

EXECUTIVE

A meeting of the Executive was held on Wednesday 17 December 2025.

PRESENT: Mayor C Cooke (Chair) and Councillors L Henman, P Storey and N Walker

ALSO IN ATTENDANCE: D. Hodgson (Local Democracy Reporter)

OFFICERS: A Bates, C Benjamin, S Bonner, G Field, A Glover, L Grabham, R Horniman, A Humble and E Scollay

APOLOGIES FOR ABSENCE: Councillors T Furness, P Gavigan, J Rostron and J Ryles

25/72 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Chair welcomed all those present to the meeting and described the fire evacuation procedure.

25/73 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

25/74 **MINUTES - EXECUTIVE - 3 DECEMBER 2025**

The minutes of the Executive meeting held on 3 December 2025 were submitted and approved as a correct record.

25/75 **ANNOUNCEMENTS FROM THE MAYOR**

None.

25/76 **QUESTIONS FROM MEMBERS OF THE PUBLIC (IF ANY)**

None.

25/77 **QUESTIONS FROM ELECTED MEMBERS (IF ANY)**

None.

25/78 **MATTERS REFERRED FROM SCRUTINY OR COUNCIL (IF ANY)**

None.

25/79 **REPORTS FROM THE OVERVIEW AND SCRUTINY BOARD OR A SCRUTINY PANEL (IF ANY)**

None.

25/80 **2026/27 DRAFT BUDGET AND MEDIUM TERM FINANCIAL PLAN 2026/27 TO 2029/30**

The Mayor and Executive Member for Finance submitted a report for Executive consideration. The report was a key stage in the budget development process for 2026/27 and the MTFP for the four-year period to 2029/30. It presented budget and council tax proposals that would achieve a legally balanced budget for 2026/27, and a balanced position for 2027/28 to 2028/29 over the period of the Government's Fair Funding Review 2.0.

The draft budget would progress to the consultation phase of the budget development process during the period 18 December 2025 to 11 January 2026.

The Council Plan was the Council's overarching business plan for the medium term and was

typically refreshed on an annual basis. It set out the ambitions and priorities of the Elected Mayor of Middlesbrough and the wider priorities that the Council was required to deliver. On 3 December 2025, Executive 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 and noted that a further report detailing the workplan (including measures and initiatives) would be presented to Executive for approval in February 2026. The proposed service budget growth detailed in Appendix three of the report, and summarised in Table 4 in paragraph 4.48, were linked to the achievement of the proposed outcomes contained within that report.

The Medium-Term Financial Plan (MTFP) was a financial interpretation of the Council Plan and incorporated the annual revenue and spending plans which aimed to align and to deliver the Council's ambitions. The 2025/26 Budget and MTFP report to Council in February 2025, and the quarterly budget monitoring reports to Executive throughout 2025/26, 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 at 2024/25 budget setting. This had been supported by improved governance existing throughout the Council, as well as budgetary control measures being strengthened and faster, more effective intervention when budgets were overspending (including the requirement for services to produce recovery plans).

However, there was still a continuing focus on the Council's finances in the future.

It was therefore essential that the Council developed a robust medium term financial strategy to achieve financial sustainability over the course of its MTFP whilst demonstrating that it was achieving Best Value in its use of resources. It was essential that the 2026/27 budget process achieved the following several key objectives including 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 and further develop and establish programmes and projects that deliver improved outcomes at lower cost whilst meeting the Mayor's priorities within the Council Plan.

In terms of Local Government Funding, the report submitted to Executive in September 2025 provided details of a review of Local Government Funding (known as Fair Funding Review 2.0) for which a consultation ran from 20 June 2025 to 15 August 2025. This was a comprehensive consultation which outlined proposed fundamental reforms to local government funding in England and sought views on the approach to determining new funding allocations for local authorities and fire and rescue authorities. The approach proposed by the Government aims to make the way funding is provided for local authorities fairer and simpler and aims to move funding to authorities who have the greatest need, such as Middlesbrough.

The September 2025 report to Executive, and quarterly budget monitoring reporting, identified there were several existing service demand/inflation pressures that continued to add further financial pressures were emerging. There were also a several budgets that required re-basing due to reasons including re-evaluating achievable income levels against current budgets and changes to services required due to legislative changes. These had been reviewed in light of 2025/26 financial performance and further information regarding future demand and forecasts.

The Mayor commented the Council had been working hard since 2023 to return to a position of financial stability. The Executive welcomed the Fair Funding decision that had been made by the government. The Mayor also commented the Council planned to invest £6 million in front line services and the proposed budget was a demonstration of what the Council could do if it was funded adequately. While the budget proposals were cautious it was hoped further work could be undertaken in the future.

The Mayor and Executive Member for Finance expressed their thanks to staff in the Finance department for their efforts in the budget process.

The Executive Member for Finance explained the Council had experienced significant cuts since 2013 and had been asked to provide more services with less resource. While the s.151 officer had recommended increasing Council Tax by the maximum amount, the Council was confident that an increase of 2%, to cover the Adult Social Care precept, was affordable and that its planned investments were prudent. There had been a move away from practices of

overspending and reserves had been replenished so that, if they were required, they could be used with a planned approach. Consequently, the Council's reserves were growing and were projected to be approximately £40million by 2029.

The Mayor advised the Executive Member for Finance would be leading on a consultation exercise on 5 January 2026 and would combine this with a Mayoral surgery.

OPTIONS

The Council was required by law to set a balanced budget and to operate robust and meaningful financial planning arrangements and the report set out the development process and timeline for achieving that objective. Therefore, no other options were submitted as part of the report.

ORDERED that Executive approve the proposed draft budget and budget proposals for service budget growth and council tax for 2026/27 be presented for public consultation, commencing on 18 December 2025 and concluding on 11 January 2026. This is prior to confirmation of Government funding and finalising the proposed budget by Executive on 4 February 2026 for consideration and approval by Council on 18 February 2026.

AGREED that Executive note:

- That the report was prepared following initial analysis of the level of Government funding available to Middlesbrough Council from information contained within the Local Government Finance Policy Statement published by the Government on 20 November 2025, however this was before confirmation was received of the Government funding in the Provisional Local Government Finance Settlement which was scheduled to be published in the week commencing 15 December 2025. The figures contained within the report and the budget proposals were therefore subject to further review and change once the detail of the Provisional Local Government Finance Settlement was published.
- The current estimate of the increase in Government funding for Middlesbrough Council resulting from the Government's Fair Funding Review 2.0 totalled £10.653m in 2026/27, £14.485m in 2027/28, and £12.438m in 2028/29, detailed in Table 1 of the report. However, this was subject to potential significant change before being finalised as part of the Provisional Local Government Finance Settlement.
- The proposed budget for 2026/27 and the updated Medium Term Financial Plan (MTFP) for the period to 2029/30, detailed in Table three of the report, and the key budget assumptions that it was based on detailed in paragraphs 4.38 to 4.41 of the report.
- That there were 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, detailed in Appendix one of the report.
- The proposed removal of savings totalling £2.458m p.a. from the MTFP which were now found to be unachievable in the manner originally intended, detailed in paragraph 4.36 of the report.
- That in light of the current estimates of increased Government funding forecast to be received by Middlesbrough Council the Mayor and Executive had proposed the following:
 - that there was 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 would continue to identify and deliver efficiencies and savings in the future through robust budget monitoring and the Transformation Programme, detailed in paragraphs 4.34 and 4.35 of the report.
 - 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, detailed in paragraph 4.27 of the report.
 - proposed total 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 of the report.

- proposed new capital schemes and additions to current schemes and extension of schemes deemed Business as Usual totalling £16.310m in 2026/27 and rising to £56.173m by 2029/30, detailed in Appendix 4 of the report.
- That the Council's S151 officer recommend that the Council increased the Council Tax each year by the maximum allowed by the Government due to the reasons outlined in paragraphs 4.28. However, whilst not recommended, given the improved financial position and financial resilience of the Council and the improved governance and budget spending controls that existed, and the amount of the estimated increased funding available to the Council it was possible to financially accommodate a political decision for a lower than maximum increase in Council Tax to be proposed for 2026/27, detailed in paragraph 4.29 of the report.
- 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, detailed in paragraphs 4.51 to 4.53 of the report.

REASONS

The forward planning for, and setting of a robust budget and balanced MTFP, enabled the Council to provide and deliver services within its overall corporate and financial planning framework. The MTFP underpinned 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 the Council supported its residents to live fulfilling lives and to ensure that Middlesbrough's communities thrived.

All Council elected Members had a legal obligation to agree a balanced, robust, budget and set the Council Tax by 11 March 2026. In addition, the Council had a Best Value duty to demonstrate financial sustainability through the delivery of a balanced MTFP over a period of at least three years. The setting of the budget was part of the budget and policy framework and therefore required full Council approval, scheduled for 18 February 2026.

The Council was 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.

25/81

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

The decision(s) will come into force after five working days following the day the decision(s) was/ were published unless the decision(s) become subject to the call in procedures