matters. A session is therefore being organised between Arlingclose and Members to be held prior to the Council meeting on 18 February 2026, considering this report for approval.

#### Minimum Revenue Provision

4.27 The Council is required under the Local Government Act 2003 Part 1 to maintain a policy for the repayment of historic external debt incurred from the annual revenue budget. The policy is split into different elements which are influenced by when the borrowing was originally incurred, the type of assets, and the useful economic life of the assets the borrowing is funding. The Council has in previous years amended this policy to reflect the useful economic life of the funded assets more accurately and then in 2022/23 moved to an annuity basis of calculating these revenue costs. **No changes are being proposed to the MRP policy for 2026/27 financial year.** This policy is set out at the end of Appendix 1 for information.

#### **5. Ward Member Engagement if relevant and appropriate**

5.1 Not relevant to this report as it relates to corporate financial management and governance issues.

#### **6. Other potential alternative(s) and why these have not been recommended**

6.1 It is a statutory requirement for the Council to approve the annual Treasury Management Strategy and set of Prudential Indicators. This report is a key step in achieving that objective. As a result, there are no alternatives available.

#### **7. Impact(s) of the recommended decision(s)**

<b>Topic</b>	<b>Impact</b>
Financial (including procurement and Social Value)	All relevant financial implications are outlined within the body of this report and the supporting Appendix 1. The capital programme and financing being recommended in the budget report remains affordable within the revenue budget

	<p>parameters but needs to be strictly managed and prioritised going forward. The treasury indicators and processes remain robust and within prudent limits. The policy on minimum revenue provision also remains in line with the appropriate regulations and government guidance.</p> <p>The table between paragraphs 4.9 and 4.10 outlines the key debt metrics and the capital financing costs as a % of the net revenue budget over the medium-term financial planning period.</p>
Legal	There are no direct legal implications of this report. All activity on capital financing, investments and borrowing is under current local authority powers under either the Local Government Act 2003, or the capital finance and accounting regulations.
Risk	Any risk related issues are set out within the report. Risk management is an integral part of the Council's treasury management strategy, and these are considered as part of business-as-usual activities and are set out in more detail within the Treasury Management Practices document.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no applicable issues to consider within this report.
Reducing Poverty	There are no applicable issues to consider within this report.
Climate Change / Environmental	There are no applicable issues to consider within this report.
Children and Young People Cared for by the Authority and Care Leavers	There are no applicable issues to consider within this report
Data Protection	There are no applicable issues to consider within this report.

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

Action	Responsible Officer	Deadline
To implement and monitor the 2026/27 prudential indicators and treasury management strategy	Head of Corporate Finance	1 April 2026 (and during the 2026/27 financial year)

### **Appendices**

## Background papers

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Council	Prudential Indicators and Annual Treasury Management Strategy – 2025/26	19 February 2025
Executive	Prudential Indicators and Treasury Management Strategy Report – Mid Year review 2025/26	3 December 2025
Executive	Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27	4 February 2026

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**APPENDIX 1****PRUDENTIAL INDICATORS 2026/27 to 2029/30 &**  
**TREASURY MANAGEMENT STRATEGY - 2026/27****Introduction**

The Treasury Management Strategy (TMS) and Prudential Indicators report gives a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services at the Council. In addition, it also gives an overview of how the associated risks are managed and the implications for future financial sustainability.

The following information is a requirement of the 2021 Code of Practice on Treasury Management, issued by the Chartered Institute of Public Finance & Accountancy, and has been produced in an accessible way to enhance members' understanding of these often-technical areas.

**Capital Expenditure and Financing**

Capital Expenditure is where the Council spends money on assets, such as property, IT and vehicles that will be used and give benefits for more than one financial year. In local government, this also includes spending on assets owned by other bodies, finance leases, and loans & grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are generally not capitalised.

In the 2026/27 financial year, the Council is planning a total capital expenditure of £79.483m. There are a range of new bids for capital funding, mainly financed through prudential borrowing. More details of this are given in Appendix 9 to the Budget 2026/27 and MTFP report on the capital programme and strategy. These are included in the table below with increased capital spend proposals in later financial years.

**Table 1:** Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2025/26 £m Estimate	2026/27 £m Estimate	2027/28 £m Estimate	2028/29 £m Estimate	2029/30 £m Estimate
<b>Total Capital Expenditure</b>	64.173	<b>79.483</b>	51.838	29.897	22.523

All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and private finance initiative). The planned financing of the above expenditure is as follows:

**Table 2: Capital financing in £ millions**

	2025/26	2026/27	2027/28	2028/29	2029/30
<b>FUNDED BY:</b>	£m	£m	£m	£m	£m
Prudential Borrowing	17.170	<b>26.741</b>	22.260	11.475	9.645
Capital Receipts	6.000	<b>11.960</b>	16.060	14.231	12.878
Flexible Receipts	5.694	<b>5.789</b>	1.270	-	-
Grants	34.319	<b>29.498</b>	6.363	0.078	-
Contributions	0.990	<b>5.495</b>	5.885	4.113	-
<b>Total FUNDING</b>	<b>64.173</b>	<b>79.483</b>	<b>51.838</b>	<b>29.897</b>	<b>22.523</b>

Any external debt must be repaid over time by other sources of finance. This comes from the revenue budget in the form of Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace/repay debt finance. The Council generally uses capital receipts to finance new capital expenditure rather than to redeem debt. It also has a flexible use of capital receipts strategy where revenue costs that meet the definition of 'qualifying expenditure' in relation to savings, service transformation, or increased income can also be capitalised and funded by flexible capital receipts.

The total cost of MRP included in the Council's revenue budget, and for the medium-term financial planning period, is as follows:

**Table 3: Minimum Revenue Provision in £ millions**

	2025/26 forecast	2026/27 forecast	2027/28 budget	2028/29 budget	2029/30 budget
Cost to Revenue Budget	4.828	<b>5.219</b>	5.665	6.174	6.563

- The Council's minimum revenue provision statement for 2026/27 is available towards the end of this report.
- In addition, the Council can over-provide for the repayment of debt above the level of MRP required under statutory guidance. This is known as voluntary revenue provision (VRP) and is at the discretion of the S151 Officer. Where VRP is available, this will be included in the table above.

The Council's cumulative amount of debt finance still outstanding is measured by the capital financing requirement (CFR). This increases with new debt-financed capital

expenditure each year and then reduces with minimum revenue provision and capital receipts used to redeem debt.

The CFR is expected to increase by £21.372m or 6.8% during the 2026/27 financial year. This increase is due to the new capital expenditure funded by external debt of £26.591m less the MRP set aside of £5.219m.

Based on the above plans for expenditure and financing, the Council's estimated CFR for the period of the Medium-Term Financial Plan is as follows:

**Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions**

	31.3.2026 forecast	31.3.2027 forecast	31.3.2028 budget	31.3.2029 budget	31.3.2030 budget
<b>TOTAL CFR</b>	312.383	<b>333.755</b>	350.350	355.651	358.733

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets, or be used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.

The Council plans to receive £22.2m of capital receipts in the coming financial year as follows. These amounts have increased significantly in recent years due to the asset review undertaken by the Council. Some of these receipts may not be required in the financial year they are generated and can be carried forward for future use.

**Table 5: Capital receipts in £ millions**

	2025/26 forecast	2026/27 forecast	2027/28 budget	2028/29 budget	2029/30 budget
<b>TOTAL</b>	6.335	<b>22.186</b>	15.302	4.450	7.000

- The level of capital receipts for each financial year is monitored between Regeneration and Finance teams, and any significant changes are reported to Executive as part of the Quarterly budget updates.
- The Council has adopted and used in the past two financial years and will do so for 2026/27, the Flexible Use of Capital Receipts Policy where these proceeds may be used for funding service transformation costs that would otherwise be classed as revenue expenditure.
- The large value of receipts generated in previous financial years as part of the assets sales theme to support the Council's transformation programme. Some of these may need to be rolled forward depending on the actual transformation expenditure achieved in each financial year and the amount needed to finance the capital programme.

## **Treasury Management**

Treasury Management is concerned with keeping sufficient but not excessive cash resources, available to meet the Council's spending needs, while managing the risks involved in these investments. Surplus cash is invested until required, whilst a shortage of cash will be financed by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Cash balances can be a combination of both revenue and capital cash given that there are timing differences between funds being received from various sources and those being spent on the operational plans of the Council.

The Council is typically cash rich in the short-term as revenue income is received generally before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. Revenue cash surpluses are therefore offset against capital cash shortfalls to reduce the overall borrowing amount required, as part of an integrated strategy on Treasury Management. This is in line with best practice.

The Council on 31 December 2025 had £269.360m of borrowing at an average interest rate of 4.1% and £24.917m of treasury investments at an average rate of around 3.9%.

Both investment and borrowing rates available to the Council are linked to the UK bank rate which has been cut several times over the last financial year.

**Borrowing strategy:** The Council's main objectives when undertaking external borrowing is to achieve a low but certain cost of finance for long-term capital projects, whilst retaining flexibility should plans change in future. This is important for certainty in relation to the revenue budget position, as well as demonstrating value for money.

Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (overall council need to borrow).

**Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions**

	<b>31.3.2026 forecast</b>	<b>31.3.2027 budget</b>	<b>31.3.2028 budget</b>	<b>31.3.2029 budget</b>	<b>31.3.2030 budget</b>
External Debt	289.860	<b>326.068</b>	347.623	350.651	351.233
Capital Financing Requirement	312.383	<b>333.755</b>	350.350	355.651	358.733

Statutory guidance is that debt should remain below the capital-financing requirement, except in the short-term where the benefits of short-term borrowing may be taken. As can be seen from Table 6, the Council expects to comply with this in the medium term with debt being lower than the capital-financing requirement in all relevant financial years.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt levels start to approach the legal limit and is a more realistic rather than worst-case view of what will happen during the financial year. Any need to change these during the 2026/27 financial year from the original budget assumptions will be reported by the Corporate Director of Finance (S151 Officer) to the Executive, at the earliest opportunity.

**Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m**

	2025/26 limit	2026/27 limit	2027/28 limit	2028/29 limit	2029/30 limit
Authorised Limit (OB + £10m)	331.000	<b>354.000</b>	371.000	376.000	379.000
Operational Boundary (CFR + £10m)	321.000	<b>344.000</b>	361.000	366.000	369.000

**Investment strategy:** Treasury investments arise from the Council receiving cash before it is paid out again for service commitments. These cash balances can be a useful source of working capital, particularly around the need to reduce externally borrowing levels.

The Council’s policy on these investments is to prioritise security and liquidity over yield, which focuses on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities, or selected high-quality banks, to minimise the risk of loss. Most investments are for less than six months, so these do not qualify as long-term investments. Interest earned on cash balances tends to follow base rate levels over the financial year.

The aim of the Council is to hold a strategic level of cash of around £15 million. This amount meets two criteria for the Council. It cash backs all of the general fund reserve, plus a small amount of usable earmarked reserves. It also classifies the organisation as a professional (rather than retail) investor under MIFID II legislation – European law on financial instruments management. There may be an occasional need to hold less than the £15m when interest rates on borrowing are higher than those in the borrowing strategy, or where cash is expected to be received soon.

**Table 8: Treasury management investments in £millions**

	<b>31.3.2026 forecast</b>	<b>31.3.2027 budget</b>	<b>31.3.2028 budget</b>	<b>31.3.2029 budget</b>	<b>31.3.2030 budget</b>
Short-term investments	15.000	<b>15.000</b>	15.000	15.000	15.000
Longer-term investments	0.000	<b>0.000</b>	0.000	0.000	0.000
<b>TOTAL</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>

**Governance:** Decisions on treasury management in relation to investment and borrowing are made daily. These are delegated by the Corporate Director of Finance to the Head of Corporate Finance (Deputy S151 Officer) to ensure that investment and borrowing decisions can be made in an informed and timely manner. Staff in the corporate finance team act within the treasury management strategy approved by Council and the treasury management practices (operational guidance set out by the CIPFA Code of practice). Significant decisions on treasury are discussed by the Head of Service with the Section 151 Officer as necessary.

Quarterly updates on treasury management activity are reported to Executive as part of the regular budget monitoring process, including a more detailed mid-year report. The corporate finance team meet weekly to discuss cash flow forecasts, borrowing decisions and operational matters on a weekly basis. All this information feeds into the both the prudential indicators and the treasury management strategy.

### **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on external borrowing and minimum revenue provision on capital expenditure are. These costs can be offset by any interest earned on cash balances or by income earned via commercial investments where borrowing has been used.

The net combined charge to the revenue budget is reported as capital financing costs; this is compared to the net revenue stream i.e., the amount funded from council tax, business rates and general government grants. This is an important indicator around the affordability of the Council's capital programme going forwards.

**Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream.**

	2025/26 actual	2026/27 forecast	2027/28 forecast	2028/29 forecast	2029/30 forecast
Financing costs (£m)	12.205	<b>14.151</b>	16.022	16.769	17.396
Net Revenue Budget (£m)	143.304	<b>200.840</b>	225.265	241.231	250.017
Proportion of net revenue stream	8.5%	<b>7.0%</b>	7.1%	7.0%	7.0%

**Sustainability:** Due to the very long-term nature of capital expenditure and its financing, the revenue budget implications of this expenditure incurred in the next few years could extend for up to some 50 years into the future.

The figures in the table above have remained at lower levels when debt for the Council has been increasing. Members should be aware that this is because of the various capital investments in commercial property made by the Council over the last few years for regeneration purposes. This results in around £2.6m of income per year being credited to the capital financing budget by the end of the 2026/27 financial year. It is imperative and a key budget risk that these rental levels are maintained, and the income assumed in the estimates above continue to be generated.

The table above illustrates the key figures on the capital financing costs and how these change over the period to 2029/30. Whilst the Council is not an outlier in terms of its level of total debt, it was reaching the limit of its revenue affordability on borrowing to fund its future capital investment. Changes to the Local Government Finance Settlement and how the net revenue budget have been calculated have changed significantly with the Fair Funding Review 2.0 and the figures prior to this are not exactly comparable with those going forward.

The Council will need to review what the affordability threshold will be in this context and if the 10% best practice amount previously recommended by CIPFA is still relevant. Capital investment is important for the ongoing Council plan ambitions, however, there continues to be a need to be prudent, sustainable and affordable in its financial plans. The Corporate Director of Finance's view is that the Council will 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 prudential indicators & limits set out in this report are consistent with the Council's current commitments, existing plans, and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices.

The Corporate Director of Finance confirms that these are based on estimates of the most likely and prudent scenarios, with in addition sufficient headroom over and above this to allow for operational management and some scope for flexibility. For example, unusual cash movements or any unbudgeted capital expenditure required. Risk analysis and management strategies have been considered; as have plans for capital expenditure, estimates of the capital financing requirement, and estimates of cash flow requirements for all purposes.

### **Prudence – Treasury Management Indicators**

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2026/27, 2027/28, 2028/29 and 2029/30 of 100% of its estimated total borrowing undertaken. All debt can be taken at fixed rates of interest if required.

It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2026/27, 2027/28, 2028/29 and 2029/30 of 20% of its estimated total borrowing undertaken.

This means that the Corporate Director of Finance will manage fixed interest rate exposures on total debt within the range 80% to 100% and variable interest rate exposures on total debt within the range 0% to 20%.

It is also recommended that the Council sets upper and lower limits for the maturity structure (when the debt needs to be repaid) of its total borrowing as follows.

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

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

Currently investments are limited to a maximum of two years, with any deals being arranged so that the maturity will be no more than two years after the date the deal is arranged.

The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

### **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Corporate Finance has more than 25 years' experience in local government treasury management. There is similar experience within the finance teams in relation to treasury management, budgeting, & accounting for capital expenditure and financing. The Council also pays staff to study towards relevant professional qualifications including CIPFA, CIMA, ACCA, AAT, and other relevant vocational studies.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Ltd as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

### **Treasury Management Practices**

Further details of how the treasury management function operates, the procedures used to manage banking, treasury, and capital market transactions, how risk is managed by the in-house team, and how these fit with the CIPFA Code of Practice, is included in the Council's set of Treasury Management Practices.

Minor operational and terminology changes to this are made by the Corporate Director of Finance on an ongoing basis to keep the TMP's updated. If any significant changes are required to this document, either because of organisational or regulatory changes, this will be brought to full Council for approval.

**ANNUAL INVESTMENT STRATEGY & TREASURY MANAGEMENT**  
**- POLICY STATEMENT 2026/27**

1. In accordance with revised guidance from the Ministry of Housing, Communities, and Local Government (MHCLG), a local authority must prepare and publish an Annual Investment Strategy which must be approved by the Council before the start of the financial year to which it relates.
2. The MHCLG guidance offers councils greater freedom in the way in which they invest monies, providing that prior approval is received from Members by approving the Annual Investment Strategy. The guidance also considers the wider implications of investments made for non-financial returns and how these can be evaluated.
3. The Local Government Act 2003, which also introduced the Prudential Code for Capital Finance, requires that a local authority must have regard to such guidance as the Secretary of State issues relating to prudent investment practice.
4. In addition, the Chartered Institute of Public Finance & Accountancy (CIPFA) published a revised Code of Practice for Treasury Management in the Public Services in December 2021. This requires the Council to clearly state, in the Annual Investment Strategy document, its policy on effective control, and monitoring of its treasury management function. These controls are set out in Treasury Management Practices (TMP's) which have been approved as part of acceptance of the previous Code.
5. The revised Strategy, showing where the Guidance has determined Council policy, can be set out as:

**ANNUAL INVESTMENT STRATEGY 2026/27**

6. Middlesbrough Council will create and maintain as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives, and approach to risk management of its treasury management activities.
  - suitable treasury management practices (TMPs), setting out the way in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
7. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
8. Middlesbrough Council will receive reports on its treasury management policies, practices, and activities, including, as a minimum: an annual strategy in advance of the year, a mid-year review, and an annual report at the end of each financial year, in

the form prescribed in its TMP's. Revised strategies can be presented to the Council for approval at any other time during the year if the Corporate Finance considers that significant changes to the risk assessment of the Council's investments have occurred.

9. Middlesbrough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Corporate Director of Finance. The execution and administration of treasury management decisions is further delegated to *the Head of Corporate Finance (Deputy S151 Officer)*, who will act in accordance with the organisation's policy statement, TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.
10. Middlesbrough Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
11. The Council is very circumspect in its use of credit rating agencies with the section on Specified Investments setting out the current policy. Ratings are monitored on a real time basis as and when information is received from either our treasury management consultants or any other recognised source. Decisions regarding inclusion on the Approved List are made based on market intelligence drawn from several sources.
12. All staff involved in treasury management will, under the supervision of *the Head of Corporate Finance*, act in accordance with the treasury management practices and procedures, as defined by the Council. Such staff will undertake relevant training, identified during the Council's induction process and, on an on-going basis, the Council's appraisal policy.
13. The general policy objective contained in the guidance is that local authorities should invest prudently the short-term cash surpluses held on behalf of their communities. The guidance emphasises that priority should be given to security and liquidity rather than yield. Within that framework the Council must determine a category of borrowers, who must be of "high credit quality" classified as **Specified Investments**, with whom it can invest surplus cash with minimal procedural formalities and further identify a category of borrowers classified as **Non-Specified Investments**, with whom it can also invest but subject to prescribed limits.
14. Although the guidance definition of Non-Specified Investments is "one not meeting the definition of a Specified Investment", the authority is required to identify which categories of investments are identified as prudent to use and the limits on any such investment either individually or in total. It is because some organisations do not subscribe to credit rating agencies that they have to be included as Non-Specified Investments, rather than any concern over their creditworthiness.
15. The guidance defines investment in such a way as to exclude pension fund and trust fund investments. In practice, Middlesbrough Council, in its role as Administering Authority for the Teesside Pension Fund, follows similar procedures as approved by

Members as part of compliance with the CIPFA Code of Practice, albeit with different limits.

### **LIMITS & DEFINITION OF SPECIFIED INVESTMENTS**

16. The following are currently determined as meeting the criteria for Specified Investments:
  - The investment is made with the UK Government, or a local authority (as defined in the Local Government Act 2003), or a police authority, or fire, or a UK Nationalised Industry, or UK Bank, or UK Building Society.
  - The investment is made with a Money Market Fund that, at the time the investment is made, has a rating of AAA.
  - The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document which, at the time the investment is made, has a short-term "investment grade" rating with either Standard & Poors, Moody's Investors Search Ltd or Fitch Ratings Ltd (or in the case of a subsidiary the parent has such a rating). Where ratings awarded differ between the rating agencies any one award below investment grade will prevent the investment being categorised as a Specified Investment. The rating of all listed bodies must be monitored monthly. Where officers become aware of a downward revision of rating, that moves the body out of the "investment grade" category, between such monthly checks, the body should be removed from the list of Specified Investments and, if considered appropriate, the investment should be recalled.
17. All specified investments must be denominated in sterling and must be one where the Council may require it to be repaid or redeemed within 12 months of the date on which the investment is made and must be considered of high credit quality. This is defined as having met the criteria set out above.
18. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.
  - The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 90%
  - The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which has no limit.
  - The maximum investment in any one group (i.e., a bank and its wholly owned subsidiaries) is also £15m.

## **LIMITS & DEFINITION OF NON-SPECIFIED INVESTMENTS**

19. These categories of investment currently meet the criteria for non-specified investments:

- The investment is made with a UK bank, or UK building society, or a UK subsidiary of an overseas bank.
- The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document, which is not a Specified Investment.
- The investment is for a period of one year or longer.

20. All non-specified investments must be denominated in sterling. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum % of the total of all investments which can be non-specified investments, at the time the investment is made, is 10%.
- The maximum investment with any one counterparty is £3 million.
- The maximum investment in any one group (i.e., a bank and its wholly owned subsidiaries) is £3m.
- The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

21. The maximum period for which an investment can be made is three years, with the maturity date no more than three years and 1 month from the time the deal is agreed.

22. As referred to earlier in the report, borrowing should be kept at, or below, the expected capital financing requirement over the medium term to reduce the risk of exposure to interest rate fluctuations. The balance of 'net borrowing' (loans less investments) should also be monitored to, where prudent, minimise interest rate differences.

23. The Council considers that it is empowered by Section 12 of the Local Government Act 2003 for the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. While not "borrowing to invest" it is prudent to invest monies raised in advance of expenditure. As required by the Guidance such investment is permitted providing the anticipated expenditure is within this or the next financial year or within a period of eighteen months, whichever is the greater.

## TREASURY MANAGEMENT POLICY STATEMENT

24. Middlesbrough Council defines its treasury management activities as:  
*'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*
25. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered to manage those risks.
26. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
27. The high-level policies and monitoring arrangements adopted by the Council for Borrowing and Investments are as follows:

### Borrowing

- Any borrowing decisions will aim to strike an appropriate risk balance between securing low interest rates and achieving cost certainty over the periods for which funds are required. Economic forecasts available from our treasury management advisers and any other available sources will be used to form a view on the target borrowing rates and overall borrowing strategy.
- Any decisions should also look to maintain the stability and flexibility of the longer-term debt portfolio, given the current interest rate environment where short-term borrowing or internal borrowing offer revenue budget savings.
- The main sources of funding for external borrowing for the Council are the Public Works Loan Board, Local Authorities, and financial institutions.

### Investments

- The CIPFA/MHCLG guidance require the Council to invest its funds prudently and to have regard to security, liquidity and yield, when making decisions.
- Security being the arrangements in place to protect principal sums invested by a local authority.
- Liquidity being to ensure that enough cash resources are available on a day-to-day basis for transactional needs.
- Yield being the interest rate and total financial return applicable to the investment being made.
- With these strategic issues in mind, the management of credit risk (or security) is key to the Council's investment strategy and any subsequent activity. The Council uses the external advisers' credit worthiness matrix to determine limits with individual counterparties.

## **MINIMUM REVENUE PROVISION POLICY**

### **INTRODUCTION**

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

### **MEANING OF “PRUDENT PROVISION”**

31. The main part to the guidance is concerned with the interpretation of the term “prudent provision”. The guidance proposes several options. It explains that provision for repayment of the borrowing, which financed the acquisition of an asset, should be made over a period bearing some relation to that over which the asset continues to provide a service or has economic benefit. It should also cover the gap between the Capital Financing Requirement and the various sources of capital income available to the Council to finance its capital programme, such as capital receipts, capital grants, contributions and direct revenue financing.

### **OPTIONS FOR PRUDENT PROVISION**

#### **Option 1: Regulatory Method**

32. For debt supported by (Revenue Support Grant) RSG in previous years, authorities will be able to continue to use the formulae in regulations, since the RSG was provided on that basis.

#### **Option 2: CFR Method**

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

#### **Option 3: Asset Life Method**

34. For new borrowing under the Prudential system (from 2008) for which no government support is given, there are two main options. Option 3 is to make provision for debt

repayment in **equal annual instalments** over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

35. The formula allows an authority to make **voluntary revenue provision (VRP)** in any financial year that this is affordable.
36. In the case of the construction of a new building or infrastructure, MRP would not need to be charged until the new asset comes into service. This "**MRP holiday**" would be perhaps 2 or 3 years in the case of major projects and could make them more affordable. There would be a similar effect in the case of Option 4 under normal depreciation rules.

#### **Option 4: Depreciation Method**

37. Alternatively, for new borrowing under the prudential framework for which no Government support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.
38. Councils will normally need to follow the standard procedures for calculating depreciation when making this revenue provision.

#### **Option 5: 2% Annuity Method**

39. This method recognises the time value of money and the useful life of the assets funded from borrowing and is seen as a fairer way of charging MRP. It is supported by the Council's treasury management advisers (Arlingclose) and is being adopted by many local authorities nationally as an equitable basis for calculating the revenue costs of repaying debt.

**MINIMUM REVENUE PROVISION -  
2026/27 POLICY FOR MIDDLESBROUGH COUNCIL**

40. The Secretary of State recommends that before the start of each financial year, a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council as part of its budget setting process. The statement should indicate which of the options listed above are to be followed in the financial year.
41. For supported capital expenditure, Middlesbrough Council intends to use **option 5 - a 2% annuity basis** for the coming financial year.
42. For unsupported capital expenditure, Middlesbrough Council intends to use **option 5 - a 2% annuity basis** for the coming financial year.
43. Any change to the above policy during the financial year will need to be proposed by the S151 Officer (with a report setting out the reasons for the change) to full Council, for discussion and then approval.

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