

EXECUTIVE

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| Date: | Wednesday 17th December, 2025 |
| Time: | 5.00 pm |
| Venue: | Mandela Room |

AGENDA

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 apologies for absence.

3. Declarations of Interest

To receive any declaration of interests.

4. Minutes - Executive - 3 December 2025

3 - 14

To receive the minutes of the previous meeting.

5. Announcements from the Mayor

To receive any announcements from the Mayor.

6. Questions from Members of the Public (if any)

To receive questions from members of the public.

7. Questions from elected Members (if any)

To receive questions from elected Members.

8. Matters referred from Scrutiny or Council (if any)

To consider reports of Overview and Scrutiny Board following the Call-In process or Council following the Budget setting process.

9. Reports from the Overview and Scrutiny Board or a Scrutiny Panel (if any)

To receive any reports from the Overview and Scrutiny Board or Scrutiny Panels.

THE MAYOR

10. 2026/27 Draft Budget and Medium-Term Financial Plan 15 - 52
2026/27 to 2029/30

Report to note for submission to Council.

11. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 9 December 2025

MEMBERSHIP

Mayor C Cooke (Chair) and Councillors T Furness, P Gavigan, L Henman, J Rostron, J Ryles, P Storey and N Walker

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Scott Bonner, 01642 729708, scott_bonner@middlesbrough.gov.uk

EXECUTIVE

A meeting of the Executive was held on Wednesday 3 December 2025.

PRESENT: Mayor C Cooke (Chair) and Councillors T Furness, P Gavigan, L Henman, J Rostron, P Storey and N Walker

PRESENT BY INVITATION: Councillors L Young (Chair of Overview and Scrutiny Board) and D Branson (Chair of Place Scrutiny Panel)

ALSO IN ATTENDANCE: D. Hodgson (Local Democracy Reporting Service)

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

APOLOGIES FOR ABSENCE: Councillors I Blades and J Ryles

25/54 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

25/55 **DECLARATIONS OF INTEREST**

| Name of Member | Type of Interest | Item/ Nature of Interest |
|----------------------|------------------|---|
| Councillor L. Henman | Non-Pecuniary | 18 Cemetery Provision - Middlesbrough – Ward Councillor |

25/56 **MINUTES - EXECUTIVE - 8 OCTOBER 2025**

The Democratic Services Officer advised Members that the agenda incorrectly cited the previous minutes as being the 8 October 2025. It should have read 12 November 2025.

The minutes of the Executive meeting held on 12 November 2025 were submitted and approved as a correct record.

25/57 **MINUTES - EXECUTIVE SUB-COMMITTEE FOR PROPERTY - 19 NOVEMBER 2025**

The Minutes of the Executive Sub-Committee for Property held on 19 November 2025 were submitted and approved as a correct record.

25/58 **ANNOUNCEMENTS FROM THE MAYOR**

The Mayor stated he was saddened to learn of the death of former Councillor Vic Walkington.

NOTED

25/59 **QUESTIONS FROM MEMBERS OF THE PUBLIC (IF ANY)**

None.

25/60 **QUESTIONS FROM ELECTED MEMBERS (IF ANY)**

None.

25/61 **MATTERS REFERRED FROM SCRUTINY OR COUNCIL (IF ANY)**

25/62 **FINAL REPORT OF THE PLACE SCRUTINY PANEL - EMPTY PROPERTIES**

The Place Scrutiny Panel had undertaken a review entitled Empty Properties. A copy of the full report was attached. The Scrutiny Panel had made twelve recommendations upon which a response was sought from the relevant service area.

The recommendations of the Scrutiny Panel were:

- A. Introduce a charge of 100% Empty Property Council Tax Premium after year 1 instead of year 2 which it is currently.
- B. Impose the maximum premium for properties which have been empty for 10 years or more.
- C. Ensure that all enforcement powers available to the Council such as Completion Notices and Demolition Orders in relation to empty properties are utilised where appropriate and justify any failure to do so.
- D. Produce a database of derelict empty properties and report annually to the Executive and/or the Place Scrutiny Panel.
- E. Review empty properties across the town by carrying out data matching using the electoral register, council tax list and business rate list.
- F. Make greater use of Compulsory Purchase Orders for residential properties and smaller commercial properties such as small shops below flats. For commercial properties investigate schemes such as the High Street Rental Auctions scheme.
- G. Explore how the Selective Landlord Licensing Scheme can be made into less of a deterrent to letting out empty properties, by allowing landlords to pay the Selective Landlord License fee over 60 monthly payments instead of up front. Also by providing a waiver of future payments if the landlord sells the property.
- H. Encourage Social Housing Providers to demolish uneconomical properties that cannot be brought back into use or encourage them to sell to other developers or owner occupiers and to reinvest any money generated into their current stock.
- I. Investigate if CPOs can be issued for unsafe buildings so that they can be demolished by the Council and associated costs passed onto the owner.
- J. Explore ways of getting long-term empty properties back into use through affordable rents/full market rents or owner occupation as well as social rent.
- K. Investigate if empty social housing properties that are difficult to let could be used by the council to provide temporary accommodation.
- L. Explore all possible channels of funding and work with more developers, social housing providers and private landlords to bring empty properties back into use, including office to residential conversions.
- M. Explore alternative ways of dealing with non-residential empty properties that have been taken out of the rateable value ratings where the owner shows no intention of developing the property. Seek to ask Government to change rules on the valuable rating system so not to be exploited/abused by landlords.

The Executive Members for Development, Environment and Sustainability and Development submitted a service response to the recommendations of the Scrutiny Panel. A copy of the action plan was appended to the report.

The Chair of the Place Scrutiny Panel introduced and presented the Scrutiny report and summarised the recommendations of the Panel.

The Executive Members for Development, Environment and Sustainability and Finance provided a response to the Scrutiny report and presented the Service Response.

The Executive Member for Finance advised that she welcomed the report and stated that some of the recommendations were addressed as part of the existing empty properties strategy.

It was commented that the relevant Executive Member would work with the Chair of the Panel to raise this matter with Council and MPs to ensure the issue received a high profile both locally and regionally.

The Mayor stated that, where possible, an update should be provided to Scrutiny on this issue before the January meeting of Executive.

ORDERED that Executive

1. **Notes the report of the Place Scrutiny Panel into Empty Properties and the accompanying recommendations; and**
2. **Approves the Action Plan prepared by the service in response to the recommendations.**

REASONS

It was a requirement that Executive formally considered the Scrutiny Panel's report and confirmed the service area's response to the accompanying plan.

25/63

CORPORATE PERFORMANCE QUARTER TWO 2025/2026

The Mayor submitted a report for the Executive's consideration, which advised Members of corporate performance at the end of Quarter Two 2025/26 and, where appropriate, sought approval for any changes within the Executive's authority. The report primarily set out how effectively the Council was delivering activities to achieve the priorities, aims, and ambitions of the Council Plan, along with the underpinning workplan activities.

The Council's Scheme of Delegation gave the Executive collective responsibility for corporate strategic performance. The report provided information to enable the Executive to discharge its performance management responsibilities, including progress against priority performance disciplines and actions to address issues identified. It was noted that financial outturn was reported separately, with plans in development to integrate performance, risk, and financial reporting in future years. The Leadership Management Team had implemented monthly reviews of corporate performance using a Directorate Performance Dashboard, with outputs reflected in quarterly updates to the Executive.

Overall performance at Quarter Two 2025/26 showed mixed progress. Two of five corporate performance disciplines met the expected 90% standard: the Council Plan workplan achieved 97% of initiatives on target, and Strategic Risk Register compliance stood at 95%. Executive actions improved to 75% but remained below standard, as did Council Plan outcome measures at 25% and Programme and Project Management at 79%. Trends indicated improvement in most areas except Programme and Project Management, which declined compared to Quarter One.

Progress in delivering Executive actions showed 75% of live actions on target, with 15 amendments proposed for approval. Council Plan delivery was monitored through milestones and success measures, with performance against outcome measures at 20% and workplan initiatives at 97%. Two initiatives were off-track, and four amendments were proposed. The Strategic Risk Register contained 15 risks, reviewed quarterly, with directorates managing escalations and new actions.

Programme and project performance was below standard, with 79% of projects on track. Corporate projects achieved 81%, and transformation projects 67%, indicating a need for stronger governance and continuous improvement. Six project gateway approvals were completed during the quarter. Compliance monitoring highlighted delays in audit actions and statutory information requests, though improvements were expected following system upgrades.

OPTIONS

1. **The Council is required to operate a performance management framework in order to ensure delivery of its best value duty; to not do so would place the council at risk of failing in its statutory responsibility in this regard.**

ORDERED that Executive:

1. **Approve proposed changes to the Executive actions, detailed at Appendix one of the report.**
2. **Approve the proposed changes to the Council Plan 2024-27 supporting workplan actions, detailed at Appendix of the report.**

AGREED that Executive:

1. **Note delivery status of the Council Plan 2024-27 supporting workplan, detailed at Appendix two of the report.**
2. **Note the progress and position of the corporate performance disciplines, including activity within the Transformation Portfolio.**
3. **Note the Strategic Risk Register, at Appendix four of the report.**

REASONS

To enable the effective management of performance and risk in line with the Council's Local Code of Corporate Governance.

25/64

COUNCIL PLAN 2026/27-29: OUTCOMES REFRESH

The Mayor submitted a report for the Executive's consideration which sought approval of the proposed approach to revisions to the Council Plan as part of its 2026/27 refresh.

The Council Plan was the organisation's overarching medium-term business plan, typically refreshed annually following a review of the previous year's performance and consideration of an outcome-driven approach to demonstrate progress and impact.

Although the vision and priorities remained the same, consideration was given to ensuring strategic cohesion and planning for effective delivery of the Council Plan priorities through clear articulation of intended outcomes and the enabling workplan required to achieve them.

The projected financial outturn for Quarter Two 2025/26 had been presented separately and that plans were in development to integrate performance, risk, and financial reporting in future years. It was also noted that, as part of continuous improvement, the Leadership Management Team had implemented monthly reviews of corporate performance using a Directorate Performance dashboard, with outputs reflected in quarterly updates to the Executive covering progress on agreed actions, key directorate issues, and other performance-related matters.

Overall corporate performance at Quarter Two 2025/26 showed mixed progress against expected standards. Two of the five performance disciplines met the 90% standard: the Council Plan workplan achieved 97% of initiatives on target, and Strategic Risk Register compliance stood at 95%. Executive actions improved to 75% but remained below standard, as did Council Plan outcome measures at 25% and Programme and Project Management performance at 79%. Trends indicated improvement in most areas except Programme and Project Management, which declined compared to Quarter One. It was also noted that six project gateway approvals were completed during the quarter, including Project Closure Reports for two Adult Social Care projects, a CRM/CMS review, Change Controls for SharePoint and Hemlington Grange West, and a Project Brief for the Customer Programme on Customer Access to Services and Single View of the Customer.

The Mayor commented that significant portions of the Council Plan seemed to be aimed at adults and there needed to be increased focus on outcomes for young people. As such the Mayor recommended that the report be amended to include an action whereby work would be carried out to involve young people in the development of the Council Plan going forward.

OPTIONS

1. **It was imperative that the Council effectively articulated and communicated an overarching plan to direct activity across Directorates and services, towards the achievement of its priorities and ambitions.**
2. **The only other realistic potential decision would have been to leave the Council's strategic activities unchanged on the assumption that they were sufficiently robust to address and achieve previously identified outcome measures. This, however, was not correct and neither would it represent an appropriate response to the needs of the town, it would detrimentally impact local communities and the business of the Council for some years ahead.**
3. **The only other feasible decisions therefore related to the structure of the document, and its horizon (i.e., reverting to an annual plan). It was strongly in**

the Council's interest to plan over the medium-term, (between 3-5 years) in line with the indicative budgets over this period outlined by the Government. The proposed document achieved this whilst also providing an appropriate level of detail for all audiences on the Council's planned activity over this period.

ORDERED that Executive:

1. That the report include an additional action for work to be carried to hold more meetings focussed on young people when creating the Council Plan going forward.
2. Approve proposed changes to the Executive actions, detailed at Appendix one of the report.
3. Approve the proposed changes to the Council Plan 2024-27 supporting workplan actions, detailed at Appendix three of the report.

AGREED the Executive:

1. Note the delivery status of the Council Plan 2024–27 supporting workplan, as detailed at Appendix two of the report.
2. Note the progress and position of the corporate performance disciplines, including activity within the Transformation Portfolio.
3. Note the Strategic Risk Register, as detailed at Appendix four of the report.

REASONS

To enable the Executive to approve the refresh and outcome-driven approach to the Council Plan workplan 2026/27-29 ensuring that it was reflective of major developments of the past year, and those anticipated in the coming three years whilst retaining its focus on the four priorities and existing aims.

25/65

SHIFT PROGRAMME PROGRESS UPDATE

The Deputy Mayor and Executive Member for Education and Culture submitted a report which asked Members to note the progress made on partnership work between SHiFT, a national charity that aimed to change practice to improve outcomes for children and young people involved in, or at risk of involvement in, crime, and Middlesbrough Council since the previous report to the Executive on 5 March 2025.

SHiFT, founded in 2019, had a proven track record of breaking cycles of crime for vulnerable children and young people. The Middlesbrough partnership had provided intensive one-to-one support for 27 high-risk children, many of whom had previously been placed in costly out-of-area accommodation. Positive outcomes included three children returning home, two moving to supported accommodation locally, and reductions in missing episodes and arrests compared to the previous year. The programme had cost approximately £11,000 per child for an 18-month intervention, representing good value for money given the complexity of needs. National evidence had shown significant impact, including a 41% reduction in offences, 58% fewer missing episodes, and 51% fewer arrests, with economic analysis indicating £8 saved for every £1 spent. The annual review had highlighted improvements in education engagement, reductions in exclusions and arrests, and strategic learning shaping cohort two, which was scheduled to commence in January 2026.

Executive expressed its thanks to those involved in the SHiFT programme and discussed the need to learn from the programme model. The Mayor brought Executive's attention to the fact that there had been a 68% reduction in suspensions and permanent exclusions and that the second cohort of children would begin in January 2026.

OPTIONS

No other options were submitted as part of the report.

AGREED that Executive note the information contained within this report.

REASONS

Founded in 2019, SHiFT had a track record of delivering exceptional outcomes that broke the destructive cycle of children and young people caught up in, or at risk of involvement in, crime.

SHiFT Middlesbrough provided 1-1 intensive support for twenty-seven of the most vulnerable children and young people in Middlesbrough. Children and young people identified for SHiFT cohort one were those for whom, despite the efforts of other professionals, 'business as usual' responses had not been able to make the difference needed and concern about their wellbeing was high and escalating.

At the start of SHiFT's work, over a quarter of the children were accommodated in high-cost placements, which were often a long way from home and not having an impact on improving children's circumstances. At the time of the report was submitted three children had successfully returned home to reside with family, two children had returned to Middlesbrough and resided in supported accommodation and the others continued to be supported out of area.

From the 27 children and young people who were identified and invited for SHiFT support as part of cohort one in June 2024, most had engaged well, building trusting relationships with their SHiFT Guide. A recent End of Programme Report had been presented to the local SHiFT Board evidencing the positive impact on safety and wellbeing as a result of this work, including a reduction of missing episodes and a reduction in arrests compared to the 12 months prior to SHiFT involvement.

Scoping for cohort two was underway and work would begin with 27 new children and young people in January 2026.

The total cost of the partnership to Middlesbrough Council was approximately £11k per child for an 18-month programme of intensive individual support, which included working with everyone who was identified as important in that child's world. This represented good value for money given the highly complex needs of this vulnerable group, and the intensity and expertise of the work SHiFT was delivering.

25/66

DOMESTIC ABUSE STRATEGY 2025-2028

The Executive Member for Adult Social Care submitted a report which sought approval of the Middlesbrough Domestic Abuse Strategy 2025-2028. The Council had a statutory duty under the Domestic Abuse Act 2021 to publish a needs assessment and develop a Domestic Abuse Strategy.

The Needs Assessment, completed in September 2025, had identified the need to recommission and reconfigure domestic abuse services to ensure adequate resourcing and clear pathways for victims to access community-based support and safe accommodation. The recommended approach was to commission an integrated protect and support service, a diverse specialist safe accommodation service, and a prevention programme covering education, communities, and employers. Immediate priorities included commissioning specialist "By and For" services, immigration advice for victims with insecure status, and extending IRIS and perpetrator programmes. Background information highlighted previous achievements such as creating a single point of access for victims, commissioning therapeutic services for children, embedding the IRIS programme in primary care, and raising public awareness.

However, significant challenges had remained due to high demand and complexity of cases, requiring a well-coordinated system and appropriate funding. The new strategy and objectives had been developed in consultation with the Domestic Abuse Strategic Partnership Board and would inform future commissioning arrangements.

The Deputy Mayor commented that Middlesbrough had some of the highest cases of Domestic abuse and expressed her thanks to the Council for investing in the IRIS programme and hoped the NHS could do more to support it.

The Mayor stated that over one million pounds had been invested in this project and expressed his thanks to the Domestic Abuse Strategic Lead.

OPTIONS

Several options were explored before considering introducing a new strategy including retaining the existing 2019 strategy. However, this would have left the Domestic Abuse Strategic Partnership Board without updated objectives and failed to meet statutory obligations.

Delays would have compromised recommissioning of services, which were needed to meet local demand. Current contracts, due to expire in March 2026, were not aligned to reflect present needs, and failure to re-procure in a timely manner could have resulted in financial and organisational instability. The Needs Assessment had made specific recommendations, and Domestic Abuse Act funding was required to be used for safe accommodation; therefore, continuing with the 2019 strategy was not a viable option.

ORDERED that Executive:

1. Approve the Middlesbrough Domestic Abuse Strategy 2025-2028.
2. Approve the proposed commissioning recommendations, as outlined in the Commissioning Plan (Appendix 2) with procurement to commence in 2025/26.

REASONS

Middlesbrough Local Authority had a statutory duty to publish a Domestic Abuse Needs Assessment, detailed at Appendix three of the report, to determine the level of need for domestic abuse support, and to develop a Domestic Abuse Strategy which set out the Local Authority's vision and strategic objectives for next three years. This has been undertaken and now set out the immediate and long-term commissioning intentions, which would increase specialised safe accommodation, improve community-based support for victims and develop stronger partnerships between services working directly with domestic abuse victims and their children

The Statutory Domestic Abuse Needs Assessment had been agreed by the Domestic Abuse Strategic Partnership (DASP) and was published September 2025. The executive summary was attached at Appendix three of the report which informed the strategy development.

The Needs Assessment had identified a need to recommission and reconfigure all Domestic Abuse provision to ensure priority areas were appropriately resourced and there were clear pathways for victims and survivors to access either community-based support and / or safe accommodation.

The recommended approach was to commission an independent specialist integrated protect and support service which incorporated all domestic abuse community-based provision, a diverse specialist safe accommodation service which would incorporate sanctuary, refuge, provision for complex need and dispersed properties and a prevention programme service which would comprise of prevention programmes in education, communities and employers.

Some immediate commissioning priorities had also been identified which would be commissioned this financial year to address gaps in provision, which included a specialist By and For framework, immigration advice for victims and families with insecure immigrations status and extending IRIS and DAPP (Domestic Abuse Perpetrator Programme) Programmes which worked with perpetrators.

25/67

REVENUE AND CAPITAL BUDGET - FORECAST YEAR-END OUTTURN POSITION AT QUARTER TWO 2025/26

The Executive Member for Finance submitted a report which provided an update on the Council's financial performance at Quarter Two 2025/26 and sought approval for a number of financial actions. The report requested approval of budget virements over £250,000 within the revenue budget and the Capital Programme, the inclusion of new schemes and additions to existing schemes totalling £0.519m in the 2025/26 Capital Programme and noted the forecast

year-end financial outturns for revenue and capital budgets. The report also highlighted budget pressures, the forecast revenue position of £1.804m overspend after proposed mitigations and confirmed that Directors had submitted recovery plans aimed at achieving a balanced budget, supported by continued corporate spending controls.

The Quarter Two report highlighted a projected revenue budget pressure of £7.813m across Directorates and Central budgets, which was expected to reduce to £1.804m (1.3%) by year-end following the planned use of £6.009m in central contingencies and other budgets. This approach included offsetting pressures such as unachieved savings.

The main areas of budget pressure remained within Children's and Adult Social Care, Environment and Community Services, and Strategic Commercial Properties, driven by increased costs and under-achievement of income targets. Directors had submitted recovery plans and were required to continue implementing measures to achieve a balanced position, supported by corporate spending controls throughout 2025/26. It was noted that £7.085m of savings were forecast as undeliverable in 2025/26.

Forecast usable unrestricted revenue reserves at 31 March 2026 were £25.808m, in line with the Reserves Policy approved by Council. The Dedicated Schools Grant deficit was forecast at £9m for 2025/26, increasing the cumulative deficit to £31.213m by March 2026, representing a significant financial risk.

The Capital Programme included £0.519m of new schemes and additions, increasing the revised budget to £88.094m, with forecast outturn at £67.144m due to slippage into future years. It was also noted that £6.132m of qualifying revenue expenditure was planned to be funded from Flexible Use of Capital Receipts for Transformation, and the level of debtors as at 30 September 2025 was reported.

The Mayor stated that the work undertaken by the Council had meant the organisation was stable and expressed his thanks the Executive Member Finance and the Finance department for their continued efforts.

The Executive Member for Finance commented that while progress was being made, there was more work to do.

OPTIONS

The alternative would be to not approve the revenue budget virements over £250,000 and the changes to the Council's capital programme, and to not report on the Council's forecast year-end financial outturn for the financial year 2025/26. This would not enable the Executive to discharge their responsibilities to manage and control the revenue budget, capital programme and overall balance sheet position of the Council.

ORDERED that Executive:

- 1. Approve budget virements over £250,000 within the revenue budget detailed at Appendix one of the report.**
- 2. Approve budget virements over £250,000 within the Capital Programme detailed at paragraph 4.47 of the report.**
- 3. Approve the inclusion of new schemes and additions to existing schemes to the Capital Programme totalling £0.519m for 2025/26, of which £0.454m were externally funded and £0.065m was from existing Council funded resources (detailed in Appendix 5). Subject to approval this would increase the approved 2025/26 Capital Programme budget to £88.094m.**

AGREED that Executive:

- 1. Note the Council's financial performance and forecast year-end financial outturns for revenue and capital budgets for the financial year 2025/26 as at Quarter Two, highlighting the budget pressures and the forecast year-end position if no further action was taken. At present, the revenue budget was forecast to be under pressure by £1.804m (1.3%) at year end after the proposed use of central contingencies and other budgets.**
- 2. Note that Directors had submitted recovery plans and mitigations aimed at**

reducing their forecast budget pressures and acknowledged the ongoing requirement for Directors to continue refining and implementing these plans to achieve a balanced budget for the Directorates by the end of 2025/26. In support of this corporate revenue budget spending controls would continue to be applied during 2025/26.

REASONS

To enable the effective management of finances, in line with the Council's Local Code of Corporate Governance, the Scheme of Delegation and financial regulations.

25/68

CALCULATION OF COUNCIL TAX BASE FOR 2026/27

The Executive Member for Finance submitted a report which sought approval of the council tax base for 2026/2027 and the retrospective approval of the council tax bases for the parishes of Nunthorpe and Stainton and Thornton for 2026/2027.

The Council had a statutory obligation to calculate a council tax base each financial year as part of its budget strategy. The starting point for the 2026/27 calculation was the number of dwellings on the Valuation List as at 10 September 2025, adjusted for exemptions and disabled reductions. Further adjustments were made for discounts, exemptions, premiums, and local council tax support.

These figures were converted into Band D equivalents, calculated at 37,703.15 for 2026/27. Applying the estimated collection rate of 98.3% resulted in a final council tax base of 37,062.20 for Middlesbrough, rounded to two decimal places. This represented an increase of 548.30 Band D equivalents (1.5%) compared to 2025/26, mainly due to new housing. Growth in the tax base was estimated to reduce the need for budget reductions and provide approximately £1.138m additional funding for service investment in 2026/27.

Since 2013/14, the Housing Growth Strategy had delivered an increase of 6,891 Band D equivalents (23%), generating a cumulative benefit of around £14.3m. It was noted that 49.7% of households were in Band A and 85% in Bands A–C, meaning most residents paid less than Band D Council Tax, which required higher rates to achieve comparable income. Middlesbrough remained in the lower quartile nationally for average Council Tax per dwelling (£1,437 in 2025/26 versus £1,770 nationally).

The council tax bases for Nunthorpe and Stainton and Thornton parishes were calculated at 2,408.72 and 1,530.35 respectively. The Council was required to notify major precepting authorities and parish councils of the tax base by 31 January 2026.

A discussion took place regarding the government's recent announcement of the so-called Mansion Tax. It was commented that the principle of the initiative was welcomed.

OPTIONS

The Council had no option but to calculate a council tax base each year as it was a statutory requirement. The basis of calculation was prescribed by the legislation, apart from the estimated collection rate for 2026/27 which was applied to calculate the council tax base for 2026/27 for which alternative rates could have been used in the calculation. The estimated collection rate for 2026/27 that had been used was the estimate of the percentage of the 2026/27 Council Tax which would be collected in total based on the latest information available regarding collection rates. Members noted that this was not the expected in-year collection rate in 2026/27.

ORDERED that Executive:

1. Approve the council tax base for 2026/27 for the whole of Middlesbrough area as 37,062.20.
2. Approve 2,408.72 and 1,530.35 as the council tax bases for the parishes of Nunthorpe and Stainton & Thornton respectively for 2026/27.

AGREED that Executive:

3. Agree to notify the Police and Crime Commissioner, the Cleveland Fire

Authority, and the Parish Councils of the 2026/27 council tax base.**4. Note the contents of the report.****REASONS**

The recommendations were supported by the following reasons:

- a) **The Local Government Finance Act 1992 required a billing authority to calculate its council tax base for each financial year.**
- b) **The method of calculation was specified in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which required the calculation to be approved before 31st January in the year preceding the relevant financial year.**

25/69

TREASURY MANAGEMENT MID-YEAR REVIEW - 2025/26

The Executive Member for Finance submitted a report which provided an update on the mid-year Prudential Indicator results for 2025/26, outlining the Council's position in relation to capital finance activities, overall indebtedness, and the performance of the treasury management function against the approved strategy for the current financial year.

The report set out the mid-year performance for 2025/26 against the annual Treasury Management Strategy approved by Council and provided an analysis of results to date. Treasury management activity had remained compliant with approved prudential indicators during the first six months. Borrowing for the year was expected to be £18.735m compared to the approved budget of £17.085m, due to a £1.600m loan to Middlesbrough College and other capital programme movements. The Capital Financing Requirement was forecast at £314.380m by 31 March 2026, with external debt expected to rise from £254.605m to £284.605m, leaving the Council under-borrowed by £29.775m (9.5%), which was considered good practice. All cash investments had been made in line with creditworthiness criteria, generating an estimated £0.900m in interest for 2025/26. The net annual revenue cost of financing debt was £12.205m, or 8.5% of the net revenue budget, within the affordability limit of 10%. Long-term forecasts indicated costs approaching 10% by the end of the decade, limiting future borrowing capacity and increasing reliance on external funding, capital receipts, or projects that reduce operating costs or increase income.

The Deputy Mayor expressed her thanks to the Executive Member for Finance and to the Finance Department as the report was very technical.

OPTIONS

No other options were submitted as part of the report.

AGREED that Executive:

1. **Note the annual Treasury Management Strategy, the mid-year Prudential Indicator results for 2025/26 as the Council's current position in relation to capital finance activities and overall indebtedness.**
2. **Note the performance of the treasury management function against the Council's approved strategy for the current financial year.**

REASONS

The recommendations would fulfil the following for the local authority:

- **Compliance with the CIPFA Prudential Code for Capital Finance for local authorities.**
- **Compliance with the CIPFA Treasury Management Code for local authorities.**
- **Compliance with the Local Government Act 2003 Section 1 in relation to borrowing.**

25/70

CEMETERY PROVISION - MIDDLESBROUGH

The Executive Member for Development submitted a report which provided an update on the current and future burial plot supply, along with actions proposed to address the limited supply

and ensure ongoing provision. The report also requested a virement of £0.277m from the De-Risking Sites Scheme to the existing cemetery capital budget.

Middlesbrough's historic cemeteries had largely reached capacity, with Thorntree and Acklam cemeteries expected to do so within six to nine months. Providing new land for burials required strict compliance with planning and environmental legislation. Specialists had been engaged to complete a comprehensive options appraisal for Thorntree and Acklam Cemeteries, including full project delivery and cost advice, site investigations, and preparation for statutory consents such as planning permission and Environment Agency approval. Gleeds and Cemetery Development and Environmental Solutions (CDS) had been procured to undertake the analysis and provide design solutions. Work at Thorntree had concluded, enabling the Council, subject to Executive approval, to proceed with procurement and legal processes for the extension to ensure short-term provision. A capital allocation of £2.388m had previously been approved, but a shortfall was identified following detailed analysis; therefore, the report sought a virement of £0.277m from the De-Risking Sites Scheme to deliver 1,258 burial plots and outlined further steps to secure medium- and long-term burial provision.

The Executive Member for Environment and Sustainability commented that the works detailed in the report were important to be carried out.

OPTIONS

The Council could elect to not provide future burial space, but this had been rejected on the basis that significant proportions of the community continue to opt for burials.

ORDERED that Executive

- 1. Approve a virement of £0.277m from the Derisking Sites scheme to fund the additional costs for the main works as part of the Thorntree extension. If approved, the virement would be actions as part of the Revenue & Capital Budget Forecast Year End Outturn Quarter 3 2025-26 Executive report.**
- 2. Endorse the proposals for short, medium and long-term burial provision.**

AGREED that the Executive note the current status of burial plots remaining in Thorntree and Acklam Cemetery.

REASONS

Burial provision in the town was extremely limited, with estimated supply remaining of around six to nine months only. Whilst it was accepted that the Council did not have a statutory duty to provide burial space, it was anticipated that the Council sought to continue to provide provision for those who wished to utilise the service.

Failure to provide burial provision would mean residents would have no alternative but to find provision in neighbouring authorities.


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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

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| MIDDLESBROUGH COUNCIL |  |
| Report of: | Andrew Humble - Director of Finance and Transformation (s151 Officer) |
| Relevant Executive Member: | Chris Cooke - The Mayor Cllr. Nicky Walker - Executive Member for Finance |
| Submitted to: | Executive |
| Date: | 17 December 2025 |
| Title: | 2026/27 Draft Budget and Medium Term Financial Plan 2026/27 to 2029/30 |
| Report for: | Decision |
| Status: | Public |
| Council Plan priority: | All |
| Key decision: | No |
| Why: | The decisions in this report present a draft budget for consultation as part of the budget development process. Final decisions on the 2026/27 budget and MTFP will be taken by Council in February 2026. |
| Subject to call in? | No |
| Why: | The decisions in this report present a draft budget for consultation as part of the budget development process. The Executive will subsequently agree a proposed 2026/27 budget and MTFP to 2029/30 that will be presented to Council for approval in February 2026. |
| Proposed decision(s) | |
| That the Executive: | |
| <ul style="list-style-type: none"> NOTES that this report is 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 is before confirmation is received of the Government funding in the Provisional Local Government Finance Settlement which is scheduled to be published in the week commencing 15 December 2025. The figures contained within the report and the budget | |

proposals are therefore subject to further review and change once the detail of the Provisional Local Government Finance Settlement is published.

- **NOTES** the current estimate of the increase in Government funding for Middlesbrough Council resulting from the Government's Fair Funding Review 2.0 totalling £10.653m in 2026/27, £14.485m in 2027/28, and £12.438m in 2028/29 (Table 1), however this is subject to potential significant change before being finalised as part of the Provisional Local Government Finance Settlement.
- **NOTES** the proposed budget for 2026/27 and the updated Medium Term Financial Plan (MTFP) for the period to 2029/30 (Table 3), and the key budget assumptions that it is based on (paragraphs 4.38 to 4.41).
- **NOTES** that there are 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 (paragraphs 4.31 to 4.33 and Appendix 1).
- **NOTES** the proposed removal of savings totalling £2.458m p.a. from the MTFP which are now found to be unachievable in the manner originally intended (paragraph 4.36).
- **NOTES** that in light of the current estimates of increased Government funding forecast to be received by Middlesbrough Council the Mayor and Executive have proposed the following :
 - 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 4.34 and 4.35)
 - 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 4.27)
 - 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)
 - 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)
- **NOTES** 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 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 exist, and the amount of the estimated increased funding available to the Council it is possible to financially accommodate a political decision for a lower than maximum increase in Council Tax to be proposed for 2026/27 (paragraph 4.29).

- **NOTES** 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 (paragraphs 4.51 to 4.53).
- **APPROVES** that the proposed draft budget and budget proposals for service budget growth and council tax for 2026/27 are presented for public consultation, which will commence on 18 December 2025 and conclude on 11 January 2026, prior to confirmation of Government funding and finalising of the proposed budget by Executive on 4 February 2026 for consideration and approval by Council on 18 February 2026.

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.

On 3 September 2025, the Executive received an update on the Medium Term Financial Plan (MTFP) for the period 2026/27 to 2029/30. The report set out the challenging financial and economic environment which the Council, like many local authorities, is operating within and provided an update on the Government's Fair Funding Review 2.0 and the factors impacting on the Council's MTFP.

This report provides a further update on the financial and economic environment which the Council operates in and sets out the draft budget and associated proposals that present a legally balanced budget for 2026/27 and draft budget position for the period of the MTFP from 2027/28 to 2029/30.

The Executive should note that this report is 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 it should be noted that this is before confirmation is received of the Government funding in the Provisional Local Government Finance Settlement which is scheduled to be published in the week commencing 15 December 2025. The figures contained within the report and the budget proposals are therefore subject to further review and change once the detail of the Provisional Local Government Finance Settlement is published.

The Executive should note the key assumptions used in developing the draft budget and MTFP and that these are based upon the best information available at the time of writing the report (paragraphs 4.38 to 4.41). These will remain subject to review throughout the budget development and setting period as new information becomes available.

The Executive should note that there are 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 (paragraphs 4.31 to 4.33 and Appendix 1). It is also 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 4.36).

Latest available analysis at the time of writing the report suggests that sufficient Government funding is currently expected to be received by the Council to enable the Mayor and Executive to propose to reinvest in some direct services to the community and reinvestment in the resilience of enabling services, in order to meet the Mayor's priorities within the Council Plan. The proposals for service budget growth total £6.460m from 2026/27 and are summarised in the table below and detailed in Appendix 3.

| 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 |
| Total Proposed Service Budget Growth | 6.460 |

The Mayor and Executive have also proposed that there is 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 4.27).

The report also proposes 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).

The report recommends that the Executive approve that the budget proposals for service budget growth and the proposed total council tax increase for 2026/27 are presented for public consultation.

The budget proposals will be subject to further review once the detail of the Provisional Local Government Finance Settlement is published (scheduled for the week commencing 15 December 2025).

The final draft 2026/27 budget and MTFP report will be considered by the Executive on 4 February 2026 and recommended to Council for consideration and approval on 18 February 2026. This will include an updated position for the Capital Programme, Capital Strategy, Treasury Management Strategy, and Flexible Use of Capital Receipts Strategy.

The Council's Director of Finance (Section 151 Officer) has a statutory duty to assess the robustness of the budget estimates and the adequacy of reserves in the form of a report under s25 of the Local Government Act 2003. This formal assessment will be provided in the MTFP report to the Executive and Council in February 2026.

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

- 1.1 This report is a key stage in the budget development process for 2026/27 and the MTFP for the four year period to 2029/30. It presents budget and council tax proposals that will 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. Subject to approval by the Executive, the draft budget will progress to the consultation phase of the budget development process during the period 18 December 2025 to 11 January 2026.
- 1.2 Further work will be required to assess the Council's financial position more fully once the detail of the Government funding for Middlesbrough Council is provided in the Provisional Local Government Finance Settlement, which is planned to be published in the week commencing 15 December 2025.

| Our ambitions | Summary of how this report will support delivery of these ambitions and the underpinning aims |
|--|--|
| A successful and ambitious town | The MTFP underpins the delivery of the Council's vision for Middlesbrough and therefore supports all the ambitions within the Council Plan. |
| A healthy Place | |
| Safe and resilient communities | |
| Delivering best value | 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 in 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 Executive:

- **NOTES** that this report is 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 is before confirmation is received of the Government funding in the Provisional Local Government Finance Settlement which is scheduled to be published in the week commencing 15 December 2025. The figures contained within the report and the budget proposals

are therefore subject to further review and change once the detail of the Provisional Local Government Finance Settlement is published.

- **NOTES** the current estimate of the increase in Government funding for Middlesbrough Council resulting from the Government's Fair Funding Review 2.0 totalling £10.653m in 2026/27, £14.485m in 2027/28, and £12.438m in 2028/29 (Table 1), however this is subject to potential significant change before being finalised as part of the Provisional Local Government Finance Settlement.
- **NOTES** the proposed budget for 2026/27 and the updated Medium Term Financial Plan (MTFP) for the period to 2029/30 (Table 3), and the key budget assumptions that it is based on (paragraphs 4.38 to 4.41).
- **NOTES** that there are 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 (Appendix 1).
- **NOTES** the proposed removal of savings totalling £2.458m p.a. from the MTFP which are now found to be unachievable in the manner originally intended (paragraph 4.36).
- **NOTES** that in light of the current estimates of increased Government funding forecast to be received by Middlesbrough Council the Mayor and Executive have proposed the following :
 - 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 4.34 and 4.35)
 - 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 4.27)
 - 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)
 - 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)
- **NOTES** 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 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 exist, and the amount of the estimated increased funding available to the Council it is possible to financially accommodate a political decision for a lower than maximum increase in Council Tax to be proposed for 2026/27 (paragraph 4.29).

- **NOTES** 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 (paragraphs 4.51 to 4.53).
- **APPROVES** that the proposed draft budget and budget proposals for service budget growth and council tax for 2026/27 are presented for public consultation, which will commence on 18 December 2025 and conclude on 11 January 2026, prior to confirmation of Government funding and finalising of the proposed budget by Executive on 4 February 2026 for consideration and approval by Council on 18 February 2026.

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 scheduled for 18 February 2026.
- 3.3 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 and noted that a further report detailing the workplan (including measures and initiatives) will be presented to Executive for approval in February 2026. The proposed service budget growth detailed in Appendix 3 and summarised in Table 4 in paragraph 4.48 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 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 A report was presented to Executive on 3 September 2025 which 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. This report provides an update on each of these.
- 4.6 In the September report the Executive also approved the budget development approach and timetable within which Officers would work with the Mayor, Executive and other elected members to develop the 2026/27 budget and MTFP for the four-year period to 2029/30. The report outlined that the budget strategy for 2026/27 and that the updated MTFP would heavily depend on the amount of Government funding which the Council will receive for future years as determined by the Fair Funding Review 2.0 and the Council's allocation of funding from the Local Government Finance Settlement. The report provided information regarding this in September and an update of this is provided in paragraphs 4.9 to 4.17 of this report.
- 4.7 The September report highlighted that initial analysis indicated that the Council was likely to receive additional Government funding from the Fair Funding Review 2.0, and that the proposed approach to determining how any additional funding is allocated would be in the following order:
- 1) Council Tax decisions
 - 2) Demand / inflation pressures
 - 3) Re-basing of budgets
 - 4) Removal of unachievable budget savings
 - 5) Service budget growth in line with Mayoral priorities
- 4.8 Budget proposals arising from the above based on the latest information at the time of drafting this report are included in this report.

Local Government Funding

- 4.9 The September 2025 Executive report 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.
- 4.10 As detailed in the September Executive report the Fair Funding Review 2.0 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 plans to roll in a number of existing grants into the main Revenue Support Grant (RSG).
- 4.11 The proposed approach is well overdue 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 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.
- 4.12 In the consultation the Government did not provide any detailed information as to the effect on individual local authorities, however through collaborative working with other local authorities and sector bodies such as SIGOMA (Special Interest Group of Municipal Authorities) and local government funding specialists Pixel Financial Management (PIXEL) who the Council subscribes to, it was possible through the information provided through the consultation for local authority level 3 year estimates for the period 2026/27 to 2028/29 to be calculated by PIXEL. These 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.
- 4.13 At the time of the September report the Government indicated that they would publish a Local Government Finance Policy Statement 2026/27 to 2028/29 by early October 2025 which would potentially provide some further information before the Government would provide detailed allocations of funding to individual local authorities for the next three years as part of the Provisional Local Government Finance Settlement (LGFS) which was at the time planned to be published in late November 2025.

- 4.14 The Government delayed the Local Government Finance Policy Statement to 20 November 2025 (just before the Budget 2025 which was published on 26 November 2025). The Government have confirmed that the Provisional LGFS will now be published in the week commencing 15 December 2025, and whilst it will cover a 3 year period from 2026/27 to 2028/29 and provide allocations for individual local authorities for 2026/27 to 2028/29 the figures provided for 2027/28 and 2028/29 will only be indicative and could potentially be subject to change next year.
- 4.15 The Policy Statement provided some further information but also involved a number of substantial changes to that previously announced and raised a number of questions regarding the funding allocations to individual local authorities, therefore creating a high degree of uncertainty. The full detail to enable s151 Officers to assess the implications fully will not be published until after the Provisional LGFS. Therefore, the full implications will be factored into the final budget report to be agreed by the Executive and presented to Council for consideration and approval in February 2026.
- 4.16 In the absence of the required detailed final information, this report uses the latest analysis available from PIXEL as at 1/12/25, which at the time of writing this report included initial analysis of information contained within the Local Government Finance Policy Statement, which as mentioned above included a number of substantial changes to the allocations to individual local authorities from that previously estimated by PIXEL. The current working assumption on what the Fair Funding Review 2.0 will deliver for Middlesbrough is shown in Table 1 below. It shows a substantial increase in Government funding over the period 2026/27 to 2028/29. Whilst 2029/30 is included in Table 1 below this was not part of the Fair Funding Review 2.0 and the estimate of Government funding for 2029/30 is heavily caveated and will be subject to further review when further information is available.
- 4.17 The figures in Table 1 below show the current expected increases in Government funding for Middlesbrough Council in the form of Revenue Support Grant (RSG) and Business Rates Top Up Payment. The figures are based on the initial analysis by PIXEL (as at 1/12/25) following the Local Government Finance Policy Statement announcement, and the detailed information contained within the Provisional LGFS will be factored into the final budget and MTFP presented to Council for consideration and approval in February 2026.

Table 1 – Current estimated increases in Government Funding for Middlesbrough Council from Fair Funding 2.0 review (following initial analysis of the Local Government Finance Policy Statement but before confirmation in the Local Government Finance Settlement)

| | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | TOTAL £m |
|--|---------------|---------------|---------------|---------------|-------------|
| Current estimated increase in Government Funding from Fair Funding 2.0 review | (10.653) | (14.485) | (12.438) | (2.661) | (40.237) |

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. As mentioned above in paragraph 4.10 the Government plans to roll in a number of existing grants into the RSG, however there is still a high level of uncertainty regarding which grants are to be rolled in and also the level of grants for 2026/27 onwards. The Provisional LGFS should confirm this.

National economic climate update

- 4.18 The following paragraphs provide an overview of the general economic climate and main factors that currently exist. Further detail was provided in the separate Treasury Management Mid-Year Update 2025/26 to Executive on 3 December 2025.
- 4.19 The UK economy is experiencing slow growth, with a 0.1% Gross Domestic Product (GDP) increase in the three months to September 2025, following a stronger first quarter of 2025. The growth is led by the services and construction sectors, while production declined. Growth is expected to be subdued for the rest of 2025.
- 4.20 While inflation has stabilised it remains high with the Consumer Price Index (CPI) being 3.6% in October 2025, exceeding the Government's 2% target and is forecast to rise to around 4% in the coming months before gradually falling in 2026. Higher food prices continue to be a significant factor in the current inflation figures.
- 4.21 Whilst retail sales have showed some growth recently, consumer confidence remains low. Household debt has fallen and as a percentage of disposable income is at its lowest level since 2007, but many households are still struggling financially. The labour market is showing signs of weakening with rising unemployment and falling vacancies, higher employer National Insurance Contributions (NICs) and increases in the National Living Wage (NLW) as factors discouraging hiring. Sectors like retail and hospitality have been hit particularly hard. House prices are also increasing.
- 4.22 The above factors alongside rising government debt payments putting pressure on Government budgets mean that the environment that local authorities operate in remains challenging.

Council Tax Income

- 4.23 Council Tax income has increased as a proportion of total income over the last 10 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.
- 4.24 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.

- 4.25 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 estimated to be received by Middlesbrough Council as shown in Table 1.
- 4.26 In the Fair Funding Review 2.0 and the Local Government Finance Policy Statement the Government confirmed their intention that the maximum permissible Council Tax increase 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.
- 4.27 The Mayor and Executive are however in light of 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 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. This decision will be reviewed when the Provisional LGFS is published and a further review of the Council's MTFP is undertaken. 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.
- 4.28 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.
- 4.29 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 estimated increased funding available to the Council it is possible to financially accommodate a political decision for a lower than maximum increase in Council Tax to be proposed for 2026/27.

- 4.30 The budget consultation requests views from the public relating to the proposed level of Council Tax increase.

Forecast Service Demand Pressures and Re-basing of Budgets

- 4.31 As reported in the September 2025 report 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. These have been reviewed in light of 2025/26 financial performance and further information regarding future demand and forecasts.
- 4.32 Table 2 below summarises the updated current and future Forecast Service Demand Pressures and Re-basing of Budgets across the MTFP period with Appendix 1 providing further details. 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, and these will be constantly monitored and challenged and updated in future revisions of the MTFP where appropriate when further information is available. Within each year of the MTFP any significant changes to service demand or other budget pressures during the year will initially be covered by the use of reserves set aside for this purpose, prior to potential amendment of budgets at budget setting if after full evaluation they are deemed to be recurring.

Table 2 – Summary of Forecast Service Demand Pressures and Re-basing of Budgets (including for reduced income levels and legislative requirements)

| Directorate | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | Cumulative £m |
|----------------------------------|---------------|---------------|---------------|---------------|------------------|
| Regeneration | 1.075 | (0.075) | - | - | 1.000 |
| Public Health | - | 0.447 | - | - | 0.447 |
| Environment & Community Services | 3.121 | (0.235) | 1.589 | 0.205 | 4.680 |
| Children's Care | 3.084 | 3.000 | 3.000 | 1.500 | 10.584 |
| Education & Partnerships | 0.720 | - | - | - | 0.720 |
| Adult Social Care | 6.782 | 3.548 | 3.691 | 3.733 | 17.754 |
| Legal & Governance Services | 0.635 | - | - | - | 0.635 |
| Finance | 0.132 | 0.005 | 0.005 | - | 0.142 |
| Total | 15.549 | 6.690 | 8.285 | 5.438 | 35.963 |

- 4.33 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.
- 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.

Budget Savings

- 4.34 The estimated Government funding forecast to be available to the Council shown in Table 1 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.

Savings already approved in previous years

- 4.35 It should however be noted that there are a number of 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

- 4.36 The Quarter One and Two budget monitoring reports highlighted a number of previously approved budget savings totalling £2.458m 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 total £2.458m p.a. with details provided below:

- Charging residents for issuing parking permits of £0.250m (ECS08) - 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. It is proposed that the savings associated with this (totalling £0.250m) are submitted for removal from the Council's budget as part of the 2026/27 budget setting.
- Savings relating to Business Rates and Council Tax totalling £1.186m (FIN02-05) - 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.
- Contractual Spend Review savings for 2025/26 (FIN13), which has now been identified as a double count of a 2024/25 saving (£0.700m).
- Senior Management Review savings of £0.244m (CEN02) agreed as part of the 2023/24 budget setting. 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.

- Integrated Transport Unit - Recharge Discretionary Home to School Transport Services £0.078m (EDC05). It has not been possible to achieve this saving by the means previously intended. Any replacement savings arising from this will be reported in the quarterly budget monitoring reports.

Transformation

4.37 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. 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.

MTFP UPDATE

Key MTFP Assumptions

- 4.38 The MTFP is based on a number of assumptions that are subject to change prior to final budget setting by the Council in February 2026. The report reflects the latest information and analysis available from PIXEL of Government funding (RSG and Business Rates Top Up Grant) at the time of writing (as at 1/12/25) (paragraphs 4.16 and 4.17).
- 4.39 The full extent of the impact upon the Council's finances will only become clearer after the Provisional LGFS is analysed following the expected announcement in the week commencing 15 December 2025.
- 4.40 Any change in assumptions following the Provisional LGFS will be reflected and updated in the MTFP for presentation to the Executive on 4 February 2026 and will inform the final budget proposals at Full Council on 18 February 2026.
- 4.41 The following other key assumptions have currently been used in the development of the updated MTFP
- Other funding will be provided by the Government to the Council in the form of specific grants. These have been included based on the latest information currently available. As mentioned above in paragraphs 4.10 and 4.17 there is still a high level of uncertainty regarding which grants are to be rolled into RSG and also the level of grants for 2026/27 onwards. The Provisional LGFS should confirm this.

- Extended Produced Responsibility (EPR) funding has been assumed to continue. Based on information received from PackUK (the Government's chosen administrator for the scheme) it is assumed that this the funding will total £3.921m in 2026/27, and then it is currently assumed that this will reduce by 10% per annum until the funding in 2029/30 reduces to £2.745m.
- Assumed pay inflation of 3% for 2026/27, 2.5% for 2027/28 and 2% for 2028/29 onwards.
- Employer pension contribution rates have been 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 £1.283m in the amount required to be paid), following the triennial valuation of the Teesside Pension Fund that took place on 31 March 2025. These are still subject to formal approval.
- Contractual inflation is provided for in the MTFP period, with £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.
- No inflation is provided for general supplies and services budgets.
- A proposed inflationary increase of 2% p.a. on discretionary fees and charges budgets. This will be reviewed in light of inflation forecasts for the February budget report where a Fees and Charges Policy and Schedule of Charges will be included.
- Reserves levels are increased over the MTFP period as a minimum in line with the Reserves Policy approved by Council in February 2025 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.
- Income the Council receives from commercial developments has been amended to reflect latest information regarding occupancy and leases.
- That energy prices will be in line with current forecasts provided by NEPO (North East Purchasing Organisation). These will be updated as further information is received.
- Forecast Service Demand Pressures and Re-Basing of Budgets (including for reduced income levels and legislative requirements) have been included as detailed in paragraphs 4.31 to 4.33 and Table 2 and Appendix 1. These will be reviewed and challenged regularly and updated if required. Reserves set aside for this purpose will be utilised for variances within each year, prior to potential amendment of budgets at budget setting if deemed to be recurring after full evaluation.
- That all savings already approved in previous years will be fully achieved or replaced with alternative savings (paragraph 4.35 and detailed in Appendix 2), 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 4.36).
- No increase in core (general) Council Tax for 2026/27, but a 2% increase in Council Tax for 2026/27 is proposed by the Mayor and Executive to reflect the Adult Social Care Precept for 2026/27 in order to fund the increased costs of statutory duties within Adult Social Care. Currently a 2% increase p.a. 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 (paragraph 4.27).

- 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.
- A Council Tax Base for 2026/27 of 37,062.20 assuming a Council Tax in year collection rate of 98.3% for 2026/27 as outlined in the report to Executive on 3 December 2025, producing approximately £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.
- Capital financing costs associated with borrowing have been reviewed to reflect the updated Capital Programme in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Two 2025/26 to Executive on 3 December 2025, and also to reflect the proposed new capital investment summarised in paragraphs 4.57 to 4.65 and detailed in Appendix 4. The s151 Officer has 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.

Changes to the MTFP since February 2025

- 4.42 There have been a number of changes to the MTFP since the report to Council in February 2025 and these are reflected in the updated MTFP in Table 3 below.

Updated MTFP before service budget growth

- 4.43 Table 3 below shows the major components of the updated MTFP before any service budget growth, reflecting the above amendments and budget assumptions, which are based upon the best information available at that time of writing the report.
- 4.44 This shows that based on the latest available information and budget assumptions there is currently £6.460m available for budget service growth in 2026/27 to reinvest in some direct services to the community and reinvestment in the resilience of enabling services. There is currently a balanced budget for 2027/28 and 2028/29. As mentioned above 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 regarding Government funding levels.

Table 3: updated MTFP 2026/27 to 2029/30 before service budget growth

| Budget Item | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | Cumulative £m |
|---|------------------|------------------|------------------|------------------|------------------|
| Net Budget brought forward | 140.252 | 195.311 | 209.580 | 222.780 | 767.923 |
| Pay Inflation / change in employers pension rate | 2.330 | 3.101 | 2.543 | 2.594 | 10.568 |
| Contractual inflation | 1.797 | 1.547 | 1.547 | 1.547 | 6.438 |
| Other Inflation | 0.003 | - | - | - | 0.003 |
| Fees & Charges inflation | (0.648) | (0.648) | (0.648) | (0.648) | (2.592) |
| Inflation subtotal | 3.482 | 4.000 | 3.442 | 3.493 | 14.417 |
| Service Demand pressures & rebasing of budgets | | | | | |
| Regeneration | 1.075 | (0.075) | - | - | 1.000 |
| Public Health | - | 0.447 | - | - | 0.447 |
| Environment & Community Services | 3.121 | (0.235) | 1.589 | 0.205 | 4.680 |
| Children's Care | 3.084 | 3.000 | 3.000 | 1.500 | 10.584 |
| Education & Partnerships | 0.720 | - | - | - | 0.720 |
| Adult Social Care | 6.782 | 3.548 | 3.691 | 3.733 | 17.754 |
| Legal & Governance Services | 0.635 | - | - | - | 0.635 |
| Finance | 0.132 | 0.006 | 0.005 | - | 0.143 |
| Service Demand pressures & rebasing of budgets | 15.549 | 6.691 | 8.286 | 5.438 | 35.964 |
| Top up of Financial Resilience Reserve | - | 0.750 | 0.750 | 0.750 | 2.250 |
| Annual contribution to Change Fund Reserve | (0.730) | 0.730 | - | - | - |
| Contingency Budget adjustments - including full removal of Contingency for Future Uncertainty | (1.052) | - | - | - | (1.052) |
| Additional top up of Financial Resilience Reserve 25/26 (removal - was for 25/26 only) | (1.370) | - | - | - | (1.370) |
| Middlesbrough Priorities Fund (removal - was for 25/26 only) | (4.367) | - | - | - | (4.367) |
| Delivery Risk Budget (removal - was for 25/26 only) | (2.000) | - | - | - | (2.000) |
| Grant Funding Adjustments, including grants rolled into formula | 39.412 | 0.392 | 0.392 | 5.802 | 45.998 |
| Capital Financing Requirement changes | 0.500 | 1.706 | 0.329 | - | 2.535 |
| Member Ward led schemes (continuation of funding currently provided by M'bro Priorities Fund) | 0.235 | - | - | - | 0.235 |
| Savings - approved in 25/26, 24/25 and prior budget rounds | (3.517) | - | - | - | (3.517) |
| Savings proposals now deemed to be unachievable - to be removed | 2.458 | - | - | - | 2.458 |
| Other adjustments | 29.569 | 3.578 | 1.472 | 6.552 | 41.170 |
| Planned contributions to (+) / from (-) Reserves to smooth budget over MTFP period | - | 3.335 | 5.748 | (1.332) | 7.751 |
| Projected Net Budget Requirement before Service Budget Growth | 188.851 | 212.915 | 228.528 | 236.931 | 867.225 |
| Projected Net Budget Requirement funded by: | | | | | |
| Council Tax | (78.458) | (81.188) | (83.973) | (89.324) | (332.943) |
| Business Rates | (51.641) | (52.409) | (53.175) | (53.939) | (211.164) |
| Revenue Support Grant | (65.212) | (79.318) | (91.380) | (93.668) | (329.578) |
| Assumed Funding | (195.311) | (212.915) | (228.528) | (236.931) | (873.685) |
| Updated Budget Gap + / Surplus () before Service Budget Growth | (6.460) | 0.000 | 0.000 | 0.000 | (6.460) |

4.45 The draft budget and MTFP and the assumptions used will remain subject to review throughout the budget development and setting period as new information becomes available, before the final 2026/27 budget and MTFP is presented to Council for approval in February 2026.

Service Budget Growth in line with Mayor's priorities

- 4.46 After allocating the estimated additional Government funding in the order set out in paragraph 4.7, there remains an amount of £6.460m remaining 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 Mayor's priorities.
- 4.47 Directors in conjunction with their relevant Executive Members were requested to submit bids for funding. All bids were required to detail how they met the Mayor's priorities.
- 4.48 The Mayor and Executive have considered all bids within the available funding and propose that the service budget growth proposals contained in Appendix 3 and summarised in Table 4 below are subject to public consultation as part of the budget consultation process outlined in paragraphs 4.66 to 4.69. Appendix 3 demonstrates that the service budget growth 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 4: Summary of proposed service budget growth

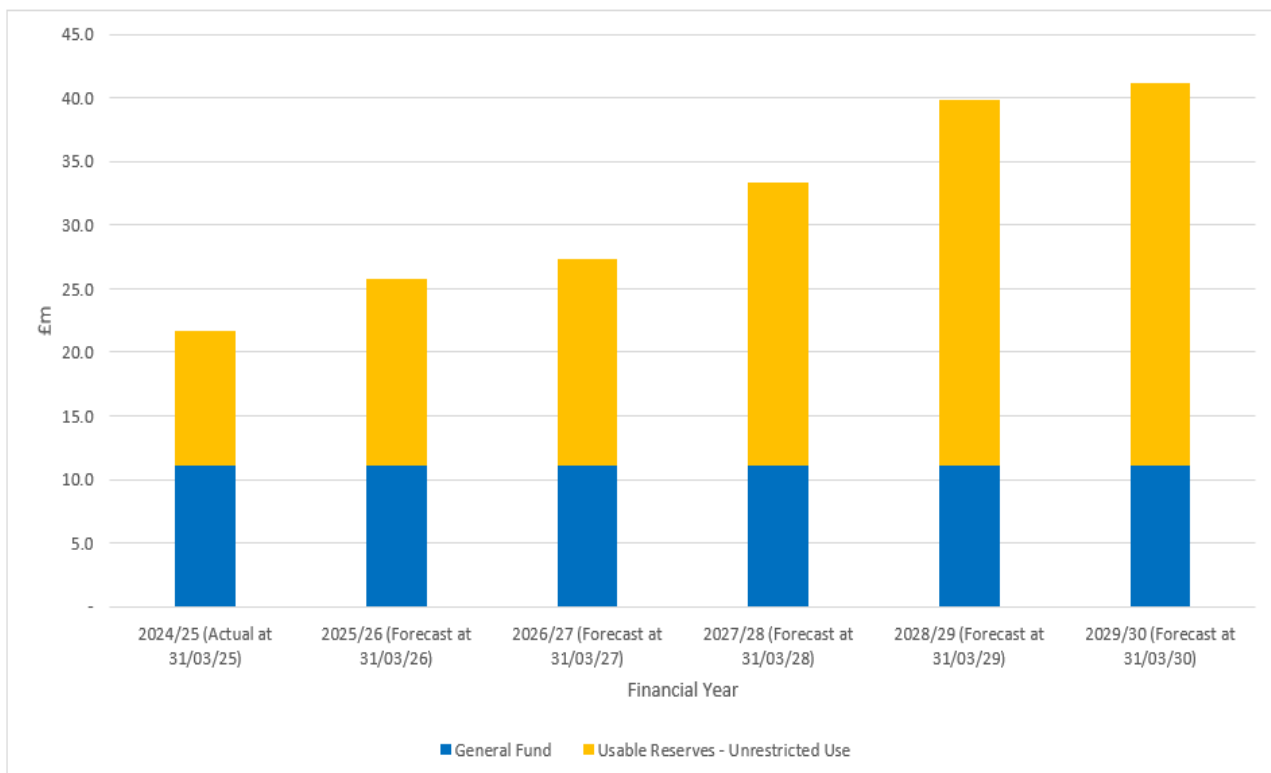
| Growth Area | £m |
|---|--------------|
| Continuing to improve the look and feel of our Town | 1.700 |
| Making our town safer | 0.650 |
| Improving housing standards | 0.300 |
| Improving Play Parks | 0.200 |
| Supporting our communities | 0.600 |
| Supporting and protecting vulnerable residents | 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 |
| Total Proposed Service Budget Growth | 6.460 |

- 4.49 The budget consultation will request views from the public relating to the service budget growth proposals.
- 4.50 The finalisation of the level of Government funding which the Council will receive in the LGFS will determine how much is available for service budget growth, and following this and after taking account of views received as part of the budget consultation the final service budget growth proposals will be included in the final 2026/27 budget and MTFP report which will be considered by the Executive on 4 February 2026 and recommended to Council for consideration and approval on 18 February 2026.

RESERVES

- 4.51 Details of the current level of the Council's General Fund reserves and provisions were included in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Two 2025/26 report to Executive on 3 December 2025. The purposes for which the Council holds each reserve is set out in the Reserves Policy approved by Council as part of the 2025/26 budget setting on 19 February 2025.
- 4.52 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 Reserves Policy in the 2025/26 Revenue Budget, Medium Term Financial 2025/26 to 2028/29, and Council Tax report to Council on 19 February 2025, and the budget proposed has no adverse effect on these planned increases over the MTFP period. This will be updated in the report to Council in February 2026.
- 4.53 Figure 1 below shows the current projected unrestricted usable reserves through to the end of 2029/30 after planned contributions; however this will depend on any unplanned drawdowns of reserves. It shows the plan to increase reserves to acceptable levels by the end of the MTFP period. The uncertainty regarding Government funding for 2029/30 onwards means reserves have been increased further than that originally planned.

Figure 1 - Forecast Unrestricted Usable Reserves from closing balance 2024/25 through to closing balance 2029/30 (following planned contributions and drawdowns)



Dedicated Schools Grant (DSG) deficit

- 4.54 As detailed in the Quarter Two budget report to Executive on 3 December 2025, the limited impact of measures taken to date and if the statutory override is removed without a government led solution in 2028, this presents a significant risk to the Council's financial position as the current forecast DSG deficit at 31 March 2026 of £31.213m is greater than all of the Council's forecast usable revenue reserves of £25.808m at 31 March 2026. Also the DSG deficit is currently forecast to increase in future years of the MTFP by more than the forecast increase in reserves. This is a real risk and concern to the Council's financial position in the future, as is the case with most other local authorities.
- 4.55 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.
- 4.56 The Government has 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. No details have yet been provided as to how they propose to deal with the historic DSG deficits that have been built up over the years and they have said that further details on the support for local authorities regarding this will be set out in the Provisional LGFS in December 2025.

CAPITAL PROGRAMME

- 4.57 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.
- 4.58 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.
- 4.59 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 which was approved by Council in February 2025.
- 4.60 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 included Directors in consultation with Executive Members submitting 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.

- 4.61 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 detailed in Appendix 4 to be included in the revised Capital Programme for the MTFP period commencing 2026/27. The capital investment will help to ensure the Capital Programme provides essential expenditure required to support the delivery of the Council's objectives and priorities. Appendix 4 provides details of the proposed capital investment and the reasons for their proposed inclusion.
- 4.62 The proposed new schemes will be subject to the same consultation as the revenue budget to enable stakeholders to submit their views with respect to the proposed new capital schemes.
- 4.63 There is still some work to do 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.
- 4.64 The Capital Programme will be further reviewed at Quarter Three. The final proposed new capital schemes will be included in the revised Capital Programme for the MTFP period commencing 2026/27 within the budget report to Executive and for consideration and approval by Full Council in February 2026 along with a Capital Strategy Report.
- 4.65 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. As mentioned in paragraph 4.41 an affordability limit has been set by the Council's s151 Officer and the proposed capital investment will adhere to this. Although the proportion of the net revenue budget forecast to be spent on Capital Financing costs is increasing, this has been fully funded by additional budget allocations. The level is currently close to the 10% threshold which was indicated by CIPFA as an upper limit for debt financing costs when the Prudential Code was introduced in 2007. Full details regarding the current position regarding this were included in the Treasury Management – Mid Year Review 2025/26 report to Executive on 3 December 2025.

CONSULTATION

- 4.66 Consultation in respect of the budget proposals for service budget growth for 2026/27 (detailed in paragraphs 4.46 to 4.50 and Appendix 3) and the proposed level of Council Tax for 2026/27 (paragraph 4.27) will commence on 18 December 2025 and conclude on 11 January 2026, with appropriate impact assessments undertaken considering responses to the consultation.
- 4.67 It is planned that the budget consultation will closely involve elected members in proactively engaging stakeholders. It will have a clear brand identity and be promoted across social media and other channels, gathering both quantitative and qualitative information that will provide both real insight for the Council and real influence for respondents. The aim is to encourage more people to take part in the annual budget consultation.
- 4.68 It is planned that the consultation will be politically led and will include:
- a general public survey on the Council's website
 - a general consultation email address
 - a number of consultations with staff
 - a public budget consultation event led by the Executive Member for Finance and Director of Finance and Transformation at the Town Hall on 5 January 2026
 - briefings for all elected members
 - consultation with the Overview and Scrutiny Board
 - consultation with the Council's partners and the local business sector, including consultation with the town's Chamber of Commerce
- 4.69 The output of the consultation process will then be reported to Executive on 4 February 2026 and then to Full Council on 18 February 2026, which will:
- again refresh the MTFP following the Local Government Finance Settlement, set the 2026/27 budget and any associated service budget growth, and set the Council Tax level for 2026/27;
 - comply with the Public Sector Equality Duty and set out any impacts identified from the proposals for 2026/27 and future years.

Member engagement in developing the budget and MTFP

- 4.70 As detailed in the September 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 these Executive papers were circulated on 9 December 2025.
- 4.71 The Financial Resilience Working Group (FRWG) comprising cross party member representation will continue to play a key role in the budget setting process with meetings of the Group continuing to be held during the process.

5. Ward Member Engagement if relevant and appropriate

- 5.1 As detailed in paragraph 4.70 all elected members, including ward members, have a role to play in the budget setting process.

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 sets out the development process and timeline for achieving that objective. Therefore, no other options are feasible.

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

| Topic | Impact |
|--|--|
| Financial (including procurement and Social Value) | <p>This report represents a key step in the budget process and reports on the current position at the time of writing the report which includes initial analysis of the Local Government Policy Statement published by the Government on 20 November 2025, however this is before the Provisional Local Government Finance Settlement is published (scheduled for the week commencing 15 December 2025). The figures contained within the report and the budget proposals are therefore subject to further review and change once the detail of the Provisional Local Government Finance Settlement is published.</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> <p>The current estimate of the increase in Government funding resulting from the Government's Fair Funding 2.0 Review for Middlesbrough Council is £10.653m in 2026/27, £14.485m in 2027/28, and £12.438m in 2028/29 (Table 1 in paragraph 4.17).</p> <p>There are 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 (paragraphs 4.31 to 4.33 and Appendix 1). It is also 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 4.36).</p> <p>Sufficient Government funding is expected to enable the Mayor and Executive to have options, including the proposal to reinvest £6.460m from 2026/27 in some direct services to the community and reinvestment in the resilience of</p> |

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| | <p>enabling services (detailed in Appendix 3), and also propose that there is no increase in core (general) Council Tax, but a 2% increase in Council Tax for 2026/27 relating to the Adult Social Care precept to reflect the increased costs of the statutory duties required for Adult Social Care (paragraph 4.27). These are proposed to meet the Mayor's priorities in the Council Plan.</p> <p>The budget proposals will mean that the proposed draft budgets for 2026/27 to 2029/30 are currently balanced (Table 3 in paragraph 4.44). As noted in paragraph 4.44 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 regarding Government funding levels.</p> <p>The report also proposes 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).</p> <p>The funding available will be confirmed in the Local Government Finance Settlement, and the budget process will culminate in the Chief Finance Officer's (S151 Officer) assessment of the robustness of the proposed budget and adequacy of reserves statement contained within the final report presented to Executive and Council in February 2026, followed by approval of the Budget, MTFP, Capital Programme, Treasury Management Strategy and annual Council Tax by Council.</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 in February 2026.</p> <p>A number of the service budget growth proposals should positively provide Social value.</p> |
| Legal | <p>The Council is required under legislation to set a balanced budget for each year. 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,</p> |

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| | <p>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 lack of the finalisation of Government funding available to the Council presents a risk to the Council that the estimates made based on information available at the time of the writing of the report are incorrect and that the budget proposals relating to service budget growth and council tax increases will need to be reviewed and amended before finalisation as part of the budget report to Council in February 2026.</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 Two forecast year-end overspend for 2025/26. It is essential that Directors in consultation with Executive Members are focused upon developing and delivering financial recovery plans 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. As such impact assessments for the proposed service budget growth and council tax increase will be undertaken as part of the budget process and included as part of the budget report to Council in February 2026.</p> |

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|---|--|
| Reducing Poverty | A number of the service budget growth proposals should positively help to reduce poverty. |
| Climate Change / Environmental | The proposed recommendations in this report do not directly impact on Climate Change/Environmental issues. |
| Children and Young People Cared for by the Authority and Care Leavers | A number of the service budget growth proposals should positively impact upon Children and Young People Cared for by the Authority and Care Leavers. |
| Data Protection | The proposed recommendations in this report do not directly impact on Data Protection issues. |

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

| Action | Responsible Officer | Deadline |
|---|---|-----------------|
| Consultation on the proposed draft budget and service budget growth and Council Tax proposals for 2026/27 will commence on 18 December 2025 and conclude on 11 January 2026, with appropriate impact assessments undertaken considering responses to the consultation | Director of Finance and Transformation (s151 Officer) | 11/1/26 |
| The output of the consultation process will be reported as part of the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2026/27 report to Executive on 4 February 2026 and Full Council on 18 February 2026 | Director of Finance and Transformation (s151 Officer) | 18/2/26 |

Appendices

| | |
|----------|---|
| 1 | Forecast Service Demand Pressures and Re-basing of Budgets (including for reduced income levels and legislative requirements) |
| 2 | Savings approved in previous years |
| 3 | Proposed Service Budget Growth |
| 4 | New Capital Schemes and additions to current schemes and extension of schemes deemed Business as Usual |

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 |

Contact: Andrew Humble

Director of Finance and Transformation (s151 Officer)

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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 |
|---|---|---------------|---------------|---------------|---------------|------------------|
| Regeneration | | | | | | |
| • MUSINC Project (26/27 only) | Replacement of musical instruments/enhancement of offer currently provided by the Service | 0.075 | (0.075) | - | - | - |
| • Changes to commercial income assumptions | Potential shortfalls on income from strategic commercial investments arising from potential tenancy changes | 1.000 | - | - | - | 1.000 |
| | | 1.075 | (0.075) | - | - | 1.000 |
| | | | | | | |
| Public Health | | | | | | |
| • Relocation of Live Well Centre | Drugs Support Service relocation | - | 0.447 | - | - | 0.447 |
| | | | | | | |
| Environment & Community Services | | | | | | |
| • Member Allocations to Wards (26/27 only) | For ward specific initiatives, led by Ward Members | 0.055 | (0.055) | - | - | - |
| • In-house Arbor Team (26/27 only) | 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) | - | - | - |
| • Trading Standards (26/27 only) | 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) | 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) | - | - | - |
| • 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 |
| • Catering (school meals) income pressures | Continuing shortfalls on income achieved from school meals | 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 | 0.038 | 0.143 | 1.542 | 0.157 | 1.880 |
| • Crematorium income pressures | Continuing 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 |
| | | 3.121 | (0.235) | 1.589 | 0.205 | 4.680 |
| Children's Care | | | | | | |
| • 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 |
| Education & Partnerships | | | | | | |
| • Integrated Transport Unit (ITU) | 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 |
| Adult Social Care | | | | | | |
| • 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) | 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) | 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 |
| • Assistant 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 | 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 |
| Legal & Governance | | | | | | |
| • Directorate wide staffing | Increased staffing requirement across Democratic Services, Legal, Strategy, Information & Governance, Human Resources and LMT Business Support | 0.585 | - | - | - | 0.585 |
| • 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 |
| | | 0.635 | - | - | - | 0.635 |
| Finance | | | | | | |
| • 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 |
| | | | | | | |
| Forecast Service Demand Pressures and Re-basing of Budgets | | 15.549 | 6.690 | 8.285 | 5.438 | 35.963 |

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 - Savings Approved in Previous Years

APPENDIX 2

2024/25 Savings Initiatives for delivery in 2026/27 by Directorate

| Adult Social Care | | | | | |
|-------------------------|--|-------------|-------------|-------------|-------------|
| 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) |
| Total Adult Social Care | | (0.750) | - | - | (0.750) |

| Children's Care | | | | | |
|-----------------------|--|-------------|-------------|-------------|-------------|
| 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) |
| Total Children's Care | | (0.715) | - | - | (0.715) |

| Environment & Community Services | | | | | |
|--|--|-------------|-------------|-------------|-------------|
| 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) |
| Total Environment & Community Services | | (0.020) | - | - | (0.020) |

| Regeneration | | | | | |
|--------------------|--|-------------|-------------|-------------|-------------|
| 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) |
| Total Regeneration | | (0.200) | - | - | (0.200) |

| Finance | | | | | |
|---------------|---|-------------|-------------|-------------|-------------|
| 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) |
| Total Finance | | (0.182) | - | - | (0.182) |

| | | | | | |
|--|--|---------|---|---|---------|
| TOTAL 2024/25 SAVINGS FOR DELIVERY IN FUTURE YEARS | | (1.867) | - | - | (1.867) |
|--|--|---------|---|---|---------|

2025/26 Savings Initiatives for delivery in 2026/27 by Directorate

| Children's Care | | | | | |
|-----------------------|--|-------------|-------------|-------------|-------------|
| Ref: | Budget Savings Proposal | 26/27 £m | 27/28 £m | 28/29 £m | TOTAL £m |
| CC08 | Modernising foster care 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 | Introduce Edge of Care team 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) |
| Total Children's Care | | (0.768) | - | - | (0.768) |

| Environment & Community Services | | | | | |
|--|---|-------------|-------------|-------------|-------------|
| Ref: | Budget Savings Proposal | 26/27 £m | 27/28 £m | 28/29 £m | TOTAL £m |
| ECS15 | Grant funding Funding from the Capital Transport Strategy Grant would be used to cover the costs of management. | 0.060 | - | - | 0.060 |
| ECS17 | One off - Use of Capital grant funding 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 | One off - Maximisation of grants Further use of external grant funding to cover appropriate staffing costs within community safety | 0.200 | - | - | 0.200 |
| Total Environment & Community Services | | 0.460 | - | - | 0.460 |

| Finance | | | | | |
|---------------|---|-------------|-------------|-------------|-------------|
| Ref: | Budget Savings Proposal | 26/27 £m | 27/28 £m | 28/29 £m | TOTAL £m |
| FIN16 | Accounts payable staffing change A vacant post within the accounts payable finance team will be held temporarily vacant for 2025/26 | 0.015 | - | - | 0.015 |
| Total Finance | | 0.015 | - | - | 0.015 |

| Corporate Vacancy Factor | | | | | |
|--------------------------------|--|-------------|-------------|-------------|-------------|
| Ref: | Budget Savings Proposal | 26/27 £m | 27/28 £m | 28/29 £m | TOTAL £m |
| CRC01-2 | Financial Management of Pay budgets 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) |
| Total Corporate Vacancy Factor | | (1.357) | - | - | (1.357) |

| | | | | | |
|--|--|---------|---|---|---------|
| TOTAL 2025/26 SAVINGS FOR DELIVERY IN FUTURE YEARS | | (1.650) | - | - | (1.650) |
|--|--|---------|---|---|---------|

| | | | | | |
|--|--|---------|---|---|---------|
| TOTAL SAVINGS APPROVED IN PREVIOUS YEARS | | (3.517) | - | - | (3.517) |
|--|--|---------|---|---|---------|

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| Growth Area | Detail | Link to Council Plan Priorities | Link to Council Plan Aims | Impact | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | Cumulative £m |
|---|--|--|---|--|---------------|---------------|---------------|---------------|------------------|
| Continuing to improve the look and feel of our Town | <ul style="list-style-type: none">• Doubling existing team of neighbourhood caretakers• Reinstating Park Keepers - reporting issues and providing maintenance• Introducing a Becks team• Adding extra street cleaning rounds• Faster removal of fly-tipping and graffiti• More staff to keep alleys clean• Resident Pest Control Service | A Healthy Place | We will protect and improve our environment | • Cleaner, safer neighbourhoods and improved quality of life | 1.700 | - | - | - | 1.700 |
| Making our town safer | Investment to reduce crime and anti-social behaviour, including: <ul style="list-style-type: none">• More staff tackling environmental crimes• Strengthening CCTV monitoring• Professional Witness Service investment• Extra legal support to take cases to court• Parenting Officers providing targeted family support | Safe and Resilient Communities | We will reduce crime and antisocial behaviour | <ul style="list-style-type: none">• Strengthened evidence gathering capacity• Deterrent effect from increased prosecutions• Safer streets and stronger enforcement• Improved community safety | 0.650 | - | - | - | 0.650 |
| Improving housing standards | Investment, including new officers focused on: <ul style="list-style-type: none">• Improving standards of rented homes• Bringing empty properties back into use | A Successful and Ambitious Town | We will ensure housing provision meets local demands | • Better health, wellbeing, and appearance of estates | 0.300 | - | - | - | 0.300 |
| Improving Play Parks | <ul style="list-style-type: none">• Extra money for repairs and new equipment in our parks and play facilities (in addition to this new capital funding proposed of £0.5m in 26/27 and then £0.2m per year in future years) | A Healthy Place | We will protect and improve our environment | • Safer, more inviting play areas for families | 0.200 | - | - | - | 0.200 |
| Supporting our communities | <ul style="list-style-type: none">• Funding for areas worst affected by deprivation in the latest IMD figures released• Split across North, South, East and West neighbourhood areas• Investment in targeted support and ensuring these residents get the area improvements they deserve | Safe and Resilient Communities | We will promote new ideas and community initiatives | • Stronger community resilience, improved support for deprived neighbourhoods, and reduced inequalities across Middlesbrough | 0.600 | - | - | - | 0.600 |
| Supporting and protecting vulnerable residents | Remodel Adult Social Care's 'Front Door': <ul style="list-style-type: none">• Bringing together occupational therapy, voluntary sector, police and prevention staff• Management of demand through early intervention and joint working Investment in services for safer, more independent lives: <ul style="list-style-type: none">• Targeted help for adults with complex needs, including dedicated work with women• Extra occupational therapy to avoid long-term care• Enhanced domestic abuse support capacity• Additional victim support funding• Focus on housing needs of vulnerable people In addition £1m capital in 26/27 for Homelessness proposed to secure more temporary accommodation to tackle housing needs | 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 | <ul style="list-style-type: none">• Faster access to help, better outcomes for residents, improved housing support, and reduced demand for long-term care | 0.870 | - | - | - | 0.870 |
| Childhood Enrichment | <ul style="list-style-type: none">• Investment so that every ward has access to a youth club or dedicated services for young people• Investment in the 10 x 10 programme that aims to provide inspirational life-changing experiences for children under 10• Investment to create more opportunities for young people, such as grants for schools to deliver more enrichment activities such as buying sports kit, art supplies and music equipment.•Extra funding to support the expansion of our Holiday Activities Fund provision across all school holidays | 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 | <ul style="list-style-type: none">• Reduced anti-social behaviour, better opportunities and improved life chances for young people• More support for families during school holidays | 0.900 | - | - | - | 0.900 |
| Supporting our carers and foster families | Investing in services that help carers continue to provide vital support and reduce reliance on formal care, including: <ul style="list-style-type: none">• Targeted help for informal carers to sustain their caring role• Expanding the Foster Carers Forum to provide guidance, training, and peer support | 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 | 0.110 | - | - | - | 0.110 |
| Supporting growth and jobs | Investment in tech sector growth: <ul style="list-style-type: none">• Support to digital businesses to create jobs• Attracting new investment and retaining well paid jobs locally• Complements partnership with Capital & Centric to regenerate Middlehaven and deliver youth focused Place Strategy Investment for dedicated Employment Coordinator: <ul style="list-style-type: none">• Help residents access jobs and training• Link employers with local talent | A Successful and Ambitious Town | We will attract and grow businesses to increase employment opportunities | • Thousands of new jobs, improved employability, reduced unemployment, and stronger local economy | 0.630 | - | - | - | 0.630 |
| Spending more on culture and events | <ul style="list-style-type: none">• Bring cultural events to more areas and increase the amount and quality of events across the town• Improve museums offer for residents and visitors | A Healthy Place | We will promote inclusivity for all | <ul style="list-style-type: none">• Enhancing enjoyment for residents who may find town centre travel difficult• Attract more visitors from outside the town• Stronger cultural identity | 0.500 | - | - | - | 0.500 |
| Proposed Service Budget Growth | | | | | 6.460 | - | - | - | 6.460 |

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Appendix 4 - New Capital Schemes and additions to current schemes and extension of schemes deemed Business as Usual

New schemes & Additions to current schemes

Priority Key

Urgent Works.

Health & Safety / Legislative Compliance

Asset Protection / Enhancement.

4. Other - Must align to the Council Plan

1.

2,

3.

| Directorate | Capital Project Description | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | Total £m | Priority | Continuation of Existing Project? Y/N |
|------------------------------------|---|---------------|---------------|---------------|---------------|-------------|-----------------------------|---|
| Regeneration | Whorlton Road - Acquisition of the site to avoid additional lease costs | 2.615 | - | - | - | 2.615 | 1 & Return on investment | N |
| Regeneration | Town Hall - Phased repair / renewal of the building and some of the ornate stonework and the installation of a lift - Note that the total cost is estimated at £15m, £3m of this already sits within the capital programme. | - | 4.000 | 4.000 | 4.000 | 12.000 | 1 & 2 | Y |
| Regeneration | Homelessness - Provision of temporary accommodation to tackle housing needs within Adult Social Care & Children's Care | 1.000 | - | - | - | 1.000 | 4 & Return On Investment | Y |
| Regeneration | Accommodation - Additional funding for the continuation of the Council's strategy to reduce and or provide better use of Council properties | 0.750 | 0.750 | - | - | 1.500 | 2 & 3 | Y |
| Regeneration | Repair and Refurbishment of the Council Depot Facility (Resolution House) - Replacement of the roof and windows, other repairs as required. | 0.500 | 3.500 | 2.000 | - | 6.000 | 3 & 4 | N |
| Regeneration | Dorman Museum - Roof and window replacement | 1.325 | - | - | - | 1.325 | 1 | N |
| Regeneration | Equipment Renewal at the Town Hall and Theatre | 1.500 | - | - | - | 1.500 | 2, 4 & Return On Investment | N |
| | | | | | | | | |
| | Total Regeneration | 11.990 | 9.250 | 6.000 | 4.000 | 31.240 | | |
| | | | | | | | | |
| Environment and Community Services | Fleet Vehicle Capital Replacement - Acquisition of vehicles, predominantly refuse vehicles in order for the Council to be compliant with Central Government's Simpler Recycling legislation. | 1.820 | - | 0.400 | - | 2.220 | 2 | Y |
| Environment and Community Services | Longlands Road Overbridge - Significant repairs or full replacement of the bridge deck above the rail track of the A1085. At this stage the costs are estimated, the Council will be further informed of the extent and timing of the works upon receipt of a condition survey. | 0.100 | 0.300 | 0.450 | 9.150 | 10.000 | 1, 2 & 3 | N |
| Environment and Community Services | Extension To Fleet Workshop at the Council Depot (Resolution House) - To house the additional refuse vehicles that are required for the Council to be compliant with the Central Governments Simpler Recycling legislation. | 1.400 | - | - | - | 1.400 | 3 | N |
| Environment and Community Services | Replacement And Improvement To Equipment In Play Areas | 0.500 | 0.200 | 0.200 | 0.200 | 1.100 | 2,3, & 4 | N |
| | | | | | | | | |
| | Total Environment and Community Services | 3.820 | 0.500 | 1.050 | 9.350 | 14.720 | | |
| | | | | | | | | |
| | Total All Directorates | 15.810 | 9.750 | 7.050 | 13.350 | 45.960 | | |

Schemes Deemed Business As Usual

| Ref No. | Capital Project Description | 2026/27 £m | 2027/28 £m | 2028/29 £m | 2029/30 £m | Total £m |
|--------------|---|---------------|---------------|---------------|---------------|-------------|
| Regeneration | Capitalisation Of Major Schemes Salaries | - | - | - | 0.530 | 0.530 |
| Regeneration | Capitalisation Of Planning Services Surveys | - | - | - | 0.040 | 0.040 |
| Regeneration | Derisking Sites | - | - | - | 0.500 | 0.500 |
| Regeneration | Property Services Building Investment | - | - | - | 0.340 | 0.340 |
| Regeneration | Property Asset Investment Programme | 0.500 | 0.500 | 0.500 | 2.000 | 3.500 |
| | | | | | | |

| | | | | | | |
|------------------------------------|--|-------|-------|-------|-------|--------|
| | Total Regeneration | 0.500 | 0.500 | 0.500 | 3.410 | 4.910 |
| | | | | | | |
| Environment and Community Services | Members Small Schemes | - | - | - | 0.060 | 0.060 |
| Environment and Community Services | Purchase Of New Vehicles | - | - | - | 1.200 | 1.200 |
| Environment and Community Services | Capitalisation Of Wheeled Bin Replacement | - | - | - | 0.100 | 0.100 |
| Environment and Community Services | Capitalisation Of Street Furniture / Dog Fouling & Litter Bins | - | - | - | 0.055 | 0.055 |
| Environment and Community Services | Capitalisation Of Highways Maintenance | - | - | - | 0.575 | 0.575 |
| Environment and Community Services | Street Lighting Maintenance | - | - | - | 0.468 | 0.468 |
| | | | | | | |
| | Total Environment and Community Services | - | - | - | 2.458 | 2.458 |
| | | | | | | |
| Adult Social Care | Chronically Sick & Disabled Persons Act - All Schemes | - | - | - | 0.610 | 0.610 |
| Adult Social Care | Capitalisation Of Staying Put Salaries | - | - | - | 0.050 | 0.050 |
| | | | | | | |
| | Total Adult Social Care | - | - | - | 0.660 | 0.660 |
| | | | | | | |
| Legal and Governance Services | ICT Essential Refresh & Licencing | - | - | - | 2.185 | 2.185 |
| | | | | | | |
| | Total Legal and Governance Services | - | - | - | 2.185 | 2.185 |
| | | | | | | |
| | Total All Directorates | 0.500 | 0.500 | 0.500 | 8.713 | 10.213 |

TOTAL

| | | | | | | |
|--|------------------------|--------|--------|-------|--------|--------|
| | Total All Directorates | 16.310 | 10.250 | 7.550 | 22.063 | 56.173 |
|--|------------------------|--------|--------|-------|--------|--------|