

COUNCIL

A meeting of the Council was held on Monday 27 February 2023.

PRESENT: Councillors J Hobson, A Bell (Vice-Chair), I Blades, D Branson, C Cooke, B Cooper, D Coupe, D Davison, S Dean, T Furness, TA Grainge, A Hellaoui, S Hill, C Hobson, B Hubbard, N Hussain, D Jones, L Mason, T Mawston, D McCabe, C McIntyre, J McTigue, M Nugent, E Polano, A Preston (The Mayor), J Rathmell, D Rooney, J Rostron, R Sands, M Saunders, M Smiles, M Storey, P Storey, J Thompson, J Walker, S Walker, G Wilson and C Wright

OFFICERS: C Benjamin, S Bonner, R Brown, B Carr, Z Farrow, G Field, A. Glover, L Grabham, A Humble, D Johnson, A Pain, J Savage, E Scollay, H Seechurn, K Whitmore and A Wilson

APOLOGIES FOR ABSENCE: Councillors R Arundale, C Dodds, N Gascoigne, T Higgins, A High, L Lewis, J Platt, G Purvis and Z Uddin

22/82 **DECLARATIONS OF INTEREST**

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

22/83 **ANNOUNCEMENTS/COMMUNICATIONS**

The Chair reminded members to use the microphones when speaking at the meeting.

22/84 **PAY POLICY STATEMENT**

The Director of Legal and Governance Services and the Executive Member for Finance and Governance submitted a report, the purpose of which was to set out the Pay Policy Statement 2023/2024 for consideration by full Council.

The Executive Member for Finance and Governance presented the report,

The Pay Policy Statement set out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. The policy was required to be approved by full Council and was subject to annual review.

The Pay Policy Statement set out details of the various employee policies relevant to the remuneration of Chief Officers in operation within the Council. The content of those policies included within the statement would continue to be determined by current mechanisms.

The Chair invited the Monitoring Officer to conduct a vote with regard to the Pay Policy Statement 2023/2024.

Following a vote, it was **ORDERED** as follows:

That Council agree the Pay Policy Statement 2023/24.

22/85 **LOCAL COUNCIL TAX SUPPORT FOR 23/24**

The Director of Finance and the Executive Member for Finance and Governance submitted a report, which sought approval for the amendment of the Council's Council Tax Support (CTS) scheme for 2023/2024.

The Executive Member for Finance and Governance presented the report.

Each Billing Authority in England had a statutory requirement to make a Council Tax Support scheme by no later than 11 March each year, which was required to be approved by full council.

With the exception of minor legislative amendments made this year by central government/DLUHC, the scheme itself remained unchanged from 2022/23, however the proposed recommendation was to uplift the income bandings for 2023/24 to reflect the recent inflation rise for working age benefits. This recommendation was proposed in order to maintain the current level of support for applicants, recognising the financial challenges placed on residents due to the Cost of Living and Energy crises.

The implications of the recommendations had been considered by the appropriate officers of the Council and were set out in the main body of the report.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendation contained in the report.

The outcome of the recorded vote was as follows:

Votes For: (38)

Mr A Preston (Elected Mayor) Councillors Bell, Blades, Branson, Cooke, Cooper, Coupe, Davison, Dean, Furness, Grainge, Hellaoui, Hill, C Hobson, J Hobson, Hubbard, Hussain, Jones, Mason, Mawston, McCabe, McIntyre, McTigue, Nugent, Polano, Rathmell, Rooney, Rostron, Sands, Saunders, Smiles, M Storey, P Storey, Thompson, J A Walker, S Walker, Wilson, Wright

Votes Against: (0)

Abstentions: (0)

Following the recorded vote, it was **ORDERED** as follows:

That the revised Council Tax Support (CTS) scheme for 2023/24, be approved.

22/86

LEGAL, FINANCIAL AND PRACTICAL CONSEQUENCES OF FAILURE OR DELAY IN SETTING COUNCIL TAX

The Mayor, the Director of Finance and the Director of Legal and Governance Services submitted a report, the purpose of which was to set out the legal, financial and practical consequences of the failure or delay in setting the Council Tax.

The report highlighted the following:

- The Council had a legal duty to set a lawful budget before 11 March 2023
- Members jointly and severally (individually and collectively) had a fiduciary duty to Council Tax payers
- This meant that members had a duty to facilitate, rather than obstruct, the setting of a lawful budget, a process that requires flexibility and compromise
- Failure to set a lawful budget in time would lead to loss of revenue, significant additional administrative costs as well as reputational damage for the council
- Failure to set a budget could lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999 (and this had happened in number of councils)
- Failure to set a budget could give rise to personal liability for individual Members for misfeasance in public office, negligence or breach of statutory duty.

The Chair requested that members note the report.

ORDERED that the report be noted.

22/87

BUDGET 2023/24 - S25 REPORT OF THE CHIEF FINANCE OFFICER

The Director of Finance (S151 Officer) submitted a report, the purpose of which was to assist members in fulfilling their responsibility to set a balanced budget for 2023/24.

Section 25 of the Local Government Act 2003 required the Chief Finance Officer to report on

the robustness of the budget estimates and the adequacy of the financial reserves. The Act also required the Council to have regard to the report when making decisions about the budget. The Chief Finance Officer was defined in Section 151 of the Local Government Act 1972 and was fulfilled by the Director of Finance.

The report was in respect of the Budget 2023/24 as set out in the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report to this Council.

This report covered:

- An overview of current financial standing.
- An assessment of the robustness of the 2023-24 budget setting process for both revenue and capital.
- An assessment of key risks that may impact the budget 2023-24.
- An assessment of the overall adequacy of reserves to contain financial risk and ensure the sustainability of the Council over the financial year 2023-24, and
- An indication of future direction of travel for the council beyond 2023-24.

In summary, the proposals to establish a net budget requirement of £126.4m and council tax requirement of £67.3m for 2023/24, as set out in the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report to this Council, were robust and provided sufficient resource to enable the council to set a balanced budget.

Reserves were adequate insofar as the minimum level of general balance was set at £12m, based on risk assessment; there were currently no plans for its use being the fund of last resort. However, there was little resilience in earmarked reserves, and these were at a critical level. The lack of substantial earmarked reserves meant that the overall reserves position, whilst adequate, was fragile and could require a reliance on cost control or the delivery of additional savings in the event of any unplanned costs.

The budget gap 2023/24 of £14.9m required delivery of £9.4m savings in year (full year: £12.4m). The budget carried significant risk especially around the volatility of the budget for children's services and the delivery of approved saving plans in a timely way. The Council was advised to have an unrelenting focus on the delivery of saving plans and demand mitigation during the year. The delivery of children's financial improvement plan would be overseen by the Children's Finance Focus Group. Some level of contingency (£1.3m) and limited reserves (social care transformation – currently estimated to be £1.7m at the end of 2022/23) were held to mitigate these risks. In the event of significant unexpected cost pressures emerging during the year, further savings would be required from across the Council, and early consideration was advisable to forward plan future savings so they could be brought forward as necessary.

The Council's current financial standing reflected a number of weaknesses: relatively low levels of reserves; significant demands on services and governance weaknesses limiting the delivery of value for money for the people of Middlesbrough, resulting in a best value improvement notice issued in January 2023. The Council had in place a Governance Improvement Board under the purview of the LGA and CIPFA. It was imperative there was organisational grip to deliver planned improvements to ensure council money was spent wisely and this would require a significant programme of work during 2023/24 to be delivered at pace that focussed on embedding budget management and improved accountability arrangements within the organisational culture.

The CFO did not consider Middlesbrough Council to be at risk of a s114 Notice (Local Government Act 1988) in setting the budget for 2023/24 as set out in the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report to this Council. This view was based on the latest available information and in the event of a change in the risk profile or financial circumstances, the position could not be assured over the medium term and would be kept under review in the coming months. Council was asked to note the requirement for early consideration of budget proposals for 2024/25 and for these to be available for acceleration if required.

The Council was advised to pursue a policy of strengthening its financial resilience by maximising its local revenues; seeking to replenish reserves and delivery of savings in a timely way. In this way the Council would be better able to withstand any future financial shocks and be in a stronger position to develop and implement its strategic plans.

The Chair requested members to note the report.

ORDERED as follows:

That the report be noted and that members have regard to it when setting the Revenue Budget 2023/24.

That members note the following:

- An unrelenting focus on delivery of 2023/24 savings and demand mitigation would be required to maintain a balanced budget; further work could be needed to accelerate future budget proposals, if necessary.
- The Chief Finance Officer advice would be to adopt a medium-term strategy that sought to maximise resources and replenish reserves.
- The requirement for a future programme of work to embed an organisational culture of good governance and financial management and within this a particular focus on strengthening financial practice in children's services.

22/88

REVENUE BUDGET, COUNCIL TAX, MEDIUM TERM FINANCIAL PLAN AND CAPITAL STRATEGY 2023/24

The Elected Mayor of Middlesbrough and the Director of Finance submitted a report, the purpose of which was to present the recommended Revenue Budget of £126,353,562, Council Tax increase of 3.99% (paragraphs 86 to 106), and Capital Strategy Report for 2023/24 (paragraphs 162 to 172).

Following on from the previous report presented to Council on 30 November 2022, the report also provided a refreshed Medium Term Financial Plan (MTFP) for the period 2023/24 to 2025/26 to reflect the 2023/24 Local Government Finance Settlement (paragraphs 107 to 155).

The Medium-Term Financial Plan update in this report is integrated with the £231m Investment Strategy for Middlesbrough for the period from 2022/23 to 2025/26, supported by £114m of the Council's own resources. The updated Investment Strategy was included at Appendix 7 to the report.

The budget continued to support the Mayor's commitment to invest in Middlesbrough and transform service delivery for residents. It was intended that through this strategy the Council could achieve the challenging financial targets faced in the Medium-Term Financial Plan period, whilst ensuring that there was as minimum impact as possible on the level of service delivered to the public.

The Mayor presented the report.

The Chair invited members to comment on the report.

Following a discussion on the content of the report, the Chair invited the Monitoring Officer to conduct a recorded vote.

Prior to the vote, the Monitoring Officer reminded Members that in accordance with Section 106 of the Local Government Finance Act 1992, any member that was more than 2 months in arrears with their Council Tax account, must declare an interest and must not take part in the vote.

The Monitoring Officer noted that no declarations of interest had been made.

The result of the recorded vote was as follows:

Votes For: (20)

Mr A Preston (Elected Mayor) Councillors Bell, Cooper, Coupe, Davison, Grainge, Hill, C Hobson, J Hobson, Jones, Mason, Mawston, McCabe, McIntyre, McTigue, Polano, Sands, Saunders, Smiles, S Walker

Votes Against: (0)

Abstentions: (18) Councillors Blades, Branson, Cooke, Dean, Furness, Hellaoui, Hubbard, Hussain, Nugent, Rathmell, Rooney, Rostron, M Storey, P Storey, Thompson, J A Walker, Wilson, Wright

Following the vote, it was **ORDERED** as follows:

That Council:

- approves the proposed budget strategy for 2023/24 as set out in paragraphs 13 to 85.
- approves the proposed budget savings (Appendices 1 and 2), and other proposals for the 2023/24 budget.
- having taken into account the matters set out in Section 32 of the Local Government Finance Act 1992 and the items set out within the report, that the Council approves the budget requirement for 2023/24 to be set at £126,353,562 as detailed in Appendix 3.
- approves the actual amount of Council Tax (Band D) for areas without parish precepts (excluding Fire and Police) be set at £1,881.86. This represents a total increase of 3.99%. This comprises of a 1.99% increase in general Council Tax, and an additional precept of 2% for Adult Social Care which has been continued by the Government to contribute towards the shortfall of funding for adult social care.
- approves the actual amount of Council Tax (Band D) for areas with parish precepts (excluding Fire and Police) be set at:-

Nunthorpe Parish	£1,891.57
Stainton and Thornton Parish	£1,891.17
- approves the amounts of Council Tax for each category of dwelling be set in accordance with table 4 of Appendix 5 within the report.
- approves the Flexible Use of Capital Receipts Strategy 2023/24 amounting to an estimated £3m in 2023/24, detailed in Appendix 6, and that following approval of the Strategy by Council, this will be implemented for 2023/24.
- notes the refreshed Medium Term Financial Plan position for 2023/24 to 2025/26 set out in this report in paragraphs 107 to 155.
- approves the updated Investment Strategy for the period to 2025/26 as outlined in paragraphs 156 to 161 and detailed in Appendix 7.
- approves the Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2023/24 as outlined in paragraphs 162 to 172 and detailed in Appendix 8 and approves the Authorised Limit for external borrowing of £328m for the Council for 2023/24 as set out in paragraph 172.