

## THE CHAIR AND ALL MEMBERS OF THE COUNCIL

Friday 17 February 2023

Dear Member

### COUNCIL - MONDAY 27TH FEBRUARY, 2023

You are hereby summoned to attend a meeting of the Council of the Borough of Middlesbrough to be held on **Monday 27th February, 2023 at 7.00 pm** in the Council Chamber to transact the following business, namely:-

1. Apologies for Absence
2. Declarations of Interest

To receive any declarations of interest.

3. Announcements/Communications

To receive and consider any communications from the Chair, Mayor, Executive Members or Chief Executive (if any).

- |   |           |
|---|-----------|
| 4. Pay Policy Statement   | 3 – 12    |
| 5. Local Council Tax Support for 23/24  | 13 – 104  |
| 6. Legal, Financial and Practical Consequences of Failure or Delay in Setting Council Tax | 105 - 112 |
| 7. Budget 2023/24 - S25 Report of the Chief Finance Officer                               | 113 – 126 |
| 8. Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2023/24   | 127 - 316 |

A recorded vote will be carried out in respect of the above item.

Section 106 of the Local Government Finance Act 1992 places a duty to declare an interest on any councillor who is two or more months in arrears with their Council Tax payments if they attend any meeting involved in setting the Council tax rate for the local authority. They must abstain from any vote involved in the setting of the Council tax rate until they are no longer in arrears.

A handwritten signature in black ink that reads "CJ Benjamin". The signature is written in a cursive style and is set against a light gray rectangular background.

Charlotte Benjamin,  
Director of Legal and Governance Services

PLEASE NOTE THERE IS RESTRICTED  
DISABLED ACCESS TO THE COUNCIL CHAMBER

Inspection of Papers – Documents referred to on this Summons may be downloaded from the Council's Website.

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

Should you have any queries in regard to the items on this agenda please contact Bernie Carr, Democratic Services on (Direct Line 01642 729714 or e-mail on: [bernie\\_carr@middlesbrough.gov.uk](mailto:bernie_carr@middlesbrough.gov.uk)).

Address: Democratic Services, Middlesbrough Council, Town Hall, Middlesbrough TS1 9FX

Website: [www.middlesbrough.gov.uk](http://www.middlesbrough.gov.uk)

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Legal and Governance and Executive Member for Finance and Governance
<b>Submitted to:</b>	Council
<b>Date:</b>	27 February 2023
<b>Title:</b>	Pay Policy Statement 2023/2024
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic priority:</b>	All
<b>Key decision:</b>	Not applicable
<b>Why:</b>	Not applicable
<b>Urgent:</b>	Not applicable
<b>Why:</b>	

<b>Executive summary</b>	
<p>The Pay Policy Statement sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. The policy must be approved by full Council and is subject to annual review. The Pay Policy Statement sets out details of the various employee policies relevant to the remuneration of Chief Officers in operation within the Council. The actual content of those policies included within the statement will continue to be determined by current mechanisms.</p>	

## **Purpose**

1. The purpose of the report is to set out the Pay Policy Statement 2023/2024 for consideration by full Council.

## **Background and relevant information**

2. To comply with the Localism Act 2011, the Council is required to approve a Pay Policy Statement setting out details of the Council's policies on the following:
  - Level of remuneration of Chief Officers
  - Level of remuneration paid upon recruitment
  - Payment of increments
  - Enhanced / additional pension contributions
  - Payment of bonuses, performance related pay and severance pay for Chief Officers
  - Awarding additional fees for election work
  - The creation of new posts with a salary package over £100,000 per annum
  - Employment of individuals already in receipt of a local government pension
  - Employment of ex-employees as Chief Officers under a contract for services
3. The Pay Policy Statement also sets out:
  - The Council's approach to the pay of its lowest paid employees
  - The relationship between Chief Officer pay and the Council's remaining employees as set out within the context of the pay multiple calculation
  - How the Pay Policy Statement will be publicised

## **What decision(s) are being recommended?**

4. That the Council:
  - Agree the Pay Policy Statement 2023/24

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

5. The Pay Policy Statement is being recommended to ensure that the Council complies with statutory requirements in relation to publication of information required by the Localism Act 2011.

## **Other potential decision(s) and why these have not been recommended**

6. The only other option would be not to approve the Pay Policy Statement. This is not recommended because it would result in failure to comply with the Localism Act 2011.

## **Impact(s) of the recommended decision(s)**

### ***Legal***

7. As set out above.

### ***Strategic priorities and risks***

8. The Pay Policy Statement forms part of the Policy Framework, meaning that it a decision reserved for full Council. Once agreed it will replace the previous year's statement, therefore amending the Policy Framework.
9. The statement sets out how the Council remunerates its senior officers and provides assurance that it is employing fair and transparent employment practices.

### ***Human Rights, Equality and Data Protection***

10. An Impact Assessment has not been completed as the Pay Policy Statement sets out details of policies already in place within the Council, rather than establishing policy in its own right. The policies set out within the statement have previously been subject to the Impact Assessment process, where required.

### ***Financial***

11. There are no direct implications arising from the report. It sets out financial detail, but this detail is determined by the Council's range of HR Policies that in place.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
Publish on Council's Website	Nicola Finnegan, Head of HR	28 <sup>th</sup> February 2023

## **Appendices**

<b>1</b>	<b>Pay Policy Statement</b>
<b>2</b>	
<b>3</b>	

## **Background papers**

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Council	2022/2023 Pay Policy Statement	February 2022

**Contact: Nicola Finnegan, Head of HR**  
**Email: Nicola\_finnegan@middlesbrough.gov.uk**

## Appendix 1

### PAY POLICY STATEMENT 2023/2024

#### INTRODUCTION

1. This Pay Policy Statement sets out the Council's policies on remuneration of its staff in accordance with Section 38 of the Localism Act 2011. The policy must be approved by full Council and is subject to annual review. Any amendments during the course of the year must also be considered by full Council. The Pay Policy Statement will be published on the Council's website as soon as reasonably practicable after approval or amendment.
2. The Localism Act 2011 does not require the Council to consider individual schools therefore the arrangements set out in this document do not extend to members of staff employed within schools.

#### DEFINITIONS

3. The Localism Act 2011 defines the following as Chief Officer posts:
  - Head of Paid Service designated under Section 4(1) of the Local Government and Housing Act 1989
  - Monitoring Officer designated under Section 5(1) of that Act
  - Any statutory Chief Officer mentioned in Section 2(6) of that Act
  - Any non-statutory Chief Officer mentioned in Section 2(7) of that Act
  - Any Deputy Chief Officer mentioned in Section 2(8) of that Act.
4. The following posts within the Council fall within the above definition:
  - Chief Executive
  - Executive Directors
  - Strategic Directors
  - Directors
  - Monitoring Officer (Director of Legal and Governance Services)
5. The lowest paid employee of the Council (£10.98 per hour) is currently above the Real Living Wage (previously the Living Wage Foundation Rate) of £10.90.
6. Apprenticeships have been excluded as the salaries attributable to apprenticeships are largely in line with those set out within National Minimum Wage legislation.
7. The median salary figure for the organisation is the middle value of all employees' salaries listed in numerical order. The median salary figure is then used to calculate the organisation's pay multiple and is calculated on a fixed date each year, on 31 December.

#### CONTENT

8. To comply with the Localism Act 2011, the Council is required to approve a Pay Policy Statement setting out details of the Council's policies on the following:
  - Level of remuneration of Chief Officers

- Level of remuneration paid upon recruitment
- Payment of increments
- Enhanced / additional pension contributions
- Payment of bonuses, performance related pay and severance pay for Chief Officers
- Awarding additional fees for election work
- The creation of new posts with a salary package over £100,000 per annum
- Employment of individuals already in receipt of a local government pension
- Employment of ex-employees as Chief Officers under a contract for services

9. The Pay Policy Statement also sets out:

- The Council's approach to the pay of its lowest paid employees
- The relationship between Chief Officer pay, and the Council's remaining employees as set out within the context of the pay multiple calculation
- How this Pay Policy Statement will be publicised

## **CHIEF OFFICER REMUNERATION**

### **Remuneration of Chief Officers**

10. The level of remuneration paid to Chief Officers is based on the Local Government Association Scheme and the policy on this was approved in December 2005 by the Mayor. The terms and conditions of Chief Officer Employment contracts incorporate nationally agreed Joint Negotiating Committee terms and conditions.

<b>Post</b>	<b>Salary Band</b>
Chief Executive	£156,885
Executive Director	£115,578 - £127,535
Strategic Director	£109,323
Joint Director of Public Health <sup>1</sup>	£92,244 - £97,890
Monitoring Officer <sup>2</sup>	£109,323
Director Level 1	£92,244 - £97,890
Director Level 2	£80,953 - £86,600

### **Level of remuneration paid upon recruitment**

11. The Council's policy on pay upon recruitment is set out within the Recruitment & Selection Policy Statement and Guide, which applies to all employees. The Starting Salaries Policy states that upon recruitment to a post, remuneration will begin at the bottom of the pay band unless agreed otherwise by the Director in exceptional circumstances. In the case of Chief Officers, the Chief Executive and the Director of Finance would be required to agree any variation to this policy.

### **Payment of increments and increases in salary**

12. The Council's policy on the payment of increments is that all employees with less than six months' service on the first of April will receive their first increment six months after appointment, promotion or re-grading. Otherwise, all employee increments are payable

<sup>1</sup> Director of Public Health has joint responsibility for Middlesbrough and Redcar & Cleveland

<sup>2</sup> Currently allocated to the Director of Legal and Governance Services

on an annual basis on the first of April. Other increases in pay for any employee will only occur where:

- There is a pay award agreed by way of national / local collective bargaining
- There is a significant change to a job role which results in a higher salary being appropriate which is confirmed by an appropriate job evaluation process
- Recruitment and Retention payments which, following consideration of the circumstances at the time, are deemed necessary and in the best interests of the Council and which are determined under the relevant policy relating to such payments.

### **Enhanced / additional pension contributions**

13. The Council's policy on enhanced or additional contributions to pensions is set out within the Teesside Pension Fund Policy Statement and the Council's Statement of Policy regarding the application of the discretionary elements of the Local Government Pension Scheme regulation. These apply to all employees. These statements set out:

- Allocation of employee contribution bands
- Awarding extra benefits for early retirement situations
- Extending time limits for certain provisions
- Setting up a shared cost Additional Voluntary Contribution (AVC) scheme
- Waiving actuarial reductions for early / flexible retirements

### **Payment of bonuses, performance related pay and severance pay**

14. The Council's policy is that it does not operate bonus or performance related pay for its employees.

15. The policy on severance and redundancy pay is set out within the Reviews, Consultation and Redundancy Policy, which applies to all employees. This states that calculation of any redundancy payment to an employee will be in accordance with the Council's policy in relation to Redundancy. Redundancy payments will be based on age and years' service in line with the Statutory Redundancy table up to a maximum of 30 weeks, however the Council retains the discretion under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales Regulations) 2006 to offer discretionary payments. Such discretionary elements will be approved by the Chief Officer Appointments Committee as a Committee of full Council.

16. Corporate Affairs and Audit Committee has approved a temporary enhancement of the Council's Voluntary Redundancy Scheme. This policy currently enables a multiplier of 1.25 to be applied to voluntary redundancies that arise either as a result of a review within a specific service area or from time to time within a Council wide scheme.

17. Where consideration to allow voluntary redundancy/early retirement to terminate a contract of employment any redundancy payment, pension strain costs and/or salary in lieu of notice total amounts to a single payment of £100,000 or more, full Council or a committee thereof will be given an opportunity to vote before the package is approved.

18. Where an employee is contractually entitled to a payment in excess of £100,000 on the grounds of compulsory redundancy, failure to comply with this would place the Council in breach of contract and leave it exposed to litigation. Therefore, there is an exemption

from the requirement to give Council an opportunity to vote on those cases where the payment of a severance package does not involve any discretion, this is because the Council is legally bound to comply with severance terms in any event.

19. In the absence of any exceptional circumstances which render it necessary in the best interests of the Council to do so, the Council will generally not re-engage any individual who has previously been employed by the Council and left that employment with the benefit of a severance, early retirement, or redundancy payment.

### **Awarding additional fees**

20. The policy on the payment of additional fees is set out within the Council's Constitution and decision making is delegated to the Corporate Affairs and Audit Committee. The Council's policy on the payment of additional fees to officers within the scope of this statement is that fees for election duties for Chief Officers are not included in salaries. These are determined separately in consultation with the other Tees Valley Councils. For contested elections, the fees are based on an agreed sum for the first 1,000 electors and a further sum for each additional 1,000 electors or fraction thereof, and a set agreed sum for uncontested elections. This policy of payment is approved by the Council's Corporate Affairs Committee and is in line with national guidance and legislation.

### **Creation of new posts with a salary package over £100,000 per annum**

21. In line with the requirements of the Localism Act 2011, Council will be given the opportunity to approve salary packages for any new posts that would come within the scope of this Pay Policy Statement, defined within the Act as posts over £100,000 per annum. This includes any additional fees, charges or allowances that would be routinely payable. The approach to be taken when creating a new post is set out within the Constitution. Where a Chief Officer post is created which is under £100,000 the usual processes will be followed as set out within the Recruitment and Selection Policy and the Pay Policy Statement will be amended accordingly.

### **Employment of individuals already in receipt of a local government pension**

22. The approach to the employment of individuals already in receipt of a Local Government Pension is set by the administering authority for the pension. The Local Government, Teesside Pension Fund has resolved not to abate pensions on re-employment, having regard to the enactment of regulations introducing flexible retirement, unless an enhanced ill-health retirement has been awarded. Some pensioners have been awarded extra pensions by their former employers to compensate them for retiring early. When this happens, the extra pensions, called compensatory added years (CAYs), are paid along with the Fund's retirement pension. These extra pensions may be abated upon re-employment or upon subsequent retirement, in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended).

### **Employment of ex-employees as Chief Officers under a contract for services**

23. The Council's position is that this is generally discouraged, however there may be some specific circumstances where employment of an ex-employee under these terms, could be the most effective and efficient way of meeting the Council's needs. If this situation



applies formal approval must be sought from the Chief Executive in their role as Head of Paid Service.

### **Chief Officers' Tax and National Insurance**

24. The Council does not enter into arrangements with individual employees to minimise their tax and national insurance contributions.

### **REMUNERATION OF THE LOWEST PAID EMPLOYEES WITHIN THE COUNCIL**

#### **Lowest paid employees**

25. On 31<sup>st</sup> December 2022 the lowest FTE salary within the Council grading structure is £21,189.

#### **The Council's approach to the pay of its lowest paid employees**

26. The Council is committed to ensuring that pay and reward policies are fair and that the needs of the lowest paid employees are properly considered. The Council has completed the job evaluation process to ensure that all employees receive a fair and equal rate of pay for the work that they undertake. The lowest paid employees are currently paid above the Real Living Wage (previously the Living Wage Foundation Rate), the Council is signed up to nationally negotiated pay agreements.

#### **Relationship between Chief Officer pay and other employees**

27. The Council publishes its pay multiple in line with the Local Authorities (Data Transparency) Code 2015. The pay multiple is the ratio between the highest paid employee (£156,885) and the median earnings across the organisation (see paragraph 7 for information on the method used to calculate this). The current median salary earned within the Council is £24,054. The pay multiple is 6.5.

### **PUBLICATION OF THE PAY POLICY STATEMENT AND TRANSPARENCY INFORMATION**

28. The Pay Policy Statement is published on the Council's website. Further information on the remuneration of Chief Officers can be found on the Open Data section of the Council's website in line with the Local Authorities (Data Transparency) Code 2015.

### **POTENTIAL FUTURE REVIEW**

#### **Recovery of Public Sector Exit Costs**

29. The Government is seeking to introduce legislation to require senior officers in the public sector (those earning over £80,000) to repay termination payments in the event that they return to the public sector within a prescribed period, which is currently proposed as 12 months. The enabling provisions are set out in the Enterprise Act which received Royal Assent in May 2016. However, there is no clear timeline for the implementation of these provisions.

## **£95k Exit Cap on Public Sector Employees**

30. The Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4<sup>th</sup> November 2020. The government then dis-applied the regulations with effect from 12<sup>th</sup> February 2021 and they were formally revoked on 19<sup>th</sup> March 2021.
31. The consultation re-opened in August 2022 and ended in October 2022, and the feedback is currently being analysed. The Pay Policy Statement will be amended to reflect any changes in regulation as required.
32. The Department for Levelling Up, Housing and Communities plans to introduce further changes to exit payments at the same time as the exit cap is re-introduced. However further consultation will be undertaken before any changes are made.

<p><b>MIDDLESBROUGH COUNCIL</b></p>	
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<p><b>Report of:</b></p>	<p>Executive Member for Finance and Governance Director of Finance</p>
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<p><b>Submitted to:</b></p>	<p>Council</p>
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<p><b>Date:</b></p>	<p>27 February 2023</p>
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<p><b>Title:</b></p>	<p><i>Local Council Tax Support 2023/24</i></p>
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<p><b>Report for:</b></p>	<p>Decision</p>
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<p><b>Status:</b></p>	<p>Public</p>
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<p><b>Strategic priority:</b></p>	<p>Vulnerability</p>
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<p><b>Key decision:</b></p>	<p>Yes</p>
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<p><b>Why:</b></p>	<p>Decision(s) will have a significant impact in two or more wards</p>
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<p><b>Urgent:</b></p>	<p>No</p>
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<p><b>Why:</b></p>	
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**Executive summary**

This report outlines the proposed Council Tax Support scheme for 2023/24. Each Billing Authority in England has a statutory requirement to make a Council Tax Support scheme by no later than 11 March each year, approved by full council decision.

With the exception of minor legislative amendments made this year by central government/DLUHC, the scheme itself remains unchanged from 2022/23, however the proposed recommendation is to uplift the income bandings for 2023/24 to reflect the recent inflation rise for working age benefits. This recommendation is 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 have been considered by the appropriate officers of the Council and are set out in the main body of the report.

It is therefore requested that the Council:

- Approves the Council Tax Support (CTS) scheme for 2023/24.

## **Purpose**

1. To seek approval of the Council Tax Support (CTS) scheme for 2023/24.

## **Background and relevant information**

2. From 1 April 2013, the Government replaced the national Council Tax Benefit scheme with a new CTS scheme to be designed and administered by Local Authorities. The Government passed this responsibility to Councils with a 10% cut in the grant funding and prescribed that pensioners must be no worse off under any local scheme. This translated into an effective reduction in funding for working age claimants of 20% and meant that some residents, many of whom had previously been required to pay nothing, now had to pay at least 20% of their Council Tax.
3. Middlesbrough's scheme was approved by full Council on 9 January 2013 and remained unaltered (apart from some minor legislative changes) until 2018/2019 when the scheme was amended to bring it in line with the current Housing Benefit scheme regulations, whilst also increasing the amount of support provided to 85% for working age residents. This therefore meant non-pensioner residents claiming CTS had a minimum 15% of the Council Tax charge to pay as opposed to the previous 20%.
4. The introduction and full roll out of Universal Credit within the Middlesbrough area has subsequently brought a number of significant challenges to both the administration of CTS and also the collection of Council Tax generally. It became clear that the existing means-tested CTS scheme, which was too reactive to change, was no longer viable and therefore a new simplified scheme was introduced in 2022/23.
5. Following consultation with stakeholders, partners and the general public, the new scheme, approved by Full Council on 23 February 2022 modelled support on an income-band basis, facilitating extra support for households on the lowest incomes, up to a maximum 90% reduction.
6. On 17 November 2022, the Chancellor announced in the Autumn Statement that benefits including Universal Credit and working age benefits would increase in line with inflation at 10.1% from April 2023.
7. For some claimants, this increase in income from benefits due to the inflation uplift would mean a change in band based on the income ranges set, which would result in their experiencing a drop in the level of support.
8. The CTS scheme provides for income band ranges to be increased "by the appropriate level of inflation decided by the council". It is therefore proposed to adjust the income band ranges for 2023/24 to reflect the inflation increase applied to benefits and maintain the level of support for applicants.

9. The income ranges for the current 2022/23 CTS scheme are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £100.00	£0 - £160.00	£0 - £220.00	£0-£140.00	£0 -£205.00	£0 - £260
Band 2	72%	£100.01 - £180.00	£160.01 -£240.00	£220.01 - £295.00	£140.01 - £240.00	£205.01 - £281.00	£260.01 -£340.00
Band 3	36%	£180.01 -£215.00	£240.01 - £255.00	£295.01- £350.00	£240.01 -£290.00	£281.01 – £320.00	£340.01 -£400.00
Band 4	23%	£215.01 - £255.00	£255.01 - £280.00	£350.01 – £450.00	£290.01 - £340.00	£320.01 - £370.00	£400.01 -£480.00
	0%	Over £255.00	Over £280.00	Over £450.00	Over £340.00	Over £370.00	Over £480.00

10. The proposed new income ranges for the 2023/24 are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £110.10	£0 - £176.16	£0 - £242.22	£0 - £154.14	£0 - £225.71	£0 - £286.26
Band 2	72%	£110.11 - £198.18	£176.17 - £264.24	£242.23 - £324.80	£154.15 - £264.24	£225.72 - £309.38	£286.27 - £374.34
Band 3	36%	£198.19 - £236.72	£264.25 - £280.76	£324.81 - £385.35	£264.25 - £319.29	£309.39 - £352.32	£374.35 - £440.40
Band 4	23%	£236.73 - £280.76	£280.77 - £308.28	£385.36 - £495.45	£319.30 - £374.34	£352.33 - £407.37	£440.41 - £528.48
	0%	Over £280.76	Over £308.28	Over £495.45	Over £374.34	Over £407.37	Over £528.48

11. The cost of implementing the new ranges has been modelled and estimated at £90,000 against current council tax reduction scheme expenditure. Due to the variables contained within the scheme, the actual spend may vary depending on circumstances.

12. New minor legislative amendments laid before Parliament on 13 January 2023 have been reflected in the Council Tax Support scheme and it will be published by 31 March 2023.

13. To complement the council tax reduction scheme the council has implemented a range of other support available to help families experiencing difficulties including the holistic Welfare Strategy led through Resident and Business Support and signposting via the council's website.

14. Further support has also been provided from Central Government through the Council Tax Support Fund, with Middlesbrough's allocation being £473,542 for 2023/24. Awards will be made through a temporary extension to the Council's Section 13A Policy, to provide financial assistance to economically vulnerable households of up to £25.00 (subject to conditions) being allocated directly to the council tax account provided the household is in receipt of Council Tax Support.

15. In addition, subject to available funds, any new Council Tax Support recipients within the relevant year will also be awarded a payment in line with Central Government Guidance.

16. Any unspent funds will be allocated to a discretionary scheme designed to support other households that are not in receipt of Council Tax Support. Additional support is expected to be made available through the Household Support Fund from April 2023.

17. Both schemes will end once the funds are committed.

### What decision(s) are being recommended?

18. The report requests that the Council:

- Approves the Council Tax Support (CTS) scheme for 2023/24.

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

19. The proposed banding changes will maintain the current simplified scheme and maintain assistance for low-income households, support the collection of council tax, whilst also fulfilling the obligations on Local Authorities to support the roll out of Universal Credit.
20. As the only changes to the scheme are minor income banding adjustments to reflect inflation benefit increases set by Central Government and provided for within the existing CTS scheme, no stakeholder consultation has been carried out. Similarly, these proposals have not been examined by the Overview and Scrutiny Board or by a Scrutiny Panel due to the scheme remaining the same.

## **Other potential decision(s) and why these have not been recommended**

21. The Council could retain the current income bandings, which would reduce the amount of support awarded for those applicants subject to increases in their working age benefits that result in a band change. However, as indicated earlier in this report, the Council recognised the financial challenges placed on residents due to the Cost of Living and Energy crises and is therefore proposing that the level of support is maintained.
22. In addition, the Council is not in a financial position to consider awarding additional support through higher discounts or different income ranges without affecting other Council services due to current budgetary pressures. If this were to be considered, a full consultation exercise would also need to be carried out which has not taken place during the current financial year.

## **Impact(s) of the recommended decision(s)**

### ***Legal***

23. The Local Government Finance Act Section 67 (2012 Act) inserted into LGFA 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Reduction Scheme – Section 13 (2) confirms that each billing Authority in England must make a Council Tax Reduction scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above legislation confirming that authorisation of the full scheme is subject to member approval.

### ***Strategic priorities and risks***

24. The scheme supports the delivery of the Council's strategic priority to "address the causes of vulnerability and inequalities in Middlesbrough and safeguard and support those made vulnerable" as set out in the Strategic Plan refresh 2021-2024. The CTS scheme will enable residents to pay their required Council Tax instalments which, in turn, will mean that the Council has funding to work with communities and other public services in Middlesbrough to improve the lives of local people.

25. By implementing a local Council Tax Support scheme, it is ensured that there is adequate governance in place to comply with all relevant legislation and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054). In addition, by reviewing the scheme annually, the Council continues to effectively review and amend the scheme to comply with legislative changes (Risk 08-055).

**Human Rights, Equality and Data Protection**

26. There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. The previous impact assessment carried out when the scheme was revised for 2022/23 is still relevant.

**Financial**

27. There are minimal potential additional costs to the Council for the proposed bandings adjustment, for which provision has been made.

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

Action	Responsible Officer	Deadline
The CTS scheme will be updated as outlined above. Subject to Council giving approval to the changes, the scheme for 2023/2024 will be published on the Council’s website by 31 March 2023.	Janette Savage	31 March 2023

**Appendices**

A	2023-24 Proposed Council Tax Reduction Scheme, S13A and Schedule 1a of the Local Government Finance Act 1992
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**Background papers**

None

**Contact:** Janette Savage  
**Email:** Janette\_Savage@middlesbrough.gov.uk

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

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

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

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

- 1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;
- (a) has attained the qualifying age for state pension credit; and
  - (b) is not, or, if he has a partner, his partner is not;
    - i. a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance; or
    - ii. a person with an award of universal credit

The three prescribed classes are as follows;

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

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

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

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

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

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (d) whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- (e) in respect of whom amount A exceeds amount B where:
  - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
  - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
- (f) not have capital savings above £16,000; and
- (g) who has made an application for a reduction under the authority's scheme.

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

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

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

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

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

- (a) is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;

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

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

- 1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:
- (a) a war disablement pension;
  - (b) a war widow's pension or war widower's pension;
  - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
  - (d) a guaranteed income payment;
  - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
  - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
  - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

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

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

- 1.6 The adopted scheme for working age applicants is an income band scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- (a) has not attained the qualifying age for state pension credit; or
  - (b) has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.
- 1.7 The Council has resolved that there will be **one** class of persons who will receive a reduction in line with adopted scheme. The scheme has qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

**Class D**

To obtain reduction the individual (or partner) must:

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

**Council Tax Reduction Scheme**

**Details of reduction to be given for working age applicants for the financial year  
2023/24**



## 2.0 Interpretation – an explanation of the terms used within this policy

### 2.1 In this policy–

**‘the 1992 Act’** means the Local Government Finance Act 1992;

**‘the 2000 Act’** means the Electronic Communications Act 2000;

**‘Abbeyfield Home’** means an establishment run by the Abbeyfield Society including all bodies corporate or incorporate which are affiliated to that Society;

**‘adoption leave’** means a period of absence from work on ordinary or additional adoption leave by virtue of section 75A or 75B of the Employment Rights Act 1996;

**‘an AFIP’** means an armed forces independence payment payable in accordance with an armed and reserve forces compensation scheme established under section 1(2) of the Armed Forces (Pensions and Compensation) Act 2004

**‘applicant’** means a person who the authority designates as able to claim Council tax reduction – for the purposes of this policy all references are in the masculine gender but apply equally to male and female;

**‘application’** means an application for a reduction under this scheme:

**‘attendance allowance’** means–

(a) an attendance allowance under Part 3 of the Act;

(b) an increase of disablement pension under section 104 or 105 of the Act;

(c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;

(d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;

(e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983 or any analogous payment; or

(f) any payment based on need for attendance which is paid as part of a war disablement pension;

**‘the authority’** means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;

**‘basic rate’**, where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).

**‘board and lodging accommodation’** means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;

**‘care home’** has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services Quality Improvement and Regulation (Northern Ireland) Order 2003 or a residential care home, within the meaning of Article 10 of that Order;

**‘the Caxton Foundation’** means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with its provisions;

**‘child’** means a person under the age of 16;

**‘child benefit’** has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;

**‘child tax credit’** means a child tax credit under section 8 of the Tax Credits Act 2002;

**‘the Children Order’** means the Children (Northern Ireland) Order 1995;

**‘claim’** means a claim for council tax reduction;

**‘close relative’** means a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;

**‘contributory employment and support allowance’** means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance

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

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

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

**‘couple’** means;

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

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

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

**‘designated authority’** means any of the following;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**‘he, him, his’** also refers to the feminine within this policy

**‘housing benefit’** means housing benefit under Part 7 of the Act;

**‘the Housing Benefit Regulations’** means the Housing Benefit Regulations 2006;

**‘Immigration and Asylum Act’** means the Immigration and Asylum Act 1999;

**‘an income-based jobseeker’s allowance’** and **‘a joint-claim jobseeker’s allowance’** have the same meaning as they have in the Jobseekers Act by virtue of section 1(4) of that Act;

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

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

**‘independent hospital’**–

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

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

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

**‘Jobseekers Act’** means the Jobseekers Act 1995;

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

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

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

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

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

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

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

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

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

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

**‘member of a couple’** means a member of a married or unmarried couple;

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

**‘MFET Limited’** means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements

made with the Secretary of State to persons who have acquired HIV as a result of treatment by the NHS with blood or blood products;

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

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

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

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

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

(a) any member of the applicant's family;

(b) if the applicant is polygamously married—

(i) where the applicant has (alone or jointly with his partner) an award of universal credit, any—

(aa) party to such a marriage other than the applicant's partner; and

(bb) any child or young person who is a member of his household and for whom he or his partner or another party to the polygamous marriage is responsible; or

(ii) in any other case, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;

(c) a child or young person who is living with the applicant but who is not a member of his household by virtue of paragraph 8 (households);

(d) any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under section 6 or 7 of the 1992 Act (persons liable to pay council tax);

(e) any person who is liable to make payments on a commercial basis to the applicant or the applicant's partner in respect of the occupation of the dwelling; and

(f) a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.

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

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

**'partner'** means—

(a) where an applicant is a member of a couple, the other member of that couple; or

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

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

**'payment'** includes part of a payment;

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

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

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

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

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

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

**'personal pension scheme'** means—

- (a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;
- (b) an annuity contractor trust scheme approved under section 20 or 21 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004;
- (c) a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;

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

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

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

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

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

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

**'qualifying contributory benefit'** means;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**‘the SSCBA’** means the Social Security Contributions and Benefits Act 1992

**‘State Pension Credit Act’** means the State Pension Credit Act 2002;

**‘student’** has the meaning prescribed in section 43;

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

**‘the Tax Credits Act’** means the Tax Credits Act 2002;

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

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

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

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

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

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

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

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

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

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

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

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

**‘water charges’** means;

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

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;  
**'week'** means a period of seven days beginning with a Monday;  
**'Welfare Reform Act'** means the Welfare Reform Act 2007;  
**'Working Tax Credit Regulations'** means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended.

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

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

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

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

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

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

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

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

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

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

- (a) the claim for reduction is accompanied by;
  - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
  - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
- (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

**3.3 Paragraph 3.2 shall not apply–**

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

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

**4.1 This scheme applies to a person if:**

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

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

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

- 5.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority’s scheme.
- 5.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.
- 5.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.
- 5.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
  - (a) regulation 13 of the EEA Regulations;
  - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
    - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or
    - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
  - (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case



where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).

- 5.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—
- (a) (Removed by the Council Tax Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
  - (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
  - (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
  - (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.
- 5.4B Paragraph (5A)(b) does not apply to a person who—
- (a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and
  - (b) would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)
- 5.5 A person falls within this paragraph if the person is—
- (za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—
    - (i) the Afghan Relocations and Assistance Policy; or
    - (ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);
  - (zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;
  - (zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—
    - (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
    - (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
    - (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;
  - (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
  - (b) a family member of a person referred to in sub-paragraph (a);
  - (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
  - (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
  - (cb) a frontier worker within the meaning of regulation 3 of the Citizens' Rights (Frontier Workers) (EU Exit) Regulations 2020;
  - (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
  - (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th

July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;

- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker's allowance and has a right to reside other than a right to reside falling within paragraph (4).

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

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

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

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

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

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

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

#### **6.0 Transitional provision**

6.1 The above does not apply to a person who, on 31st March 2015—

- (a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority's scheme established under section 13A (2) of the Act; and
- (b) is entitled to an income-based jobseeker's allowance, until the first of the events in paragraph 6.2 occurs.

6.2 The events are—

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

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

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

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

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

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

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

7.2B Where—

- (a) a person returns to Great Britain after a period of absence from Great Britain (period A);
  - (b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 13 weeks beginning with the first day of absence from that dwelling; and
  - (c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,
- then any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(b).

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

7.2D Where —

1. a person returns to Great Britain after a period of absence from Great Britain (period A);
2. that person has been absent from the dwelling, including any absence within Great Britain, for less than 52 weeks beginning with the first day of absence from that dwelling; and
3. at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,  
then, any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(c).

7.2E This sub-paragraph applies where—

1. a person is temporarily absent from Great Britain;
2. immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

7.2F If the temporary absence referred to in sub-paragraph (2)(d) is in connection with the death of—

1. the person's partner or a child or young person for whom the person or the person's partner is responsible;
2. the person's close relative;
3. the close relative of the person's partner; or
4. the close relative of a child or young person for whom the person or the person's partner is responsible,  
then the period of 4 weeks in the opening words of sub-paragraph (2)(d) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person to return to Great Britain within the first 4 weeks (and the reference in subparagraph (iii) of that paragraph to a period of 4 weeks shall, where the period is extended, be taken as referring to the period as so extended).";

7.3 This sub-paragraph applies to a person who—

- (a) is a person to whom sub-paragraph (3A) applies;
  - (i) in a dwelling, other than the dwelling referred to in sub-paragraph (1), or
  - (ii) in premises approved under section 13 of the Offender Management Act 2007, or is detained in custody pending sentence upon conviction;
- (b) is resident in a hospital or similar institution as a patient;
- (c) is undergoing, or whose partner or dependent child is undergoing medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- (d) is following a training course;
- (e) is undertaking medically approved care of a person;
- (f) is undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care or medical treatment;
- (g) is receiving medically approved care provided in accommodation other than residential accommodation;
- (h) is a student;
- (i) is receiving care provided in residential accommodation and is not a person to whom subparagraph (2)(a) applies; or
- (j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

7.3A This sub-paragraph applies to a person ("P") who is—

- (a) detained in custody on remand pending trial;

(b) detained pending sentence upon conviction; or  
(c) as a condition of bail required to reside—  
    (i) in a dwelling, other than a dwelling P occupies as P's home; or  
    (ii) in premises approved under section 13 of the Offender Management Act 2007(a),  
and who is not also detained in custody following sentence upon conviction.

7.3B This sub-paragraph applies where—  
(a) a person is temporarily absent from Great Britain;  
(b) the person is a member of His Majesty's forces posted overseas, a mariner or a continental shelf worker;  
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

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

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

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

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

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

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

- 7.5 Where sub-paragraph (4) applies to a person, then, for any day when he is on temporary release—
- (a) if such temporary release was immediately preceded by a period of temporary absence under sub-paragraph (2)(b) or (c), he must be treated, for the purposes of sub-paragraph (1), as if he continues to be absent from the dwelling, despite any return to the dwelling;
  - (b) for the purposes of sub-paragraph (3)(a), he must be treated as if he remains in detention;
  - (c) if he does not fall within paragraph (a), he is not to be considered to be a person who is liable to pay council tax in respect of a dwelling of which he is a resident.
- 7.6 In this paragraph—
- “continental shelf worker”** means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any of the activities mentioned in section 11(2) of the Petroleum Act 1998(a);
- “designated area”** means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964(b) as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;
- “mariner”** means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where—
- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
  - (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;
- “medically approved”** means certified by a medical practitioner;
- “member of His Majesty’s forces posted overseas”** means a person who is a member of the regular forces or the reserve forces (within the meaning of section 374 of the Armed Forces Act 2006(c)), who is absent from the main dwelling because the person has been posted outside of Great Britain to perform the duties of a member of His Majesty’s regular forces or reserve forces;”; and
- “patient”** means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution;
- “prescribed area”** means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;
- “residential accommodation”** means accommodation which is provided in—
- (a) a care home;
  - (b) an independent hospital;
  - (c) an Abbeyfield Home; or
  - (d) an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;
- “training course”** means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

## Transitional provision

7.7 Subject to paragraph (8), the provision shall not apply in respect of a person who is temporarily absent from Great Britain on 1st April 2017 until the day that person returns to Great Britain.

7.8 Paragraph (7) does not apply to a person who, on 1st April 2017, is temporarily absent from Great Britain and is—  
(a) a member of His Majesty’s forces posted overseas;  
(b) absent in the capacity of a continental shelf worker; or  
(c) absent in the capacity of a mariner.

7.9 In this section—

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

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

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

(a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and

(b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;

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

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

## 8.0 Membership of a family

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

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

For the purposes of the scheme a child is further defined as a ‘child or young person’

A 'child' means a person under the age of 16 and a 'Young Person' is someone aged 16 or over but under 20 and who satisfies other conditions. These conditions are:

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

- 8.2 Paragraph 8.1 the definition of child or young person shall not apply to a person who is;
- (a) on income support;
  - (b) an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
  - (c) a person to whom section 6 of the Children (Leaving Care) Act 2000 applies

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

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

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

- 9.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;
- a. the person who is receiving child benefit in respect of him; or
  - b. if there is no such person;
    - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or
    - ii. in any other case the person who has the primary responsibility for him.

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

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

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

- 10.2 A child or young person shall not be treated as a member of the applicant's household where he is;
- (a) placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or



- (b) placed with the applicant or his partner prior to adoption; or
- (c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002.

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

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

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

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

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

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

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

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

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

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

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

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

12.2 In determining the income of an applicant

- (a) who has, or

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

- 12.3 The authority may adjust the amount referred to in sub-paragraph (2) to take account of
- (a) income consisting of the award of universal credit;
  - (b) any sum to be disregarded in the calculation of earnings;
  - (c) any sum to be disregarded in the calculation of income other than earnings; and
  - (d) any sum determined by the authority as the proportion of housing costs award;

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

- 12.5 In determining the capital of an applicant;
- (a) who has, or
  - (b) who (jointly with his partner) has,
- an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining that award

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

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

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

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

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

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

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

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

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

15A.1 Where no start up period (as defined within 15A.2) applies to the applicant or partner, the income used by the Council in the calculation of their award will be the gross amount declared by the applicant or a substituted amount whichever is the higher. This substituted amount shall not be less than 35 hours multiplied by the national living wage (or national minimum wage as

appropriate) From that, the Council will deduct only an estimate for tax, national insurance and a pension contribution (where a pension contribution is being made).

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

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

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

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

- Genuine and effective. The Council must be satisfied that the employment activity is being conducted; and
- Being conducted with the intention of increasing the income received to the level that would be conducive with that form of employment.

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

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

#### **16.0 Average weekly income other than earnings**

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

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

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

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

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

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

## **18.0 Calculation of weekly income**

- 18.1 For the purposes of this scheme where the period in respect of which a payment is made;
- (a) does not exceed a week, the weekly amount shall be the amount of that payment;
  - (b) exceeds a week, the weekly amount shall be determined–
    - i. in a case where that period is a month, by multiplying the amount of the payment by 12 and dividing the product by 52;
    - ii. in any other case, by dividing the amount of the payment by the number equal to the number of days in the period to which it relates and multiplying the quotient by 7.
- 18.2 The weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the quotient by 7.

## **19.0 Earnings of employed earners**

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

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

- 20.1 For the purposes of this scheme, the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall be his net earnings.
- 20.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week. This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.
- 20.3 Net earnings shall be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;
- (a) any amount deducted from those earnings by way of
    - i) income tax;
    - ii) primary Class 1 National Insurance contributions
  - (b) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
  - (c) one-half of the amount calculated in accordance with paragraph 20.5 in respect of any qualifying contribution payable by the applicant; and
- 20.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.
- 20.5 The amount in respect of any qualifying contribution shall be calculated by multiplying the daily amount of the qualifying contribution by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying contribution shall be determined—
- (a) where the qualifying contribution is payable monthly, by multiplying the amount of the qualifying contribution by 12 and dividing the product by 365;
  - (b) in any other case, by dividing the amount of the qualifying contribution by the number equal to the number of days in the period to which the qualifying contribution relates.
- 20.6 Where the earnings of an applicant are estimated an appropriate estimate of net earnings shall be determined in line with paragraph (3) above.

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

- 21.1 'Earnings', in the case of employment as a self-employed earner, means the gross income of the employment
- 21.2 'Earnings' shall not include any payment in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant's care nor shall it include any sports award.
- 21.3 This paragraph applies to—
- (a) royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent or trademark; or
  - (b) any payment in respect of any—
    - (i) book registered under the Public Lending Right Scheme 1982; or
    - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trademark, or an original contributor to the book of work concerned.

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

- 22.1 For the purposes of this scheme the earnings of an applicant to be taken into account shall be
- (a) in the case of a self-employed earner who is engaged in employment on his own account, the net profit derived from that employment;
  - (b) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less–
    - i. an amount in respect of income tax and of national insurance contributions payable under this scheme; and
    - ii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week per claim.
- 22.3 The net profit of the employment must be calculated by taking into account the earnings for the employment over the assessment period less
- (a) any expenses wholly and exclusively incurred in that period for the purposes of that employment;
  - (b) an amount in respect of;
    - i. income tax, and
    - ii. national insurance contributions payable calculated in accordance with section 22; and
    - iii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.4 For the purposes of paragraph (1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 22.5 No deduction shall be made under paragraph (3 a) or (4), in respect of–
- (a) any capital expenditure;
  - (b) the depreciation of any capital asset;
  - (c) any sum employed or intended to be employed in the setting up or expansion of the employment;
  - (d) any loss incurred before the beginning of the assessment period;
  - (e) the repayment of capital on any loan taken out for the purposes of the employment;
  - (f) any expenses incurred in providing business entertainment, and
  - (g) any debts, except bad debts proved to be such, but this sub-paragraph shall not apply to any expenses incurred in the recovery of a debt.
- 22.6 A deduction shall be made under paragraph (3 a) or (4) in respect of the repayment of capital on any loan used for–
- (a) the replacement in the course of business of equipment or machinery; and
  - (b) the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair.
- 22.7 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 22.8 For the avoidance of doubt–
- (a) deduction shall not be made in respect of any sum unless it has been expended for the purposes of the business;
  - (b) a deduction shall be made thereunder in respect of–
    - i. the excess of any value added tax paid over value added tax received in the assessment period;
    - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;

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

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

- (a) income tax; and
- (b) national insurance contributions calculated by the authority in line with 23.2;
- (c) one-half of the amount any qualifying pension contribution in accordance with (11).

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

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

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

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

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

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

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

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

23.3 In this section 'chargeable income' means—

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

**24.0 Calculation of income other than earnings**

- 24.1 For the purposes of this scheme, the income of an applicant which does not consist of earnings to be taken into account shall be his gross income and any capital treated as income under section 25.
- 24.2 There shall be disregarded from the calculation of an applicant's gross income any sum, where applicable, specified in Schedule 2.
- 24.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way of recovery the amount to be taken into account shall be the gross amount payable.
- 24.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations, the amount of that benefit to be taken into account is the amount as if it had not been reduced.
- 24.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.
- 24.6 'Tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.
- 24.7 Paragraphs (7),(8), (9) and (10) apply to any applicant who is a student. Paragraph (8) and (9) apply where a relevant payment has been made to a person in an academic year; and that person abandons, or is dismissed from, his course of study before the payment to him of the final instalment of the relevant payment.
- 24.8 Where a relevant payment is made quarterly, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (7) applies, shall be calculated by applying the formula–  
$$\frac{A - (B \times C)}{D}$$
Where  
A = the total amount of the relevant payment which that person would have received had he remained a student until he last day of the academic term in which he abandoned, or was dismissed from, his course;  
B = the number of reduction weeks from the reduction week immediately following that which includes the first day of that academic year to the reduction week which includes the day on which the person abandoned, or was dismissed from, his course;  
C = the weekly amount of the relevant payment, before the application of the £10 disregard, which would have been taken into account as income had the person not abandoned or been dismissed from, his course and, in the case of a person who was not entitled to council tax reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;  
D = the number of reduction weeks in the assessment period.
- 24.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (8) applies, shall be calculated by applying the formula in paragraph (8) but as if–  
A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course or was dismissed from it.



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

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

whichever of those date is earlier

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

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

‘relevant payment’ means either a student loan or an amount intended for the maintenance of dependants.

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

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

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

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

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

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

25.7 Except in the case of–

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

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

25.8 Any payment of income made–

- (a) to a third party in respect of a single applicant or a member of the family (but not a member of the third party's family) shall, where that payment is a payment of an occupational pension, a pension or other periodical payment made under or by a personal pension scheme or a payment made by the Board of the Pension Protection Fund, be treated as possessed by that single applicant or, as the case may be, by that member;
- (b) to a third party in respect of a single applicant or in respect of a member of the family (but not a member of the third party's family) shall, where it is not a payment referred to in sub-paragraph a), be treated as possessed by that single applicant or by that member to the extent that it is used for the food, ordinary clothing or footwear, household fuel or rent of that single applicant or, as the case may be, of any member of that family or is used for any council tax or water charges for which that applicant or member is liable;
- (c) to a single applicant or a member of the family in respect of a third party (but not in respect of another member of that family) shall be treated as possessed by that single applicant or, as the case may be, that member of the family to the extent that it is kept or used by him or used by or on behalf of any member of the family.

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

- (a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
- (b) pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
- (c) pursuant to section 2 of the 1973 Act in respect of a person's participation—
  - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
  - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
  - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
  - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
  - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
- (d) in respect of a previous participation in the Mandatory Work Activity Scheme;
- (e) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
  - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
  - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
  - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.

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

25.11 Where—

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

25.12 Paragraph (11) shall not apply–

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

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

25.14 Where an applicant is treated as possessing any income under this section, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of that income as if a payment has actually been made and as if it were actual income which he does possess.

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

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

## **26.0 Capital limit**

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

## **27.0 Calculation of capital**

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

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

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

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

## **29.0 Income treated as capital**

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

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

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

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

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

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

29.7 There shall be treated as capital the gross receipts of any commercial activity carried on by a person in respect of which assistance is received under the self-employment route, but only in so far as those receipts were payable into a special account during the period in which that person was receiving such assistance.

29.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.

29.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

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

30.1 Capital which an applicant possesses in the United Kingdom shall be calculated at its current market or surrender value less—

- a. where there would be expenses attributable to the sale, 10 per cent.; and
- b. the amount of any encumbrance secured on it;

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

31.1 Capital which an applicant possesses in a country outside the United Kingdom shall be calculated

(a) in a case where there is no prohibition in that country against the transfer to the United Kingdom of an amount equal to its current market or surrender value in that country, at that value.

(b) in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer, less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

### **32.0 Notional capital**

32.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 33.

32.2 Except in the case of

(a) a discretionary trust; or

(b) a trust derived from a payment made in consequence of a personal injury; or

(c) any loan which would be obtained only if secured against capital disregarded under Schedule 3; or

(d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or

(e) any sum to Schedule 3 refers; or

(f) child tax credit; or

(g) working tax credit,

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

32.3 Any payment of capital, other than a payment of capital specified in paragraph (4), made

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

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

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

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

(a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;

(b) pursuant to section 2 of the 1973 Act in respect of a person's participation:

i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;

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

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

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

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

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

### **33.0 Diminishing notional capital rule**

33.1 Where an applicant is treated as possessing notional capital the amount which he is treated as possessing shall be reduced by the amount calculated by the authority as the weekly amount of council tax reduction lost due to the inclusion of the notional capital within the calculation.

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

### **34.0 Capital jointly held**

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

### **35.0 Students - Student related definitions**

35.1 In this scheme the following definitions apply;  
 'academic year' means the period of twelve months beginning on 1st January, 1st April, 1st July

or 1st September according to whether the course in question begins in the winter, the spring, the summer or the autumn respectively but if students are required to begin attending the course during August or September and to continue attending through the autumn, the academic year of the course shall be considered to begin in the autumn rather than the summer;

**'access funds'** means;

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

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

**'contribution'** means;

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

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

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

**'education authority'** means a government department, a local education authority as defined in section 12 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973 an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body of the Channel Island, Isle of Man or any other country outside Great Britain;

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

- (a) is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;;
- (b) is funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers if it involves more than 16 guided learning hours per week for the student in question, according to the number of guided learning hours per week for that student set out—

(i) in the case of a course funded by the Secretary of State under section 14 of the Education Act 2002 or the Chief Executive of Skills Funding, in the student's learning agreement signed on behalf of the establishment which is funded by either of those persons for the delivery of that course; or

(ii) in the case of a course funded by the Welsh Ministers, in a document signed on behalf of the establishment which is funded by that Council for the delivery of that course; or

(c) is not higher education and is funded in whole or in part by the Scottish Ministers at a college of further education and involves—

(i) more than 16 hours per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff according to the number of hours set out in a document signed on behalf of the college; or

(ii) 16 hours or less per week of classroom-based or workshop-based programmed learning under the direct guidance of teaching staff and additional hours using structured learning packages supported by the teaching staff where the combined total of hours exceeds 21 hours per week, according to the number of hours set out in a document signed on behalf of the college;

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

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

**'grant income'** means

(a) any income by way of a grant;

(b) any contribution whether or not it is paid;

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

(a) in the case of a qualifying course, the date on which the last day of that course falls or the date on which the final examination relating to that course is completed, whichever is the later;

(b) in any other case, the date on which the last day of the final academic term falls in respect of the course in which the student is enrolled;

**'period of study'** means—

(a) in the case of a course of study for one year or less, the period beginning with the start of the course and ending with the last day of the course;

(b) in the case of a course of study for more than one year, in the first or, as the case may be, any subsequent year of the course, other than the final year of the course, the period beginning with the start of the course or, as the case may be, the year's start and ending with either—

(i) the day before the start of the next year of the course in a case where the student's grant or loan is assessed at a rate appropriate to his studying throughout the year, or, if he does not have a grant or loan, where a loan would have been assessed at such a rate had he had one; or

(ii) in any other case, the day before the start of the normal summer vacation appropriate to his course;

(c) in the final year of a course of study of more than one year, the period beginning with that year's start and ending with the last day of the course;

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

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

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

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



**‘standard maintenance grant’** means–

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

**‘student’** means a person, other than a person in receipt of a training allowance, who is attending or undertaking–

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

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

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

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

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

- (a) where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
- (b) any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

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

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

36.2 To be eligible for reduction, the student must be liable for Council Tax under Section 6 of the Local Government Finance Act 1992 and they must not be deemed to be a full-time student or

a person from abroad within the meaning of section 7 of this scheme (persons from abroad).

- 36.3 Paragraph 36.2 shall not apply to a student
- (a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;
  - (b) who is a lone parent;
  - (c) who is in receipt of a Personal Independence Payment;
  - (d) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
  - (e) (who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989),
  - (f) who is;
    - (i) aged under 21 and whose course of study is not a course of higher education, or
    - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);
  - (g) in respect of whom
    - i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
    - (ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
    - (iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;
    - (iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; oron account of his disability by reason of deafness.
- 36.4 For the purposes of paragraph (3)(f)(i)) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19
- 36.5 The reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.
- 36.6 An intercalating student may be eligible for a reduction if the following circumstances are met:
- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
    - (i) engaged in caring for another person; or
    - (ii) ill;
  - (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
  - (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph (7).
- 36.7 The period specified for the purposes of paragraph (6) is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;
- (a) the day on which he resumes attending or undertaking the course; or
  - (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,
- which shall first occur.

### **37.0 Students - Calculation of grant income**

- 37.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs (2) and (3), be the whole of his grant income.
- 37.2 There shall be excluded from a student's grant income any payment;
- (a) intended to meet tuition fees or examination fees;
  - (b) in respect of the student's disability;
  - (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
  - (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
  - (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
  - (f) intended to meet the cost of books and equipment;
  - (g) intended to meet travel expenses incurred as a result of his attendance on the course;
  - (h) intended for the childcare costs of a child dependant.
  - (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.
- 37.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;
- (a) the sum of £303 per academic year in respect of travel costs; and
  - (b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.
- The above amounts shall be adjusted annually in line with the Housing Benefit Regulations 2006.
- 37.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.
- 37.5 Subject to paragraphs (6) and (7), a student's grant income shall be apportioned;
- (a) subject to paragraph (8), in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
  - (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.
- 37.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.
- 37.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

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

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

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

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

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

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

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

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

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

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

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

**41.0 Treatment of student loans**

41.1 A student loan shall be treated as income.

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

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
  - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a

loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;

- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
  - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
  - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
  - (i) the first day of the first reduction week in September; or
  - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

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

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

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

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

- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
  - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
  - (ii) any contribution whether or not it has been paid to him;
- (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
  - (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and
  - (ii) no deduction in that loan was made by virtue of the application of a means test.

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

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

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

## **42.0 Students - Treatment of fee loans**

42.1 A loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations

made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

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

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

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

43.3 Where a payment from access funds is made—

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

#### **44.0 Students - Disregard of contribution**

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

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

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

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

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

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

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

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

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

#### **48.0 Maximum Council Tax Reduction**

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

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

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

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

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

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

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

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

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

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

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

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

#### **51.0 Making an application**

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

- 51.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;
- (a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
  - (b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or
  - (c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
- that deputy, judicial factor, guardian or attorney, as the case may be, may make an application on behalf of that person.
- 51.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.
- 51.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).
- 51.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);
- (a) it may at any time revoke the appointment;
  - (b) the person appointed may resign his office after having given 4 week's notice in writing to the authority of his intention to do so;
  - (c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).
- 51.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.
- 51.7 The authority must;
- (a) inform any person making an application of the duty imposed on them
  - (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
  - (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

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

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

52.2. An application may be made;

- (a) in writing,

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



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

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

52.4 Where an application made in writing is defective because—

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

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

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

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

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

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

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

52.10 Where an applicant ('C') makes a claim which includes (or which C subsequently requests should include) a period before the claim is made, the authority may, at its discretion, where there is a good reason, treat the claim as made on an earlier date up to one year (or the beginning of the financial year) in which the request is received by the authority.

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

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

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

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

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

(b) in a case where

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

the date on which the change takes place;

(c) in a case where;

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

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

(d) in a case where;

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

the date on which the change takes place;

(e) in a case where;

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

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

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

53.2 For the purposes only of sub-paragraph (1)(c) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately precede the first day in that award and on which he would, but for regulations made under;

(a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or

(b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the Welfare Reform Act 2007 (waiting days),  
have been entitled to that allowance.

53.3 Where there is a defect in an application by telephone;

(a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;

(b) is not corrected within one month (or such longer period as the authority considers

reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.

53.4 The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.

53.5 The conditions are that—  
(a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or  
(b) where an application is not on approved form or further information requested by authority applies;  
(i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;  
(ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,  
in either case, within such longer period as the authority may consider reasonable; or  
(c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.

53.6 Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority's scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.

53.7 Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority's scheme in the reduction week immediately following the date of his application but the authority is of the opinion that unless there is a change of circumstances, he will be entitled to a reduction under its scheme for a period beginning not later than;  
(a) in the case of an application made by;  
(i) a pensioner, or  
(ii) a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit,  
the seventeenth reduction week following the date on which the application is made, or  
(b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made,  
the authority may treat the application as made on a date in the reduction week immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.

53.8 In this paragraph "appropriate DWP office" means an office of the Department for Work and Pensions dealing with state pension credit or an office which is normally open to the public for the receipt of claims of income support, a job seekers allowance or an employment and support allowance.

**54.0 Submission of evidence electronically**

54.1 The authority may accept such evidence, documents, and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim

**55.0 Use of telephone provided evidence**

55.1 The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim

**56.0 Information and evidence<sup>3</sup>**

56.1 Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority's scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

56.2 This sub-paragraph is satisfied in relation to a person if—

(a) the application is accompanied by;

- (i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
- (ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or

(b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by;

- (i) evidence of the application for a national insurance number to be so allocated; and
- (ii) the information or evidence enabling it to be so allocated.

56.3 Sub-paragraph (2) does not apply;

(a) in the case of a child or young person in respect of whom an application for a reduction is made;

(b) to a person who;

- (i) is a person treated as not being in Great Britain for the purposes of this scheme;
- (ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and
- (iii) has not previously been allocated a national insurance number.

56.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.

56.5 Nothing in this paragraph requires a person who is a pensioner to furnish any certificates, documents, information, or evidence relating to a payment to which sub-paragraph (7) applies.

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

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

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

(a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET

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

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

56.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;  
(a) the name and address of the pension fund holder;  
(b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.

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

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

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

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

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

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

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

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

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

58.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;  
(a) between the making of an application and a decision being made on it, or  
(b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.

58.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;  
(a) in writing; or  
(b) by telephone—  
(i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification

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

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

may not be given by telephone; or

(ii) in any case or class of case where the authority determines that notice may be given by telephone; or

(c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably practicable after the change occurs, whichever is later.

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

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

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

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

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

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

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

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

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

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

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

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

- (a) informing the person affected of the duty imposed by paragraph 9(1);

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

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

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

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

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

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

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

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

60.8 This sub-paragraph applies to—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

64.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or

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

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

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



administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

#### **65.0 Offsetting**

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

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

66.1 Where;

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

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

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

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

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

67.1 The authority will use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration, and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

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

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

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

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

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

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

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

## **69.0 Recording and holding information**

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

## **70.0 Forwarding of information**

- 70.1 The authority may forward it to the person or authority for the time being administering claims to or awards of council tax reduction to which the relevant information relates, being
- (i) a local authority;
  - (ii) a person providing services to a local authority; or
  - (iii) a person authorised to exercise any function of a local authority relating to council tax reduction.

## **71.0 Persons affected by Decisions**

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

## **72.0 Terminations**

- 72.1 The authority may terminate, in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
  - (b) a decision as to an award of such a reduction should be revised or superseded.
- Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax. Where the amount of reduction reduces to zero, the award will end.

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

- 73.1 A person who is aggrieved by a decision of the authority, which affects;
- (a) the person's entitlement to a reduction under its scheme, or
  - (b) the amount of any reduction to which that person is entitled,
- may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.
- 73.2 The authority must
- (a) consider the matter to which the notice relates;
  - (b) notify the aggrieved person in writing;

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

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

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

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

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

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

74.2 Where;

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

#### **75.0 Exceptional Hardship Scheme**

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

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

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

76.1 In this Part;

- "information" includes an application, a certificate, notice or other evidence; and
- "official computer system" means a computer system maintained by or on behalf of an authority for sending, receiving, processing or storing of any information.

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

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

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

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

77.4 The second condition is that the person uses an approved method of;

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

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

- (a) authenticating the identity of the sender of the communication;
- (b) electronic communication;
- (c) authenticating any application or notice delivered by means of an electronic communication; and
- (d) subject to sub-paragraph (7), submitting to the authority any information.

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

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

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

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

**78.0 Use of intermediaries**

78.1 The authority may use intermediaries in connection with;

- (a) the delivery of any information by means of an electronic communication; and
- (b) the authentication or security of anything transmitted by such means,

and may require other persons to use intermediaries in connection with those matters.

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

79.1 Any information which is delivered by means of an electronic communication is to be treated as having been delivered in the manner or form required by any provision of an authority’s scheme on the day the conditions imposed;

- (a) by this section; and
- (b) by or under an enactment,

are satisfied.

79.2 The authority may determine that any information is to be treated as delivered on a different day (whether earlier or later) from the day provided for in sub-paragraph (1).

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

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

80.1 If it is necessary to prove, for the purpose of any legal proceedings, the identity of—

- (a) the sender of any information delivered by means of an electronic communication to an official computer system; or
- (b) the recipient of any such information delivered by means of an electronic communication from an official computer system,

the sender or recipient, as the case may be, is to be presumed to be the person whose name is recorded as such on that official computer system.

**81.0 Proof of delivery of information**

81.1 If it is necessary to prove, for the purpose of any legal proceedings, that the use of an electronic communication has resulted in the delivery of any information this is presumed to have been the case where;

- (a) any such information has been delivered to the relevant authority, if the delivery of that

information has been recorded on an official computer system; or  
(b) any such information has been delivered by the relevant authority, if the delivery of that information has been recorded on an official computer system.

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

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

#### **82.0 Proof of content of information**

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

#### **83.0 Counter Fraud and compliance**

83.1 In order to protect the finances of the authority and also in the interests of all council taxpayers, the authority will undertake such actions as allowed by law to;

- (a) Prevent and detect fraudulent claims and actions in respect of Council tax reduction;
- (b) Carry out investigations fairly, professionally and in accordance with the law; and
- (c) Ensure that sanctions are applied in appropriate cases

83.2 The authority believes that it is important to minimise the opportunity for fraud and;

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

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

**Schedule 1**  
**Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme.**

1. The authority's Council Tax Reduction scheme from 2023/24 shall be calculated on the basis of the following Banded Discount Scheme:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
<b>WEEKLY Income Ranges</b>							
<b>Band 1*</b>	90%	£0 - £110.10	£0 - £176.16	£0 - £242.22	£0 - £154.14	£0 - £225.71	£0 - £286.26
<b>Band 2</b>	72%	£110.11 - £198.18	£176.17 - £264.24	£242.23 - £324.80	£154.15 - £264.24	£225.72 - £309.38	£286.27 - £374.34
<b>Band 3</b>	36%	£198.19 - £236.72	£264.25 - £280.76	£324.81 - £385.35	£264.25 - £319.29	£309.39 - £352.32	£374.35 - £440.40
<b>Band 4</b>	23%	£236.73 - £280.76	£280.77 - £308.28	£385.36 - £495.45	£319.30 - £374.34	£352.33 - £407.37	£440.41 - £528.48
	0%	Over £280.76	Over £308.28	Over £495.45	Over £374.34	Over £407.37	Over £528.48

2. The amount of discount to be granted is to be based on the following factors:
- The maximum Council Tax Reduction as defined within this scheme;
  - The Council Tax family as defined within this scheme;
  - The income of the applicant and partner as defined within this scheme; and
  - The capital of the applicant and partner as defined within this scheme.
3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.
4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme).
5. Any applicant and any partner whose capital is greater than £10,000 shall not be entitled to any Council Tax Reduction whatsoever.
6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation decided by the Council.
7. \*Where an applicant or partner is in receipt of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance, discount will be awarded at Band 1 level.

**Schedule 2**

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



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

- 1980 (power to assist persons to take advantage of educational facilities);  
 (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992
- (b) corresponding to such an education maintenance allowance, made pursuant to;  
 (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or  
 (ii) regulations made under section 181 of that Act; or
- (iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;  
 (a) regulations made under section 518 of the Education Act 1996;  
 (b) regulations made under section 49 of the Education (Scotland) Act 1980; or  
 (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
15. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.
- 16 (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;  
 (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;  
 (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or  
 (c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- 17 (1) Subject to sub-paragraph (2), any of the following payments;  
 (a) a charitable payment;  
 (b) a voluntary payment;  
 (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;  
 (d) a payment under an annuity purchased;  
 (i) pursuant to any agreement or court order to make payments to the applicant; or  
 (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or  
 (e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
  - (a) a former partner of the applicant, or a former partner of any member of the applicant’s family; or
  - (b) the parent of a child or young person where that child or young person is a member of the applicant’s family.
  
- 18. 100% of any of the following, namely
  - (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
  - (b) a war widow’s pension or war widower’s pension;
  - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
  - (d) a guaranteed income payment;
  - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
  - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
  - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.
  
- 19. £15 of any;
  - (a) widowed mother’s allowance paid pursuant to section 37 of the Act;
  - (b) widowed parent’s allowance paid pursuant to section 39A of the Act.
  
- 20. (1) Any income derived from capital to which the applicant is or is treated as beneficially entitled.
  
- 21. Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating–
  - (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student’s award;
  - (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student’s bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or
  - (c) the student’s student loan,
 an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.
  
- 22. (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
  - (a) is not in receipt of any award, grant or student loan in respect of that education; or
  - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
 and the applicant makes payments by way of a contribution towards the student’s maintenance, other than a parental contribution defined within this scheme.
  - (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
    - (a) the weekly amount of the payments; or

- (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b), whichever is less.
23. Any payment made to the applicant by a child or young person or a non- dependant.
24. Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person and there is a contractual liability to make payments to the applicant in respect of the occupation of the dwelling by that person or a member of his family–
- (a) where the aggregate of any payments made in respect of any one week in respect of the occupation of the dwelling by that person or a member of his family, or by that person and a member of his family, is less than £20, the whole of that amount; or
  - (b) where the aggregate of any such payments is £20 or more per week, £20.
25. (1) Where the applicant occupies a dwelling as his home and he provides in that dwelling board and lodging accommodation, an amount, in respect of each person for which such accommodation is provided for the whole or any part of a week, equal to–
- (a) where the aggregate of any payments made in respect of any one week in respect of such accommodation provided to such person does not exceed £20.00, 100 per cent. of such payments;
  - (b) where the aggregate of any such payments exceeds £20.00, £20.00 and 50 per cent. of the excess over £20.00.
- (2) In this paragraph, ‘board and lodging accommodation’ means accommodation provided to a person or, if he is a member of a family, to him or any other member of his family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises.
26. (1) Any income in kind, except where regulation 30(11)(b) (provision of support under section 95 or 98 of the Immigration and Asylum Act in the calculation of income other than earnings) applies.
- (2) The reference in sub-paragraph (1) to ‘income in kind’ does not include a payment to a third party made in respect of the applicant which is used by the third party to provide benefits in kind to the applicant.
27. Any income which is payable in a country outside the United Kingdom for such period during which there is a prohibition against the transfer to the United Kingdom of that income.
28. (1) Any payment made to the applicant in respect of a person who is a member of his family–
- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978(b) (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
  - (b) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child’s maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
  - (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child’s maintenance);

- (a) in accordance with regulations made pursuant to section 14F of the Children Act 1989(c) (special guardianship support services);
- (2) Any payment, other than a payment to which sub-paragraph (1)(a) applies, made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
29. Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
- (a) by a local authority under–
- (i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
- (ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
- (iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
- (b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
30. Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by–
- (a) a health authority;
- (b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
- (c) a voluntary organisation;
- (d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
- (e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
- (f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
31. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or section 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
32. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995(local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.
- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
- (b) is aged 18 or over, and
- (c) continues to live with the applicant.
33. (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
- (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to–

- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
- (b) meet any amount due by way of premiums on–
  - (i) that policy; or
  - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).

34. Any payment of income which is to be treated as capital.
35. Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
36. Any payment under Part 10 of the Act (Christmas bonus for pensioners).
37. Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
38. (1) Any payment made under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).  
 (2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of–
  - (a) that person’s partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person’s death;
  - (b) any child who is a member of that person’s family or who was such a member and who is a member of the applicant’s family; or
  - (c) any young person who is a member of that person’s family or who was such a member and who is a member of the applicant’s family.
- (3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of;
  - (a) the person who is suffering from haemophilia or who is a qualifying person;
  - (b) any child who is a member of that person’s family or who was such a member and who is a member of the applicant’s family; or
  - (c) any young person who is a member of that person’s family or who was such a member and who is a member of the applicant’s family.
- (4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;
  - (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person’s family; and
  - (b) the payment is made either;
    - (i) to that person’s parent or step-parent, or
    - (ii) where that person at the date of the payment is a child, a young person or a

student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where;

(a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who was or had been a member of his family; and

(b) the payment is made either

(i) to that person's parent or step-parent, or

(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,

but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any income which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation and the London Bombings Relief Charitable Fund.

39. Any Housing Benefit or where the applicant is entitled to an award of Universal Credit which includes a housing element, any sum determined by the authority as the proportion of housing costs award.
40. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
41. Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.
42. Any payment in consequence of a reduction of council tax under section 13 or section 80 of the 1992 Act (reduction of liability for council tax).
43. (1) Any payment or repayment made—  
(a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);  
(b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);  
(c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).  
(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
44. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins).

45. Any payment made by either the Secretary of State for Justice or by the Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody.
46. (1) Where an applicant's family includes at least one child or young person, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.  
 (2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.  
 (3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
47. (1) Any payment of child maintenance made or derived from a liable relative where the child or young person in respect of whom the payment is made is a member of the applicant's family, except where the person making the payment is the applicant or the applicant's partner.  
 (2) In paragraph (1)  
 'child maintenance' means any payment towards the maintenance of a child or young person, including any payment made voluntarily and payments made under;  
 (a) the Child Support Act 1991;  
 (b) the Child Support (Northern Ireland) Order 1991;  
 (c) a court order;  
 (d) a consent order;  
 (e) a maintenance agreement registered for execution in the Books of Council and Session or the sheriff court books;  
 'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.
48. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
49. Any guardian's allowance.
50. (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.  
 (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
51. Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
52. In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
53. (1) Any payment which is  
 (a) made under any of the Dispensing Instruments to a widow, widower or



- (b) surviving civil partner of a person;
  - (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
  - (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.

(2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).

- 54. Any council tax reduction or council tax benefit to which the applicant is entitled.
- 55. Any payment made under section 12B of the Social Work (Scotland) Act 1968, or under sections 12A to 12D of the National Health Service Act 2006 (direct payments for health care) or under regulations made under section 57 of the Health and Social Care Act 2001 (direct payments).
- 56. (1) Subject to sub-paragraph (2), in respect of a person who is receiving, or who has received, assistance under the self-employment route, any payment to that person—
  - (a) to meet expenses wholly and necessarily incurred whilst carrying on the commercial activity;
  - (b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.
 (2) Sub-paragraph (1) shall apply only in respect of payments, which are paid to that person from the special account
- 57. (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
  - (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
  - (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
- 58. Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.
- 59. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.
- 60. Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.
- 61. (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
  - (2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.
- 62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
- 63. Any payment of child benefit.

64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.
67. Carers Allowance.
68. The support component of Employment and Support Allowance.
69. Where the applicant, partner or any dependant / young person is deemed to be disabled, a further disregard of £40 shall be made from their weekly income.
70. Any Local Welfare Payment paid to the applicant by the authority;
71. Any payment of Council Tax Rebate paid under the Government announcement on 3<sup>rd</sup> February 2022.
72. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
  - (a) an applicant's entitlement to a reduction under the scheme; or
  - (b) the amount of any reduction to which the applicant is entitled.
 "The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3<sup>rd</sup> February 2022.
73. The Disabled Child , Limited Capability for Work, Limited Capability for Work and Work Related Activity, Carers or Severe Disability elements of Universal Credit (this includes any transitional award).
74. **Provision for all applicants: Homes for Ukraine scheme**
  - (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
    - (a) an applicant's entitlement to a reduction under the scheme; or
    - (b) the amount of any reduction to which the applicant is entitled.
  - (2) In this regulation—
 "the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14<sup>th</sup> March 2022.

**Schedule 3**  
**Capital to be disregarded**

1. The dwelling together with any garage, garden, and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
2. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme but only for 52 weeks beginning with the date of receipt of the payment.
3. Any payment made to the applicant in respect of any travel or other expenses incurred or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme but only for 52 weeks beginning with the date of receipt of the payment but only for 52 weeks beginning with the date of receipt of payment.
4. Any premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
5. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
6. Any premises occupied in whole or in part–
  - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
  - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
7. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
8. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
9. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.
10. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.  
 (2) The assets of any business owned in whole or in part by the applicant where–
  - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
  - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

11. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) an income-related benefit;
  - (b) an income-based jobseeker's allowance;
  - (c) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
  - (d) working tax credit and child tax credit
  - (e) an income-related employment and reduction allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

12. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
  - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

13. Any sum –
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
  - (b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.

14. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.

15. The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.

16. Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.

17. (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.

(2) But sub-paragraph (1)

(a) applies only for the period of 52 weeks beginning with the day on which the

- applicant first receives any payment in consequence of that personal injury;
- (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
- (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
- (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.

(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).

18. The value of the right to receive any income under a life interest or from a life rent.
19. The surrender value of any policy of life insurance.
20. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
21. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
22. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.
  - (2) Sub-paragraph (1) applies only where A;
    - (a) was formerly in the applicant's care, and
    - (b) is aged 18 or over, and
    - (c) continues to live with the applicant.
23. Any social fund payment.
24. Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
25. Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
26. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
27. Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.
28. Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts and which is made to or for the benefit of—

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts where—

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
  - (i) to that person's parent or step-parent; or
  - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts where

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either;
  - (i) to that person's parent or step-parent; or
  - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian, but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) Any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

29. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.
- (2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.
30. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.
31. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.
32. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.
33. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
34. The value of the right to receive an occupational or personal pension.
35. The value of any funds held under a personal pension scheme
36. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
37. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).
38. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
39. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
40. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
- (a) to purchase premises intended for occupation as his home; or
  - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,
- for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.



41. Any arrears of supplementary pension which is disregarded under this scheme but only for a period of 52 weeks from the date of receipt of the arrears.
42. (1) Any payment or repayment made—  
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);  
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);  
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),  
 but only for a period of 52 weeks from the date of receipt of the payment or repayment.  
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
43. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.
44. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
45. Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
46. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
47. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
48. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.  
 (2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
49. (1) Any sum of capital to which sub-paragraph (2) applies and  
 (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;  
 (b) which can only be disposed of by order or direction of any such court; or  
 (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.  
 (2) This sub-paragraph applies to a sum of capital which is derived from;  
 (a) an award of damages for a personal injury to that person; or  
 (b) compensation for the death of one or both parents where the person concerned is under the age of 18.
50. Any sum of capital administered on behalf of a person in accordance with an order made under

section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from

- (a) award of damages for a personal injury to that person; or
- (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

51. Any payment to the applicant as holder of the Victoria Cross or George Cross.
52. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
53. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
- (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
54. (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to—
    - (i) regulations made under section 518 of the Education Act 1996;
    - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
    - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
  - (b) corresponding to such an education maintenance allowance, made pursuant to;
    - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
    - (ii) regulations made under section 181 of that Act ;
- or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
  - (a) regulations made under section 518 of the Education Act 1996;
  - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
  - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992,in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
55. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.
56. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.
57. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st

February 2001 in consequence of the imprisonment or interment of–

- (a) the applicant;
- (b) the applicant's partner;
- (c) the applicant's deceased spouse or deceased civil partner; or
- (d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

58. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is
- (a) a diagnosed person;
  - (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
  - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
  - (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
  - (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending–
    - (i) two years after that date; or
    - (ii) on the day before the day on which that person–
      - (aa) ceases receiving full-time education; or
      - (bb) attains the age of 20,whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is–
- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
  - (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
  - (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death,
- but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to–
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
  - (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending–
    - (i) two years after that date; or

- (ii) on the day before the day on which that person
  - (aa) ceases receiving full-time education; or
  - (bb) attains the age of 20,

whichever is the latest.

- (5) In this paragraph, a reference to a person–
  - (a) being the diagnosed person’s partner;
  - (b) being a member of a diagnosed person’s family;
  - (c) acting in place of the diagnosed person’s parents,
 at the date of the diagnosed person’s death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.
- (6) In this paragraph– ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;
   
‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;
   
‘trust payment’ means a payment under a relevant trust.
- 59. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
  - (a) was a slave labourer or a forced labourer;
  - (b) had suffered property loss or had suffered personal injury; or
  - (c) was a parent of a child who had died,
 during the Second World War.
- 60. (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
   
  
 (2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
- 61. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 62. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 63. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 64. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments),
- 65. Any Windrush compensation payment.
- 66. Any payment made under the We Love Manchester Emergency Fund.
- 67. Any payment made under the London Emergency Trust.
- 68. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
  - (a) an applicant’s entitlement to a reduction under the scheme; or
  - (b) the amount of any reduction to which the applicant is entitled.
 “The Energy Rebate Scheme 2022” means the scheme to provide financial support in respect of

energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.

**69. Provision for all applicants: Homes for Ukraine scheme**

(1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—

(c) an applicant’s entitlement to a reduction under the scheme; or

(d) the amount of any reduction to which the applicant is entitled.

(2) In this regulation—

“the Homes for Ukraine scheme” means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Mayor Director of Finance and Director of Legal services
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<b>Submitted to:</b>	Council
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<b>Date:</b>	27 February 2023
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<b>Title:</b>	Legal, Financial and Practical Consequences of Failure or Delay in Setting Council Tax
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<b>Report for:</b>	Information
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Not applicable
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<b>Why:</b>	
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<b>Urgent:</b>	No
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<b>Why:</b>	
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<b>Executive summary</b>
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- The Council has a legal duty to set a lawful budget before 11 March 2023
- Members jointly and severally (individually and collectively) have a fiduciary duty to Council Tax payers
- This means members have 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 will lead to loss of revenue, significant additional administrative costs as well as reputational damage for the council
- Failure to set a budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999 (and this has happened in number of councils)
- Failure to set a budget may give rise to personal liability for individual Members for misfeasance in public office, negligence or breach of statutory duty.

## **Purpose**

1. This note explains the legal, financial and practical consequences of failure or delay in setting the Council Tax requirement in more detail and makes practical suggestions for Members' consideration.

## **Background and relevant information**

### **The Legal Duty**

2. Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. This means the Council has a duty to set the 2023/24 budget before 11 March 2023.
  - 2.1 If the budget is set after that date, the Local Government Finance Act 1992 says the failure to set a budget within the deadline does not invalidate the budget. However, such delay may have significant financial, administrative, and legal implications, including potential individual liability of any Member who contributed to the delay in setting a budget.
  - 2.2 Section 66 of the Local Government Finance Act 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or "standing" may apply for judicial review.

### **Financial Implications of delay**

3. Delay in setting the Council tax means a delay in collecting the tax due not only to the Council, but also the precepting authorities such as the police, fire service and others such as the parish councils on whose behalf the Council acts as a collection authority.
  - 3.1 The Council has a legal duty to provide a range of statutory services (such as refuse collection, children's services, support for the homeless .) and is not absolved from its statutory duties because of the late setting of the tax. It also has to pay the monies due to the precepting authorities (such as Fire Service and the Police) whether or not it collects any Council tax.
  - 3.2 Delay in setting the budget may affect the Council's ability to enter into new agreements with significant financial commitments until and unless the budget is agreed. Otherwise, these would be unfunded commitments and therefore potentially unlawful.
  - 3.3 Even if the Council sets the budget before 11th March but much later than the planned 27th February Budget Council meeting, there is still likely to be some disruption to the administrative arrangements (such as printing, posting, delivery) that have cost implications.

### **Duty to take advice of the Chief Finance Officer**

4. Sections 25 to 29 of the Local Government Act 2003 impose duties on the Council in relation to how it sets and monitors its budget. These provisions require the Council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the Council about the allowances to be made and action to be taken.



- 4.1 Section 25 also requires the Council's Chief Finance Officer to make a report to full Council when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions. This section requires members to have regard to the report in making their decisions. Any decision that ignores this advice, including the implications of delay, is potentially challengeable.
- 4.2 Section 26 requires authorities to ensure that their budget made allowance for reserves at least equal to the minimum.

### **Section 114 Report and the Prohibition Period**

5. Section 114 of the Local Government Finance Act 1988 puts an obligation on the Section 151 Officer (The Director of Finance) to issue a report "if it appears to her that the expenditure (including proposed expenditure) is likely to exceed the resources (including borrowing) available to the Council." She would also be under a similar obligation if she became aware of a course of action which, if pursued, would be unlawful and likely to cause loss or deficiency on the part of the authority. The S.151 Officer has to consult the Chief Executive and the Monitoring Officer before issuing the report.
  - 5.1 If such a report were issued, a copy of it must be sent to the Council's auditors and every Member of the Council. Full Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take. Between the issuing of the report and the day after the meeting ("the prohibition period") the Council is precluded from entering into new agreements involving the incurring of expenditure except in certain limited circumstances where expenditure can be authorised by the Chief Finance Officer. The legislation also provides that during the prohibition period "the course of conduct which led to the report being made shall not be pursued." Failure to take appropriate action in response to such a report may lead to the intervention of the Council's auditor.
  - 5.2 It is not possible to say in advance for certain whether such a report would be issued, but, the longer the setting of the budget is delayed, the more likely there may be a section 114 report.

### **Monitoring Officer Report**

6. Section 5 of the Local Government & Housing Act 1989 imposes on the Monitoring Officer an obligation similar to that of the S.151 Officer with the same consequences if it appears to him/her that what the Council has done or is proposing to do is likely to contravene a rule of law or any code of practice made or approved by or under any enactment or maladministration. The Monitoring Officer is also under a duty to warn Members of the consequences under the Code of Conduct for Members.
  - 6.1 The Section 114 and Section 5 reports may be joint or separate and, if separate, they may be issued concurrently or at different times.

### **Code of Conduct Consequences**

7. The Localism Act 2011 imposes a duty on Members to abide by the Code of Conduct for Members. In interpreting the Code, regard must be had to the General Principles of Public Life, including the requirement that they should make decisions in accordance with the law.

- 7.1 Members have an active duty to ensure that the Council sets a lawful budget. Voting against proposals repeatedly knowing that the result means no lawful budget, is incompatible with Members' obligations under the Code as it is bound to bring the Council in to disrepute.

### **Personal Liability of Members**

8. Notwithstanding the abolition of surcharge, if a Member's wilful misconduct is found to have caused loss to the Council, the Member may be liable to make good such loss under the principle approved by the House of Lords in *Porter v Magill*.1 (2002).
- 8.1 Depending on the exact role played by a Member, and the seriousness of the loss incurred, a Member could, in principle, be guilty of the tort and crime of misfeasance in public office. The indemnity cover that Members are provided with by the Council does not include actions that constitute an offence or are reckless.
- 8.2 It is also possible (at least in theory) for a Member to be liable in negligence and or breach of statutory duty.
- 8.3 It must be pointed out that one would probably need to prove that what the Members were doing was deliberate or reckless and involves persistent failure to facilitate the setting of a lawful budget before it attracts liability of the sort referred to in the preceding paragraphs. The longer the setting of a budget is delayed, and the more repeatedly the Member "blocks" the setting of a lawful budget, the more likely for the liability to arise.

### **Intervention by the Secretary of State**

9. The Local Government Act 1999 imposes a duty on the Council "...to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."
- 9.1 Section 15 of the Local Government Act 1999 gives the Secretary of State the power to intervene and take a range of measures. The powers of the Secretary of State are very extensive and include:
- Directing the council to take any action which he considers necessary or expedient to secure its compliance with the requirements of this Part (for example setting a budget by a specified date);
  - The Secretary of State, or a person nominated by him, exercising the Council's functions (such as setting the Council tax) for a period specified in the direction or for so long as the Secretary of State considers appropriate, and
  - Requiring the Council to comply with any instructions of the Secretary of State or his nominee in relation to the exercise of that function and to provide such assistance as the Secretary of State or his nominee may require for the purpose of exercising the function.
- 9.3 The Secretary of State is expected to exercise the powers after consulting the local authority and it usually follows a report from external auditors, by an inspector appointed by the Secretary of State, by Ofsted or similar body, although this is not a requirement in cases of urgency.

## Practical Advice to Members

10. The Council as a corporate body, and Members (both individually and collectively,) have a fiduciary duty to Council Tax payers to avoid things that would result in loss of revenue or failure to deliver services. In addition to Members' legal obligation, they also have the moral and democratic obligation to set the budget on behalf of the people who elected them.
- 10.1 There is always a tension between Members' desire to vote for what they believe to be the right decision on the one hand and the legal obligation to set a lawful budget on time and avoid any loss to the Council. Each budget setting has its own dynamics and permutations and it is difficult to generalise as to what a Member should do. At the risk of over simplification, a suggested practical approach would be:
- (a) Members should always strive to facilitate, rather than frustrate, the setting of a lawful budget.
- (b) As no Group has an overall majority in the Council, all Groups and each Member should, where possible, try to reach compromise and agreement beforehand so as to deliver a lawful budget with majority support on time;
- (c) If there is failure to reach agreement, then, until it becomes clear that the Council may not be able to get the budget through, Members are free to vote as they see fit;
- (d) If it becomes clear (for example as a result of an initial vote) that there is no majority support for any budget but there is a realistic prospect of such an agreement if Members are given additional time for negotiation, then Members should consider a short adjournment, or adjournment to another day, whichever is more appropriate. This would be informed by the advice from the Chief Executive after checking with each of the Group Leaders and the advice from the section 151 Officer and the Monitoring Officer.
- (e) If Members do not consider that an adjournment would resolve the impasse or there has been an adjournment and no agreement reached that could deliver a majority, then officers' advice would be:
- To identify composite amendments (amendments that have cross party-support) and for all Members to vote for these amendments;
  - When it comes to the substantive vote, for Members who support the proposals (with the composite amendments) to vote for the proposal;
  - For members who do not support the proposal, but are unable to secure a majority for an alternative/amendment budget, to support the substantive budget as amended, or, at least, abstain;
  - In the event of the Executive failing to agree on a recommendation to Budget Council, the reference in the preceding sub-paragraphs to Executive proposals" shall read as referring to the recommendations of the Director of Finance as presented in the report to Executive and Council.
  - This would ensure that the Council sets a lawful budget and avoids the damaging legal and practical consequences discussed above as well as keeping the setting of local taxes locally and preserve the Council's governing reputation.
- (f) The above advice is based on the fact that, unlike other times when a proposal that fails to gain the support of a majority of members simply falls status quo prevails, the

status quo is not a legal option when it comes to the budget. The nearest legal option the Council has to a status quo is the Mayor's proposals.

## **Conclusion**

11. The Council has a duty to set a lawful budget before 11 March 2023.

11.1 Each Member has an obligation to facilitate, rather than frustrate, the setting of a lawful budget in time.

11.2 Failure to discharge that duty may leave Members at risk of breaking the Code of Conduct for Members and possibly expose them to legal liability.

11.3 It is also possible that, if there is a prolonged delay, the Secretary of State may exercise his powers under section 15 of the Local Government Act 1999 to step in and make the decision himself or ask another person to do so, which would damage the Council's governing reputation.

11.4 If, after all reasonable attempts are made, it is not possible to find a majority support for any budget (i.e. unable to get the budget through) then the most appropriate thing to do, in officers' view, would be for Members who support the Executive recommendations to vote for the recommendations and those who do not support the Executive proposals (with composite amendments) to vote for the budget, or at the very least abstain, unless they are in a position to put forward proposals that have majority support.

## **What decision(s) are being recommended?**

The report requests that Council:

- Notes the legal, financial and practical consequences of failure or delay in setting the Council Tax position.

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

- The Council has a legal duty to set a lawful budget in time.
- Members jointly and severally (individually and collectively) have a fiduciary duty to Council Tax payers. This means they have 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 will lead to loss of revenue, significant additional administrative costs as well as reputational damage.
- Failure to set a budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999.
- It may give rise to personal liability for individual Members for misfeasance in public office, negligence or breach of statutory duty.

## **Other potential decision(s) and why these have not been recommended**

Not applicable.

## **Impact(s) of the recommended decision(s)**

### ***Legal***

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.

Elected members (individually and collectively) have a fiduciary duty to local taxpayers and so duty to facilitate, rather than frustrate, the setting of a lawful budget, and not to do so would bring damaging legal, financial, operational, and reputational consequences for the Council, and precepting authorities such as the police, fire service and local parish councils. It may also give rise to personal liability for individual members for misfeasance in public office, negligence, or breach of statutory duty, should they be found to be purposely failing to set a lawful budget.

### ***Strategic priorities and risks***

The proposed approach will ensure a positive impact on the strategic risk that the Council fails to achieve a balanced budget. 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.

### ***Human Rights, Equality and Data Protection***

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 specific proposals and the proposed Council Tax increase will be completed prior to consideration by the appropriate decision-making body, where required.

### ***Financial***

The financial implications are contained in the body of the report.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>

Body	Report title	Date

**Contact:** Helen Seechurn, Director of Finance (S151 Officer)  
**Email:** [helen\\_seechurn@middlesbrough.gov.uk](mailto:helen_seechurn@middlesbrough.gov.uk)

**Contact:** Charlotte Benjamin, Director of Legal ( Monitoring Officer)  
**Email:** [charlotte\\_benjamin@middlesbrough.gov.uk](mailto:charlotte_benjamin@middlesbrough.gov.uk)

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance (S151 Officer)
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<b>Submitted to:</b>	Council
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<b>Date:</b>	27 February 2023
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<b>Title:</b>	Budget 2023-24 – Statutory report of the Chief Finance Officer
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<b>Report for:</b>	Information
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Not applicable
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<b>Why:</b>	Not applicable
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<b>Urgent:</b>	Not applicable
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<b>Why:</b>	
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**Executive summary**

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.

This report covers:

- 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, are robust and provide sufficient resource to enable the council to set a balanced budget.

Reserves are adequate insofar as the minimum level of general balance is set at £12m, based on risk assessment; there are currently no plans for its use being the fund of last resort. However, there is little resilience in earmarked reserves, and these are at a critical level. The lack of substantial earmarked reserves means the overall reserves position, whilst adequate, is fragile and may 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 requires delivery of £9.4m savings in year (full year: £12.4m). The budget carries 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 is 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 will 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) are held to mitigate these risks. In the event of significant unexpected cost pressures emerging during the year, further savings will be required from across the Council, and early consideration is advisable to forward plan future savings so they can be brought forward as necessary.

The Council's current financial standing reflects 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 has in place a Governance Improvement Board under the purview of the LGA and CIPFA. It is imperative there is organisational grip to deliver planned improvements to ensure council money is spent wisely and this will require a significant programme of work during 2023/24 to be delivered at pace that focusses on embedding budget management and improved accountability arrangements within the organisational culture.

The CFO does 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 is based on the latest available information and in the event of a change in the risk profile or financial circumstances, the position cannot be assured over the medium term and will be kept under review in the coming months. Council is 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 is 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 will be better able to withstand any future financial shocks and be in a stronger position to develop and implement its strategic plans.



The report request that Council:

- Note this report and have regard to it when setting the Revenue Budget 2023/24.
- Note
  - An unrelenting focus on delivery of 2023/24 savings and demand mitigation will be required to maintain a balanced budget; further work may be needed to accelerate future budget proposals, if necessary.
  - The CFO advise to adopt a medium-term strategy that seeks 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.

## **Purpose**

1. The purpose of the report is to enable members to fulfil their responsibility to set a balanced budget for 2023/24.

## **Background and relevant information**

2. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget estimates and the adequacy of the financial reserves. The Act also requires the Authority to which the report is made to have regard to the report when making decisions about the budget. The Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.
3. This report is made 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.

## **Chief Finance Officer Overall Opinion**

4. In general, the proposals to establish a net budget requirement of £126.4m and council tax requirement of £67.3m, as set out in the Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24 report to this Council, are robust and provide sufficient resource to enable the council to set a balanced budget for 2023/24.
5. Reserves are adequate insofar as the minimum level of general balance following risk assessment is set at £12m and there are no plans to use them in 2023/24 as the fund of last resort. However, there is little resilience in earmarked reserves, and these are at a critical level. The lack of substantial earmarked reserves to support significant unplanned spending means the overall reserves position whilst adequate is fragile and may require continuing reliance on cost control or the acceleration of future saving plans in the event any unexpected costs emerge. The Council must take every opportunity to replenish reserves, some contribution to reserves is planned in 2023/24 and the Council must proactively plan for this in future budget rounds. In this way, reserves will be available to smooth budget fluctuations over the medium term and for investment in strategic priorities.

6. The current financial standing of the Council indicates a number of significant stressors and addressing the underlying issues will seek to improve future resilience. The CIPFA Financial Resilience index highlights low levels of reserves and significant demand led pressures. At the time of drafting, the Council is awaiting findings from the more recent CIPFA Finance resilience review and it is imperative that a programme of work is set up in response to those findings when known.
7. Significantly, the external auditor issued a value for money qualification for 2020/21 in respect of governance weaknesses. External audit found practices which hindered the smooth running of operations limiting the council's ability to safeguard public money. As a result, the Governance Improvement Board under the purview of the LGA has been established to put in place the necessary foundations through a comprehensive improvement plan. A government Best Value Improvement notice was issued in January 2023 to reinforce the requirement for change to be delivered at pace. It is imperative the Council seeks to deliver against the governance improvement plan to ensure decisions are taken in the right way to demonstrate best value.
8. Plans are also needed to embed accountability in the organisational culture. Effective demand mitigation and rigorous financial control will be required by all directors to remain within spending control totals. This will require careful monitoring, and proactive management by individual directorates to maintain grip to ensure financial health. Budget oversight exercised through the Leadership Management Team, Executive and Overview & Scrutiny Committees will be vital to maintain visibility. The Children's Finance Focus Group led by the Deputy Mayor (or similar) is expected to continue in 2023/24.
9. The most significant risk facing the council's financial health is the volatility in the cost of children's social care impacting both 2022/23 and 2023/24 and significant additional resource of £17m has been baselined into the 2023/24 Budget. This now means children's care directorate budget has increased from approx. £33m to approx. £56m over the period 2012/13 to 2023/24, currently representing 44% of the council's budget. The additional resource provided for 2023/24 is sufficient to meet current demand and enable the completion of the children's improvement plan, and a small central contingency (£1.3m) is held for additional demand. Residual funds held within the social care transformation reserve estimated at £1.7m will be held to mitigate risk on the children's budget including risk to delivery of savings. Without a doubt the financial health of the council is inextricably linked with the cost pressure and volatility on children's social care.
10. The Budget relies on some £9.4m being achieved in savings. This includes £6.5m for non-children's and £2.9m for children's services. Budget implementation plans have been developed to achieve the proposed savings and oversight for the delivery of those plans will be overseen by the Chief Executive. As some of these savings are to be implemented part year there will also be a financial benefit in 2024/25 of a further £3m. The Council will require an unrelenting focus on the delivery of savings to ensure the budget remains on track.
11. The financial challenges facing the council have been the most intense during 2022/23 and this is expected to continue into 2023/24 in response to exceptional inflation costs and service demand. Financial planning assumptions for 2024/25 suggest a continuing requirement for further savings. In the event of slippage to delivery of planned savings in 2023/24, further savings will be required, and it is recommended that early

consideration is given to forward planning of further savings so they can be brought forward as necessary.

12. The Local Government Financial Settlement predicated an expected increase in council tax of 5% per annum for 2023/24 and 2024/25 and government announcements of headline funding increases of 9% for 2023/24 assume councils will implement council tax rises at the maximum permitted under regulation. The Council's ability to increase council tax in this way serves to improve and consolidate the funding base and strengthens resilience. Within the prevailing regulatory framework, Council is urged to maximise its local revenues wherever possible, recognising this is a political decision and a strategic choice balancing competing priorities. Every 1% of council tax not taken up, means the Council has foregone a permanent reduction of £0.65m in its resource base.

### Financial Standing

13. A number of matters can be examined in assessing financial standing,
  - a. the CIPFA Financial Resilience Index
  - b. External audit value for money opinion 2020/21
  - c. The CIPFA Financial Resilience review.

#### CIPFA Financial resilience index



14. The table above was recently shared at an all-member briefing and subsequently circulated to all members. It shows the key financial stressors on Middlesbrough's resilience in respect of 2020/21 relative to statistical nearest neighbours. Whilst areas of business rate growth and debt are indicators of low stressors on overall financial health, the level of reserves and high levels of spending in social care mean there is little resilience to absorb financial shocks.
15. The greater the proportion of the local authority budget that is used for social care, the less funding there is for other services. Increased demand will therefore reduce the flexibility of the council's budget, making it more vulnerable to financial challenge and creating a dependency for savings to be found elsewhere to compensate. As can be seen from the above table, Middlesbrough had the highest risk of the comparator group

in 2020/21.

16. For Middlesbrough this risk is also coupled with low reserves. Reserves are essential to financial resilience as we cannot borrow money to fund the budget and we are required to balance the budget each year. Low levels of reserves mean there is less capacity to mitigate significant or unexpected cost increases. It may be counter intuitive, but at a time of increased uncertainty, the role of reserves becomes more important and the need for adequate levels of reserves has increased. Middlesbrough had the lowest level of reserves in 2020/21 of the comparator group.

#### External Audit Value for Money opinion and Best Value Improvement notice

17. External audit issued in their interim Audit Results Report 2020/21 a value for money qualification in respect of governance weaknesses and this was considered at Corporate Affairs and Audit Committee in July 2022:

*“We have observed evidence which leads us to conclude that the culture and governance arrangements at the Council have not been operating as expected, and that this is undermining the effectiveness of the Council’s governance framework. During the year ended 31 March 2021, we identified multiple instances where significant decisions were taken by the Council without following the Council’s established policies and procedures and contrary to the boundaries of the respective roles and responsibilities of officers and members.”*

18. As a result, the Governance Improvement Board under the purview of the LGA has been established to implement the improvement plan prepared by CIPFA and considered by Full Council in October 2022. Since, the government subsequently issued a Best Value Improvement notice in January 2023 to reinforce the requirement for change and for this to be delivered at pace. The best value notice will be in place for 12 months.
19. It is imperative the Council seeks to deliver against the governance improvement plan to ensure decisions are taken in the right way and each pound is spent appropriately.
20. The external auditors are considering the Budget 2023/24 as part of their going concern assessment before the 2020/21 audit can be concluded.

#### CIPFA Financial Resilience review

21. This review was commissioned in January 2023 to provide an independent assessment of the financial standing of the Council. At the time of drafting this report, the review has not concluded, though a planned programme of work will be developed from its findings.

#### **Robustness of the Budget 2023/24**

22. In assessing the robustness of the overall budget for next year, the following factors have been considered:
- a. Underpinning assumptions on which the budget was prepared.
  - b. The governance arrangements in place to manage the budget throughout 2023/24
  - c. Compliance to the funding framework

23. The underpinning assumptions on which the budget has been determined.

- a. Financial resources have been aligned to the spending needs of the Council.
- b. Savings to achieve a balanced budget have been identified, consulted on and impact assessed. Savings have been appropriately phased with delivery plans developed.
- c. The budget reflects additional resource requirements for social care as well as planned savings to deliver sustained financial improvement incorporating the children's improvement plan approved by the Director of Children's services, and the adults demand assessment by the Director of Adult Social Services.
- d. The outcome of the provisional local government finance settlement has been factored into the budget thereby considering latest information on government grants and business rates baseline and uplifts.
- e. It reflects an assumption of an increase in council tax of 3.99% (1.99% general, 2% ASC precept) using the approved council taxbase 2023/24.
- f. The pay award has been included at the agreed pay award 2022 and similar increases for pay award 2023, national living wage reflects national increases and pension costs have been adjusted to reflect the new rates in place from 2023/24.
- g. Assumptions about contractual commitments, future inflation and interest rates reflects the latest known position.
- h. Capital and revenue budgeting is integrated with the revenue consequences of the capital programme considered as part of the 2023/24 budget. Additional costs arising from new borrowing have been provided in the capital financing budget.
- i. The treasury management position reflects the approved change to Minimum Revenue provision approved at Council in January 2023.
- j. Income estimates reflect decisions taken to increase fees and charges and current trends including commercial income expected from place shaping and regeneration activity.

24. Governance arrangements are in place to manage the financial resource and will be improved during 2023/24:

- a. The Budget has been prepared with full involvement of the Leadership Management Team led by the Chief Executive and has been through several iterations and internal challenge, with updates provided at weekly meeting to the finance portfolio holder, deputy mayor and mayor.
- b. Under the Council's constitution, financial management is delegated to the appropriate Director, they are required to contain spend within their allocated control total. Financial commitments are expected to comply with the Council's Financial Procedure Rules, which all Directors and their teams are aware. Arrangements are currently being reviewed to strengthen directorate accountability.
- c. Governance arrangements are in place for budget monitoring and reporting during the year. Quarterly monitoring reports are prepared for Executive and Overview & Scrutiny with "by exception" reporting on a monthly basis, although these arrangements are subject to review.
- d. A Children's Finance Focus Group under the leadership of the Deputy Mayor meets to review the financial progress on approved children's financial improvement plan.

- e. Progress on the delivery of saving plans is owned and overseen by the Chief Executive and incorporated into budget monitoring.
- f. Budget management arrangements will be strengthened following the recommendations of the CIPFA Financial resilience review.

## 25. Funding framework for local government

- a. The Settlement figures are based on the final local government settlement published on 6 February 2023, and these are included in the final budget 2023/24.
- b. The Mayor's proposals do not breach the excessiveness principle for 2023/24 where a local referendum is required for any council tax increase above 2.99% general and 2% Adult Social Care precept.
- c. An assessment has been made of likely levels of bad debt provision when determining the council tax base.
- d. The budget reflects the Flexible Use of Capital Receipts where those receipts are realistic, and these have been utilised to meet the costs of transformation in line with central government guidance.

### **Risk Assessment**

The major risks to which the council are exposed are set out below:

## 26. Social care volatility

Middlesbrough already faces exceptionally high children's social care costs. In 2021/22, Middlesbrough children's social care costs was £1,900 per head of population 0–17 years significantly above the unitary average of £1,136 and children's nearest neighbour of £1,499. Even at this level of spend, the most significant risk facing the council's financial health is the volatility in the cost of children's social care impacting both 2022/23 and 2023/24. In response significant additional resource of £17m has been baselined into the 2023/24 Budget to reflect known demand. This now means children's care directorate budget has increased from approx. £33m to approx. £56m over the period 2012/13 to 2023/24.

A children's finance improvement plan has been prepared and was approved by Executive on 14 February 2023. This plan outlines areas where sustained cost improvements can be made to improve value for money and has been reflected in the Budget 2023/24, with £2.8m of cost reductions being included. This in itself creates budget risk in the event the savings cannot be delivered in full and in a timely way. A small reserve will be retained through the social care transformation reserve as a buffer for mitigation of about £1.7m.

Further, there is a risk of a sharp and sudden increase in the number of looked after children especially those with complex needs placing additional strain on the budget. A contingency of £1.3m has been provided to accommodate this risk with sufficient headroom for five additional residential placements for a full year at average current cost.

Additional social care grants provided by central government will be used in partnership with the health service to mitigate health and care demand and facilitate hospital discharge and have been internally ringfenced for this purpose.

## 27. Continuing exceptional inflation and cost

The Budget reflects the full provision for the 2022/23 pay award, an assumed 5% for 2023/24 along with the estimated future costs for national living wage which impacts social care providers. The provision for price inflation has increased significantly by over £7m since the previous assessment made in February 2022 to provide for unavoidable cost increases including energy costs. Each 1% of pay is equivalent to £0.9m and a small contingency is held for an additional approx. 1% inflation.

## 28. Budget position 2022/23

Service demands have arisen during 2022/23 have been assessed and considered as part of 2023/24 Budget. The most significant cost increases being baselined in children's services, necessary for proper planning of a robust budget.

## 29. Outcome of future OFSTED inspection

Members will be aware the last ILACS inspection conducted in December 2019 concluded with an overall Inadequate judgement. Since then, the Council has engaged with OFSTED and the DfE on its improvement journey with a three-year plan developed to deliver sustained improvement and change. Subsequent OFSTED monitoring visits have reported favourably on progress made. A full ILACS inspection is due to take place early 2023. The outcome of which is unknown at the time of preparing the Budget 2023/24, the financial plans may need to be revisited depending on the findings of the Inspector and the Council may be faced with strategic choice.

## 30. Insured and uninsured risks

The Council received an assessment from its Insurance Actuary during 2022/23 which recommended the Council set aside some £7m for known and future insurance claims that are likely to be settled. Of this £3.3m has been set aside as a provision in the 2020/21 Statement of Accounts for claims already received but not yet paid. The Budget 2023/24 provides for an annual contribution of £0.5m over the medium-term period, for the remaining £3.7m of claims which may be received in the long term.

In addition, the Council may be exposed to risks arising from contractual obligations or other uninsured risks. In the event that liabilities arise during the year, the Council will assess the impact including disclosure as a contingent liability. We will further assess following robust challenge whether these liabilities will be an obligation for which the Council must provide.

## 31. Utilisation of reserves

The Budget 2023/24 does not place any requirement to use reserves for general support to deliver a balanced position.

The Budget 2023/24 plans for contributions to the Insurance Reserve of £0.5m, Change Fund of £0.73m, and capital investment reserve of about £0.5m.

## 32. Capital receipts

The Council has approved the flexible use of capital receipts policy to support Children's

Improvement and council wide transformation. Some £3m capital receipts will be used to deliver transformation in 2023/24 and is planned pipeline for receipt in 2023/24. The use of capital receipts in this way is regulated under government guidance. The Council can only use the flexibility on eligible disposals of assets and for qualifying spend. The Council has adopted this policy in full compliance of the guidance and full details of their use contained in the main Budget report 2023/24.

### 33. Workforce

The delivery of savings will be dependent on workforce change, this will include possible redundancy and exit costs. Wherever possible the Council has sought to reduce the impact on the workforce seeking to recruit internally and offer redeployment opportunities. Where exit costs are incurred, the Council will either charge the cost to the capital receipts flexibility (subject to satisfying the conditions) or to the Change Fund.

A significant workforce risk is the increasing reliance on agency staff especially in the field of social care. The short-term nature of agency workforce carries a significant cost premium. The Council is implementing plans to reduce reliance on agency and managed teams and has recently refreshed its reward package. This approach is not without risk due to national issues with social care workforce and this risk will be mitigated through the use of residual monies held in the social care transformation reserve in the first instance.

### 34. Delivery of savings

The Budget 2023/24 is predicated on the basis of £9.4m savings to be delivered with a full year benefit of £12.4m. The delivery of the savings programme to achieve the profiled savings will require the development of detailed implementation plans and programme management methodology. These arrangements are well underway and will be overseen by the Chief Executive, though will require an unrelenting focus to ensure delivery. There is a benefit to the 2024/25 Budget position too as the full year impact helps to close the 2024/25 gap by £3m. In the event of slippage to savings or in year overspends, further savings will be required for recovery, and it is recommended early consideration is given to forward planning so additional savings can be accelerated if and when necessary.

### 35. TV Mayoral Development Corporation/ Middlesbrough Development Company

The Council is working in partnership with the Tees Valley Combined Authority to establish a development corporation to redevelop and master plan parts of the Middlesbrough Town Centre. This will involve the identification of assets for transfer to the Corporation. Some of these council owned assets create revenue income streams to the council as well as the assets holding intrinsic value. Due diligence will be carried out on any assets for transfer on a “no detriment” basis to Middlesbrough council to mitigate against risk to the budget and balance sheet.

Related to this, the current Middlesbrough Development Company is being wound up with assets being transferred to the Council, a task and finish group to oversee the transfer is in place. It is not expected this will create significant risk to the revenue budget, though the contractual obligations may take some time to finalise.



### 36. Internal borrowing

The Council adopts a policy of making best use of its treasury management facility and seeks to use internal borrowing where it is prudent to do so. This is expected to be around £40m in 2023/24. Much of this relates to revenue and capital reserves being held on the balance sheet which are expected to be used over the MTFP period so the gap will reduce over time. In the event cash flow dictates external borrowing over and above that provided in the Budget 2023/24, additional cost will arise. This risk is currently considered to be low based on current cash flow planning.

### 37. Change in MRP Policy

The Council approved a revised MRP policy in January 2023, which sets out a change to the profile in the repayment of debt, harmonising the treatment for both supported and unsupported borrowing. Government guidance sets out several options to enable prudent provision and the Council has adopted the annuity basis over the life of an asset. It is not possible to backdate this policy for prior years and it will be only future charges that are influenced by the policy.

The impact of this change will be to improve the management of the revenue budget and to smooth the total cost of capital financing over many years. Costs are lowest in the early years but steadily increase over time. The Budget 2023/24 provides for a baselining of MRP on an annuity basis at Year 10 as a prudent provision. In doing so, this creates headroom in the capital financing budget to be ringfenced for future capital investment, or financing risk.

### 38. Finalisation of prior year Statement of Accounts 2020/21 and 2021/22

The Council currently has prior years Statement of Accounts not yet signed off and audit certificates are awaited. This means there is a risk that our reserves position as reported could be amended in the event of new issues emerging requiring further accounting adjustments in those years. The external auditors are also considering the Budget 2023/24 as part of their assessment of going concern for 2020/21 and we await their feedback. Currently both 2020/21 and 2021/22 Statement of Accounts have yet to be signed off.

### 39. DSG deficits

The Council is currently faced with about £5m deficit on the high need's element of the Dedicated Schools Grant and is taking part in the Delivering Better Value programme with a planned programme for recovery. The government will be extending the Statutory Override for the Dedicated Schools Grant for the next 3 years from 2023-24 to 2025-26 and as such this deficit is considered to be out of scope for the purposes of setting the budget 2023/24. Deficit recovery plans are in place and overseen by the Director of Education and progress reported to Executive, though a residual deficit of c£2m is anticipated to remain by the end of 2025/26 and has been considered as part of the risk assessment for general fund balances.

## **Adequacy of reserves**

40. The Budget 2023/24 reported elsewhere on the agenda includes a summary statement of the key strategic reserves so is not repeated here. The assessment of the adequacy of reserves is dependent on the underlying risks in the preparation of the revenue budget along with future uncertainty and medium-term outlook.
41. General Fund balance will be retained at £12m being the minimum level of reserve required to mitigate against general risk and uncertainty. This level has been ascertained following a robust risk assessment. General fund balance is the fund of last resort when all other funds have been exhausted; there are no plans to use this reserve in 2023/24.
42. The Budget 2023/24 provides for additional contributions to earmarked reserves primarily to the Insurance Reserve; Change Fund and Investment reserve. These reserves are much needed providing cover for future anticipated expenditure and adequate provision is required to reduce the risk of costs falling to the revenue budget.
43. The social care transformation reserve is currently used to mitigate in year overspends in 2022/23 arising from pressures in social care. It is anticipated this reserve will be significantly reduced by the end of 2022/23 to £1.7m. From 2023/24, its purpose will be amended, and any balance will be held to mitigate risks to the social care budget arising from unmitigated demand and risks to the delivery of budget savings.
44. Flexible use of capital receipts will be available in line with the policy guidance to support children's transformation and to reduce demand where relevant. To some extent this reduces the reliance on and risks to reserves. This is a time limited policy whilst transformation programme is being undertaken and is currently not planned to be continued in 2024/25.
45. Earmarked reserves are at a critical level. Whilst they are adequate the current climate of uncertainty, in year overspends and historic under provision for known risk means they are fragile. The absence of substantial earmarked reserves to act as a buffer may require the acceleration of additional savings being required in year or a reliance on cost control to mitigate any unplanned costs.
46. Whilst the Council is starting the financial year 2023/24 with sufficient reserves, it is imperative the Council takes every opportunity to protect and replenish them. In this way, reserves will be available to smooth budget fluctuations over the medium term, withstand shocks and for investment in strategic priorities.

## **Financial Outlook beyond 2023/24**

47. The financial challenges facing the council have been intense during 2022/23 and this is expected to continue into 2023/24 in response to exceptional inflation costs and service demand.
48. The longer-term view suggests the Council will continue to face a budget gap. Whilst the full year impact of the 2023/24 saving proposals will contribute to closing the gap, there is likely to be a requirement for further savings. Any budget challenges that emerge during 2023/24 may require the acceleration of future saving programme and

the Council is urged to consider future saving plans early in the next municipal year.

49. The Local Government Financial Settlement predicates an expected increase in council tax of 5% per annum for 2023/24 and 2024/25 and government announcements of headline funding increases of 9% for 2023/24 assume councils will implement council tax rises at the maximum permitted under regulation. The Council's ability to increase council tax in this way serves to improve and consolidate the funding base and strengthens resilience. Every 1% of council tax not taken up, means the Council has foregone a permanent reduction of £0.65m in its resource base.

50. The Council is advised to pursue a policy of strengthening its financial resilience by maximising its local revenues; seeking to replenish reserves and achieve the delivery of savings. In this way the Council will be in a stronger position to develop its strategic plans.

### **What decision(s) are being recommended?**

The report requests that Council:

- Note this report and have regard to it when setting the Revenue Budget 2023/24.
- Note
  - An unrelenting focus on delivery of 2023/24 savings and demand mitigation will be required to maintain a balanced budget; further work may be needed to accelerate future budget proposals, if necessary.
  - The CFO advice to adopt a medium-term strategy that seeks 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.

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

51. To satisfy the statutory requirements of the Local Government Act 2003.

### **Other potential decision(s) and why these have not been recommended**

### **Impact(s) of the recommended decision(s)**

#### ***Legal***

52. As contained in the body of the report.

#### ***Strategic priorities and risks***

53. In the event the Council is not able to deliver a balanced budget, there is a risk the Council could be faced with the issuance of a s114 Notice under the Local Government Act 1988. This is a mandatory duty placed on the Chief Finance Officer in the event expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed resources (including sums borrowed) available to it to meet that expenditure. This report makes it clear to all members of the Council that it

faces a financial situation of a serious nature with unfunded financial deficits and places a prohibition on spending. Failure to take appropriate action in response to such a report may lead to intervention by the auditor.

54. In June 2020, CIPFA modified the s114 guidance temporarily in the wake of COVID -19 that “it would not normally be necessary for s114 notices to be issued while informal discussions with government are in progress”. At the earliest opportunity the CFO should make informal confidential contact with MHCLG (now DHLUC) and communicate the potential unbalanced budget position to MHCLG (now DHLUC) at the same time as providing a potential s114 scenario report to the council executive and external auditor.

55. The CFO does not consider that Middlesbrough Council to be at risk of a s114 notice 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. However, in the event of a change in the risk profile or financial circumstances, this cannot be assured over the medium term and will be considered further as future financial plans develop.

***Human Rights, Equality and Data Protection***

56. As contained in the body of the report.

***Financial***

57. Contained in the report.

**Actions to be taken to implement the recommended decision**

Action	Responsible Officer	Deadline

**Appendices**

1	
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**Background papers**

Body	Report title	Date

**Contact:** Helen Seechurn  
**Email:** Helen\_Seechurn@middlesbrough.gov.uk

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Elected Mayor of Middlesbrough Director of Finance
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<b>Submitted to:</b>	Council
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<b>Date:</b>	27 February 2023
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<b>Title:</b>	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>Strategic priority:</b>	All
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<b>Key decision:</b>	Yes
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<b>Why:</b>	Decision(s) will incur expenditure or savings above £150,000 and have a significant impact in two or more wards
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<b>Urgent:</b>	No
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<b>Why:</b>	
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**Executive summary**

This report presents the recommended Revenue Budget of £126,353,562, Council Tax increase of 3.99%, and Capital Strategy Report for 2023/24. Attached to the report are a number of appendices, which are listed at the end of the report.

Following on from the previous report presented to Council on 30 November 2022, this report also provides 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 20 to 28), and provides an updated Investment Strategy for the period 2022/23 to 2025/26.

The report requests that the 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

## **Purpose**

1. This report presents 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). Attached to the report are a number of appendices, which are listed at the end of the report.
2. Following on from the previous report presented to Council on 30 November 2022, this report also provides 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).
3. 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 is shown in Appendix 7.
4. This budget continues to support the Mayor's commitment to invest in Middlesbrough and transform service delivery for residents. It is intended that through this strategy the Council can achieve the challenging financial targets faced in the Medium Term Financial Plan period, whilst ensuring that there is as minimum impact as possible on the level of service delivered to the public.

## **Background and relevant information**

### **Strategic Plan for the 2022-24 period**

5. Full Council approved a Strategic Plan for the period 2021-24 on 24 February 2021, setting out nine strategic priorities for this period in the light of Covid-19 and other external factors, following consultation with local communities.
6. On 30 March 2022, Council was advised that an annual refresh for the Strategic Plan 2021-24 would not be brought forward and that as such the current plan would remain in place for 2022/23. The "Refreshing the Strategic Plan workplan for the 2022-24 period" report to Executive on 5 April 2022 approved revisions to the Strategic Plan workplan for the 2022-2024 period, to demonstrate progress towards and achievement of Council approved Strategic Plan outcomes.
7. Following the Council elections in May 2023 the Strategic Plan will be refreshed in line with the Elected Mayor's priorities.

### **Budget Gap 2023/24 reported to Council 30 November 2022**

8. The Medium Term Financial Plan sets out the financial envelope that is necessary to achieve those aims and the savings necessary for living within those financial plans (budget savings).
9. The Council noted a report from the Elected Mayor on 30 November 2022 which provided an update in respect of the Council's Medium Term Financial Plan position, reflecting and supporting delivery of the Strategic Plan, and the potential budget gap for 2023/24.

10. Following the thorough review of all the factors affecting the Council's financial position, it was estimated in the report to Council in November 2022 that there would be a budget gap of between £10m and £20m for 2023/24, with a mid-case assessment of £15m. The £15m gap reported to Council in November 2022 can be broken down into the following major components :

	£m	
Pay	6.7	Effect of unbudgeted pay award 2022/23 above that assumed, and assumed 5% 2023/24 pay award
Inflation	2.3	Contractual and energy
Children's Social Care	7.2	Increased demand for services
Adult Social Care	2.7	National Living Wage impact on commissioned services
Reduction in contingencies	(1.4)	Removal of one-off 2022/23 contingencies, leaving insurance contingency of £1m and a contingency of £1.3m for Future Uncertainty
Growth in local income	(6.0)	1.99% council tax increase, additional council taxbase uplift ,business rates inflation, and collection fund deficit
Other	3.5	Includes other service demand pressures, and assumed grant funding adjustments
	<b>15.0</b>	

11. The following measures were detailed in the report to Council of 30 November 2022 to contribute towards the potential budget gap in 2023/24:

- proposed budget savings and other proposals for the 2023/24 budget, totalling £14.2m in the full year (£12.2m in 2023/24 due to time required for implementation), of which £4.6m were deemed to potentially affect service delivery levels and were subject to public consultation
- the proposed total Council Tax increase of 2.99% for 2023/24 (comprising of a 1.99% increase in general Council Tax and a 1% Adult Social Care Precept), subject to potential further review in light of the revised referendum limits announced in the Government's Autumn Spending Review of 17 November 2022

12. The table below provides a summary of the proposals detailed in the report to Council in November 2022, which totalled £12.2m in 2023/24, with a full year effect of £14.2m, to meet the current estimated budget gap for 2023/24. As mentioned in the report to Council in November 2022 it was intended at that stage that the impact of transition to implement the full year effect of the savings of approximately £2m in 2023/24 would be funded on a one-off basis in 2023/24 as they would continue to provide a recurring saving:



<b>Proposals to meet budget gap reported in November 2022 Council report</b>	<b>Effect in 2023/24 £m</b>
Proposed budget savings not subject to public consultation (Appendix 1)	4.2
Proposed budget savings subject to public consultation (Appendix 2)	3.2
Proposed implementation of a Flexible Use of Capital Receipts Strategy for 2023/24	3.0
Additional income from Council Commercial Developments	1.2
Additional income from proposed increase in Council Tax from 1.99% to 2.99% for 2023/24	0.6
<b>TOTAL</b>	<b>12.2</b>

## Proposed Revenue Budget 2023/2024

### Summary overview of the current 2023/24 budget position

13. Since November 2022 whilst there have been a number of changes to the budget gap for 2023/24, including revisions to spending pressures, and the Local Government Finance Settlement and other funding changes, the budget gap for 2023/24 has remained roughly the same in value. The table below summarises the changes to the budget gap from that reported to Council in November 2022 with further detail being provided in the paragraphs below :

	<b>£m</b>	
Gap reported November 2022		15.0
<b>Changes</b>		
Pensions - increase in employers contributions following triennial valuation reprofiling (0% now required in 23/24)	(0.4)	
Unmitigated Children's Care demand additional investment	9.8	
Insurance contingency - reduction from £1m to £0.5m following review	(0.5)	
Treasury Management - MRP policy change ongoing saving from 2023/24	(2.0)	
Crown purchase - revenue costs including capital financing	0.2	
		7.1
<b>New cost pressures total</b>		<b>22.1</b>
<b>Local Government Settlement and other funding changes excluding Council Tax</b>		
Services Grant - reduction offset by removal of £1m NI employers contributions increase budget no longer required	0.4	
Social Care Grant - additional grant above that assumed	(4.6)	
New Homes Bonus - additional grant above that assumed	(0.7)	
Business Rates Multiplier increased (by CPI 10.1%) - increase above that assumed	(1.2)	
Increased Business Rates income following NNDR1 finalisation	(1.3)	
Revenue Support Grant increased (by CPI 10.1%) - increase above that assumed	(0.8)	
Effect of increased National Living Wage on potential Adult Social Care provider fees	1.0	
		(7.2)
<b>UPDATED CURRENT BUDGET GAP</b>		<b>14.9</b>

14. The following table below provides a summary of the proposals to meet the current updated budget gap for 2023/24, and shows that a balanced budget for 2023/24 can be achieved. Further details are provided in the relevant paragraphs below.

<b>Proposals to meet current updated budget gap</b>	<b>Effect in 2023/24 £m</b>
Proposed budget savings not subject to public consultation (Appendix 1)	4.4
Proposed budget savings subject to public consultation (Appendix 2)	2.1
Proposed Children's Services cost reductions as part of Children's Financial Improvement Plan	2.9
Proposed implementation of a Flexible Use of Capital Receipts Strategy for 2023/24	3.0
Additional income from Council Commercial Developments	1.2
Additional income from proposed increase in Council Tax from 1.99% to 3.99% for 2023/24	1.3
<b>TOTAL</b>	<b>14.9</b>

## **Consultation**

15. The duty to consult, where proposals affect individuals or groups of individuals, arises both in statute and through common law.
16. Consultation in respect of the proposed budget and Council Tax increase for 2023/24 commenced on 1 December 2022 and concluded on 23 January 2023, with appropriate impact assessments undertaken considering responses to the consultation.
17. The budget consultation was undertaken this year as part of an "annual conversation, with local communities and Council's stakeholders. The consultation this year included the following:
- a general public survey on the Council's website, with hard copies available upon request
  - a general consultation email address
  - consultation with the Council's Overview and Scrutiny Board on proposals and the outcome of the consultation
  - consultation with the local business sector, including a specific consultation meeting with the local Chamber of Commerce on 30 January 2023; and
  - involvement of elected members in the overall process
18. The consultation resulted in 573 responses to the Council's consultation survey. 11 of those responses were on behalf of an organisation. In addition, a petition was received in relation to the "Reduction in Council funding for Youth Services proposal" (CC05), and a letter was received from a Trade Union. Analysis of the budget consultation survey responses shows the following main points:
- 42.76% of respondents who answered the question were in favour of a Council Tax increase of 2.99%. 54.97% were against, and 13 individuals did not answer the question.

- The public were asked whether they would support a proposal to increase Council Tax further than the proposed 2.99%. 80.45% said no in response to that question. 98 (17%) respondents supported the idea, and 14 did not answer the question
  - The survey asked those who disagreed with the budget proposal to provide alternative suggestions they thought should be considered. 296 comments were received. Most comments related to the impact of the cost of living crisis on wider costs, service levels, senior management costs, and concerns that Council Tax levels were already expensive.
19. Responses to the budget consultation survey were analysed to assess whether there were any concerns about impacts from proposals that varied by protected characteristic, which could give an indication of an unintended impact or a concern that there would be a disproportionate adverse impact on individuals or groups because they held one or more protected characteristics. This analysis is set out in the Human Rights, Equality and Data Protection section (paragraphs 178 to 188) of this report. This includes a set of impact assessments for proposals that were subject to public consultation and an overall impact assessment (Appendix 4).

### **The Local Government Finance Settlement (LGFS) and other Government funding announcements**

20. The Autumn Statement 2022 (AS22), published by the Government on 17 November 2022, set out the Government's spending plans for the lifetime of the parliament. Whilst AS22 provided a number of indications of the level of funding that would be available for local government over the period, it did not provide full details of the funding mechanism, or confirm that a multi-year funding settlement would be provided to local authorities. It also did not provide individual funding allocations for each local authority.
21. A Local Government Finance Policy Statement 2023/24 to 2024/25 was published by Department for Levelling Up, Housing & Communities (DLUHC) on 12 December 2022 which set out the Government's intentions for the local government finance settlement for the next 2 years.
22. The full details of the funding mechanism and the allocation to individual local authorities for 2023/24 were then provided as part of the provisional Local Government Finance Settlement which was published on 19 December 2022 and after a period of consultation was confirmed as part of the final settlement published on 6 February 2023.
23. Whilst some information was provided for 2024/25 none was provided for 2025/26 onwards and it was also confirmed that there would not be a Funding Review in the lifetime of this parliament, and therefore there is still a large level of uncertainty of future government funding beyond 2024/25 and this remains a significant risk to the Council in the medium to longer term.
24. Even though there was additional funding announced for 2023/24, Government funding for local government as a whole has fallen substantially since 2010. Since changes were made to the Local Government Finance System in 2013/14 Middlesbrough Council has suffered a significant reduction in Government funding, with a reduction of £37.7m (46%) from £81.2m received in 2013/14 to £43.5m in 2023/24.

25. Details of the final LGFS and other government funding announcements are provided in the following bullet points:

- A headline 9.4% increase in local government core spending power nationally in 2023/24. There was an increase of 10.8% in core spending power for Middlesbrough Council. However, it should be noted a large proportion of the additional funding available to Middlesbrough includes a number of grants which will have grant conditions meaning that they will be ringfenced for use for specific purposes in adult social care (as detailed below). It also assumes that the Council increases the Council Tax by the maximum permitted increase of up to 5%, and also assumes some growth in the council tax base
- Council Tax – LGFS confirmed that Councils can increase Council Tax up to maximum of 3% plus 2% Adult Social Care Precept (a total of up to 5%) without the requirement for a referendum for the next 3 years from 2023/24 to 2025/26 (in the report to Council in November 2022 it had been assumed that Council Tax would increase by 1.99% plus 1% ASC precept)
- Council Tax Support Fund – an additional £100m has been provided nationally to support most vulnerable households. The allocation to Middlesbrough Council is £473,542. Details of the proposed scheme to distribute this are included in a separate report to this Council.
- Household Support Fund - £1bn provided nationally to extend over 2023/24 to deliver support to households to help with the cost of essentials. The allocations to local authorities have not yet been announced and local authorities will be able to decide how to allocate the additional funding.
- Revenue Support Grant (RSG) will increase by inflation for 2023/24, which is set at the level of Consumer Price Inflation at September 2022 which was 10.1%. Also, some existing grants have been rolled into the RSG from 2023/24 onwards (£303,000 of Council Tax Support Admin Subsidy Grant and £1,000 Family Annex Grant) and £3,000 of new funding has been provided for Natasha's Law - food safety and enforcement. Excluding the effect of these the inflationary increases to this grant has created additional income to the Council of £1,277,000 in 2023/24 from that received in 2022/23.
- Business Rates – revaluation will take place in 2023 and local authorities will be fully compensated. Also, the Business Rates multiplier will be frozen in 2023/24, and local authorities will be compensated for this up to CPI (10.1%) – see paragraphs 26 to 28 for further details.
- The Services Grant introduced in 2022/23 will continue in 2023/24, but will reduce from £822m nationally to £483m in 2023/24, mainly due to the fact that the increase in Employer National Insurance contributions was reversed from November 2022, and also to fund an increase in funding to the Supporting Families Programme. The grant has again been distributed through the existing formula for assessed relative need across the sector, using 2013/14 shares of Settlement Funding Assessment. Middlesbrough Council's allocation for 2023/24 is £1.861m, which is a decrease from the £3.172m received in 2022/23. However, the reduction of £1.311m is offset by the removal of the £1m per annum budget

created in 2022/23 from the Services Grant for the planned increase in Employer National Insurance contributions.

- New Homes Bonus – it was announced that there will be a new round of payments in 2023/24, and the method for calculating the New Homes Bonus will not change from 2022/23, however there would be no legacy payments in future years for the new 2023/24 allocations. New Homes Bonus is funded by a top slice from Settlement Funding, this means that authorities lose Settlement Funding but stand to gain from the New Homes Bonus they earn. Estimates of New Homes Bonus to be received by the Council have been revised to reflect this announcement, with income to the Council from the New Homes Bonus being £1.102m in 2023/24. The Government did not provide in the LGFS any clarity on the future of the New Homes Bonus, and this does not enable Councils to plan their budgets for this beyond next year and into the medium term, and therefore this is risk to the Council in the future.
- Existing 2021/22 and 2022/23 Social Care funding comprising Social Care Grant of £8.543m, relating to both Adults and Children’s Care, is continued for 2023/24. In addition to this additional Social Care Grant of £4.646m for 2023/24, relating to both Adults and Children’s Care, was also announced. This was funded mainly from delaying Adult Social Care charging reform until October 2025. This means that Middlesbrough will receive a total £13.189m of Social Care Grant in 2023/24. It should be noted that the existing Independent Living Fund grant has been rolled into the Adult Social Care Grant from 2023/24 onwards – this totals £1.828m for Middlesbrough and therefore the total Social Care Grant to be received in 2023/24 is £15.017m including this.
- A new Adult Social Care Discharge Grant for 2023/24. Funding will be required to be pooled as part of the Better Care Fund, and will be distributed using the existing Improved Better Care Fund grant shares, with conditions attached to its use meaning it is ringfenced for a specific purpose. £300m is available nationally in 2023/24, with Middlesbrough being allocated £1.212m of grant funding for 2023/24. Announcements were also made of the likely level of funding in 2024/25 and it is estimated that Middlesbrough will receive £2.020m in 2024/25.
- £562m nationally in Adult Social Care Market Sustainability and Improvement Funding. This is made up of new grant funding of £400m to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures, and £162m in Fair Cost of Care funding to support the progress local authorities and providers have already made this year on fees and cost of care exercises. This has been distributed using the existing ASC Relative Needs Formula, and will be reporting requirements regarding performance and use of funding. The amount to be received by the Council in 2023/24 is £1.775m. Announcements were also made of the likely level of funding in 2024/25 and it is estimated that Middlesbrough will receive £2.669m in 2024/25.
- The Dedicated Schools Grant (DSG) statutory override which instructs Councils to account for the DSG negative balance in a separate reserve and not to fund it by using its General Fund was planned to end on 31 March 2023, however this has been extended to 31 March 2026. This was a major risk to the Council as it could have meant that the Council would have had to fund this deficit itself (current

balance is £5.1m) and whilst it is still a risk to the Council the risk has been mitigated significantly in the medium term.

- Additional £1.9bn nationally was provided for schools and high needs funding for 2023/24 - £1.45bn in schools block funding and £400m of high needs funding. This has led to an 9.1% overall increase for Middlesbrough, including £4m additional high needs funding. The schools block funding is passported straight to schools.
- LGFS announced that there would be no increase to the Adult Social Care Better Care Fund (iBCF) allocations or to the method of distribution for 2023/24.
- The LGFS did not provide any details of the Public Health Grant allocations, and at the time of writing this report no announcements of the level of funding for 2023/24 have been made. In the absence of any information it is currently assumed that Middlesbrough will receive in 2023/24 the same amount of £17,730,663 grant as received in 2022/23. Any increase in the Public Health Grant will be fully spent on public health activities.

26. Under the current business rates retention system Middlesbrough receives a top-up payment, as the assessed cost of providing services in the Borough is greater than the share of business rates retained locally. Whilst as mentioned above the multiplier has been frozen the payment to Middlesbrough for 2023/24 has increased from the £27.299m received in 2022/23 to £29.347m in 2023/24, due to compensation being received for the effect of the business rates revaluation taking place in 2023.
27. The LGFS announced Section 31 Business Rates grant of £4.999m (an increase of £2.209m over that received in 2022/23), which compensates for the under indexation of the Business Rates multiplier over previous years and for the freezing of the small business multiplier in 2021/22, 2022/23 and 2023/24 on the top up payment mentioned above.
28. An estimate has been made of retained business rates income in 2023/24 of £16.356m. Whilst this is an increase on that for 2022/23 it is a reduction from that in previous years prior to Covid-19 due to extension of the Retail, Hospitality and Leisure Relief granted by the Government to business in 2023/24. The Council has been compensated for this, including the effects of the freezing of the small business multiplier in 2023/24, by receipt of additional Section 31 Business Rates Grant of £6.883m in 2023/24 only. Note that this is in addition to the Section 31 grant outlined above in paragraph 27, making a total amount of Section 31 Business Rates Grant of £11.882m in 2023/24, an increase of £2.924m from that received in 2022/23.

### ***Budget Principles***

29. In preparing the 2023/24 revenue budget and Medium Term Financial Plan, the following principles, consistent with budget strategies in previous years and statements made by Executive have been adopted:
- to maximise the efficient, effective, and economic use of resources, in conjunction with partners where appropriate
  - to maintain financial resilience of the Council over the medium term
  - to ensure resources are aligned to strategic need and priorities

- to recognise that budgets are delegated to Directors for day to day management. Budgets will be adjusted for pay award and exceptional inflation over that already provided. Directors have agreed their budget allocation and are committed to spending money wisely
- to make services fully accountable for their own budgets and spending, including additional pressures. Calls on the Medium Term Financial Plan should only be made when local and directorate resources are exhausted, and all requests are required to be approved by the Council's Leadership Management Team
- to maintain appropriate medium term budget planning and monitoring processes, ensuring known commitments are provided for and budgets are set in real terms with the effect on service delivery clearly identified.
- services will receive, in full, the impact of contractual inflationary increases (including pay awards). No inflation will be provided for general supplies and services, which are expected to be met from efficiency savings. It should be noted that due to rising inflation rates additional inflation has been provided for in a number of areas in the 2023/24 budget setting.
- on termination of a specific grant, a business case for any continued funding will be prepared, which will need to be assessed against other pressures on the Medium Term Financial Plan;
- the reserves strategy sets out the nature and purpose of reserves and the accountable officer. Approval is required by the Director of Finance for use of strategic reserves. A comprehensive review of the reserves strategy following the outturn position for 2022/23 will be undertaken
- Where specific reserves exist these will be reviewed regularly by the Director of Finance as part of the Medium Term Financial Plan refresh to ensure that they are still required; uncommitted funds may need to be used to fund pressures elsewhere;
- any revenue budget where there has been a significant underspend for two or more years will be reviewed with a view to reallocating funds;
- the Investment Strategy will be reviewed regularly to ensure an ongoing need for allocated funding with a view to reallocating funds which are not required;
- any new schemes for approval within the Investment Strategy must be firstly approved by the Council's Leadership Management Team; and
- a consistent framework for budgeting for staff costs will be implemented. including the requirement for vacancy and agency control

### ***Budget Assumptions***

30. The following budget assumptions have been applied:

#### *Pay awards*

31. It was mentioned in the Quarter Three 2022/23 budget monitoring report to Executive on 14 February 2023, that the National Employers offer of an increase of £1,925 on all NJC pay points 1 and above effective from 1 April 2022 has now eventually been agreed and will be implemented. This equates to approximately an average 6.2% pay award costing approximately £5.5m per annum and this will mean that there will be a recurring additional £2m required in future years of the MTFP.
32. The current assumption for 2023/24 is for an average 5% pay award and approximately £4.5m has currently been provided in a central pay and prices contingency budget for the potential effect of the pay award in 2023/24. In light of the agreed 2022/23 pay

award and the potential underlying inflation that exists in the economy, along with a number of pay disputes in the public sector, the assumption for the 2023/24 pay award has been revised upwards from that previously provided. There is also a high level of uncertainty around local government pay awards in future years, and therefore the assumptions made in the MTFP for future years will be constantly reviewed. When the pay award for 2023/24 has been agreed this will be transferred to service directorate budgets. It should be noted that each 1% increase in pay equates to approximately £900,000 additional cost per annum.

#### *Additional Employers National Insurance contributions*

33. In the budget for 2022/23 a recurring budget of £1m per annum was set aside for the fact that it was planned that the Council would have to pay from 2022/23 increased Employer National Insurance contributions for its own staff. As mentioned above in the LGFS update paragraph this budget can be removed as the increase in Employer National Insurance contributions was reversed from 1 November 2022. This saving however is offset by a reduction in the Services Grant in 2023/24 of £1.311m, as the Government has recovered this funding from local government, as it had provided additional funding for this in the form of the Services Grant.

#### *Inflation*

34. One of the major areas of increased expenditure during the latter part of 2021/22 and which has continued in 2022/23 was the level of inflation that existed in the economy, As shown in the quarterly budget monitoring reports to Executive during 2022/23, several Directorates have been substantially affected by the hyper-inflationary increases that existed in areas such as fuel, energy, utilities, food, and also increased costs from providers for services such as Waste Disposal, transport provision for children and adults, and Adults and Children's Care providers due to the inflationary increases they have suffered. Further detail is provided within the Directorate variances section of the quarterly budget monitoring Executive reports. An additional inflation contingency of approximately £4.6m recurring funding was built into the updated Medium Term Financial Plan (MTFP) presented to Full Council in February 2022 and this is held centrally, with £0.9m of this being used for the increased 2022/23 pay award, leaving a remaining recurring budget of £3.7m per annum.
35. Following a review, the £3.7m per annum of remaining recurring funding from the additional inflation contingency set aside as part of the budget setting 2022/23 has been increased by a further approximate £1.0m due to increased pressures identified during 2022/23. The £4.7m has now been allocated as follows to Directorates budgets from the separate central contingency budget on a permanent basis as part of the 2023/24 budget setting, based on the split of projected expenditure per Directorate against this for 2022/23 adjusted for any known 2023/24 effects:



	<b>2023/24 £m</b>
Regeneration & Culture	0.000
Environment & Community Services	1.955
Education & Partnerships	0.289
Children's Care	0.826
Adult Social Care & Health Integration	1.604
Public Health	0.000
Finance	0.040
Legal & Governance Services	0.000
Central Accounts	(3.744)
<b>Total - agrees to 23/24 uplift</b>	<b>0.970</b>

36. In addition, in light of the current continuing high level of inflation, there has been a need to review the amount of inflation provided and an additional £1m per annum has been included from 2023/24 to cover the potential effects of the additional inflation in energy and utility costs in 2023/24. This will be allocated to the Environment and Community Services Directorate. There will be a need to closely monitor this, and further updates will be provided in future budget monitoring reports.
37. Contractual inflation at a total cost of approximately £1.8m has been provided for in 2023/24. No provision has been made for inflation for other general supplies and services, and it is expected that any inflationary pressures in this area will be met from efficiency savings. It should however be noted that the areas that require increased inflation have been provided with this as part of contractual and additional inflation.

	<b>2023/24 £m</b>
Regeneration & Culture	0.034
Environment & Community Services	0.009
Education & Partnerships	0.029
Children's Care	0.711
Adult Social Care & Health Integration	1.022
Public Health	0.000
Finance	0.001
Legal & Governance Services	0.029
Central Accounts	0.000
<b>Total</b>	<b>1.835</b>

38. In addition, to the allocations mentioned above a pay and prices contingency totalling approximately £0.7m per annum is also held centrally to guard against unexpected demand or price pressures that may arise during the year. This is required due to the uncertainty around levels of inflation and future local government pay awards.

39. In the budget report to Full Council in February 2022 income from fees and charges had been assumed to increase on average by approximately 1% per annum over the MTFP period. However due to the budget gap that was estimated for 2023/24 this was reviewed as mentioned in the report to Council in November 2022. All income will be closely monitored for performance against income targets and reviewed as necessary.

#### *National Living Wage*

40. Provision of £3.7m has been made in 2023/24 for the impact of the increase in the National Living Wage on the costs of adult social care services commissioned by the Council. This accounts for the Government announcement in AS22 so that it reaches two-thirds of median earnings, and that the National Living Wage will increase from £9.50 to £10.42 an hour effective from 1 April 2023 (a 9.68% increase). The amount provided is an increase of approximately £1m from that previously provided and included in the estimated budget gap reported to Council in November 2022.

#### *Spending pressures –Children’s Social Care*

41. As extensively reported previously, in line with national trends Children’s Social Care, remains the biggest area of financial concern for the Council. The costs of these pressures in respect of increased level of need in relation to children in care and the increase in the cost of providing care is constantly being monitored.
42. The Council has an Ofsted Improvement Plan in place, and the financial situation is being closely monitored jointly by the Service and Finance.
43. In the report to Council in November 2022 it was noted that the £5.2m of temporary funding provided to Children’s Care in 2022/23 had been made permanent, and also in light of the current expenditure an additional £2m per annum had been provided for in the revised MTFP from 2023/24. This means that additional support totalling approximately £7m per annum from 2023/24 had been provided for this in the revised MTFP presented to Council in November 2022.
44. Following further review and an exercise to baseline current activity and costs an additional £9.8m has been provided to Children’s Care in order to achieve a steady state for the Service and ensure that the improvements currently being made in Children’s Social Care are not compromised. This should mean that the Service is on a firm financial footing with an appropriate budget which can be managed within.
45. This has meant that a total of approximately £17m of permanent investment has been made in Children’s Care from 2023/24. Further details of this were provided in the separate Children’s Services Financial Improvement Plan report to Executive on 14 February 2023.
46. Also included in the Children’s Services Financial Improvement Plan are a number of proposed cost reductions which are proposed to provide reductions in the Children’s expenditure of approximately £2.9m in 2023/24, an additional £1.9m after the removal of £1m of previous proposed budget savings in 2023/24 as detailed in paragraph 67. The Plan approved by Executive on 14 February 2023 provides details of these proposed cost reductions, and this is appended at Appendix 9 for information.

47. Whilst the Local Government Finance Settlement for 2023/24 and previous years have provided additional funding for Social Care there is still a significant risk of additional increased level of need in relation to children in care and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this. Along with funding uncertainty, the continued pressure of demands on Children's Social Care is the most significant financial risk to the Council.
48. Further Children's Social Care demand increases, any delays to the implementation of the Children's Financial Improvement Plan, and any further negative Ofsted judgement, continue to be a major potential risk to the Council and this is being constantly monitored, and further updates will be provided in future quarterly budget monitoring reports to Executive. If required mitigation will be provided in the form of in-year spending controls during 2023/24.

#### *Adult Social Care*

49. £500,000 per annum has been provided for Adult Social Care in 2023/24 and a further £50,000 per annum from 2024/25, relating to Recruitment & Retention measures for staff groups difficult to recruit to where there are established shortages of staff, and increased staffing in the Integrated Support Service due to increased demand.

#### *Other Spending pressures*

50. The Revenue Budget, Council Tax, MTFP and Capital Strategy 2022/23 report to Council in February 2022 and the MTFP Update report to Council in November 2022 detailed a number of ongoing spending pressures / service demand pressures which are likely to continue in the future and for which funding has been provided in 2023/24 and ongoing. These have been reviewed and updated as follows :
- £640,000 per annum for the Integrated Transport Unit budget – increased demand due to a greater number of children qualifying for home to school transport, new schools, and an increase in costs to transport children out of the area. This is after providing for the effects of inflation on this budget as mentioned above in paragraph 35
  - £500,000 per annum due to a requirement to build up Reserves of up to £7m for Insurance in order to cover claims that will potentially arise in the future as indicated by the recent Insurance actuarial review (this is a reduction of £500,000 on that previously assumed in November 2022 due to a review of the provision required)
  - £677,000 from 2023/24 and a further £87,000 in 2024/25 for additional annual budget provision for reduced car parking income in the future due to the effects of increased home working following lockdown and the reductions in people using the retail provision in the town centre
  - £35,000 for increased demand for services for Business Intelligence support and unbudgeted Corporate License and Membership Fees within Strategy, Information & Governance
  - £35,000 for increased annual contribution to the Election Reserve in order to cover the cost of Local and Mayoral Elections (including anticipated increased expenditure as a result of the Elections Bill)

- £54,000 for increased cost in external audit fees due to scale fee increases received for external audits of the Council's accounts. This pressure is after grant income of £46,000 being predicted to be received relating to the Redmond Review. External audit fees are planned to increase further in the future, mainly due to the increased complexity of the audits required, and this is a national issue for local authorities

51. It should be noted that the spending pressure of £400,000 per annum for 2023/24 to 2025/26 (equating to a 0.5% increase per annum) relating to an anticipated increase in Employers Pension contributions following the recent triennial actuarial review has now been removed for 2023/24 as it has now been reprofiled to be paid later in 2025/26. The effect is now that a 0% increase will be applied in 2023/24, 0.5% in 2024/25, and 1% in 2025/26, which is a change from the previous 0.5% increase in each year from 2023/24 to 2025/26.

*Reduced Spending pressures*

52. As reported in the Quarter One 2022/23 budget monitoring report there is a recurring budget saving of £471,000 on payments to bus operators for concessionary travel scheme following a change in the model of calculation and reduced patronage.

*Additional income from Commercial Developments*

53. The income budgets relating to developments that the Council has made in the town have been reviewed in respect of Centre Square Buildings 1 and 2, Tees Advanced Manufacturing Park (TeesAMP), Captain Cook Square Shopping Centre, and the Cleveland Centre Shopping Centre. This review has produced estimated total additional income of approximately £1.9m, which is made up of approximately £0.7m of additional income above budget already assumed previously, and further estimated additional income of approximately £1.2m in 2023/24 to help meet the budget gap in 2023/24, as detailed in the report to Council in November 2022. These developments have provided additional income to the Council, after deducting capital financing costs, which has negated the need for the Council to make budget reductions to front line services.

54. There is however a need to provide £231,000 in 2023/24 only for costs relating to the House of Fraser which the Council acquired in July 2020. These costs relate to business rates and maintenance costs which the Council have to incur pending developments to the building. This estimated cost assumes that tenants will occupy the building from January 2024, therefore negating the Council's responsibility in the future. Future occupation of the building by tenants will mean that the Council will receive income in the form of rents and business rates.

55. A shortfall on rent income from other commercial properties that the Council owns is predicted, due to not being able to review leases due to lease terms, and also the state of some of the properties. £300,000 per annum has been provided from 2023/24 relating to this, however a long term plan is to be developed for reducing costs and increasing income.

56. Costs of approximately £200,000 per annum relating to revenue costs (capital financing costs, business rates, insurance, security, utilities, and maintenance) associated with the Council's acquisition of a major town centre building of strategic

significance, the Crown building, as approved by Executive on 24 January 2023 have been included from 2023/24. These costs will be incurred each year that the asset is held.

#### *Additional Investment*

57. The MTFP provided additional revenue funding of £600,000 per annum from 2023/24 for additional Community Safety and Environmental Enforcement staff, following the end of a grant from the Tees Valley Combined Authority (TVCA). There is however a budget saving relating to reducing expenditure on Neighbourhood Safety (ECS12), which reduces the effect of this investment.

#### *Capital Financing (including change to Minimum Revenue Provision (MRP) Policy)*

58. A total of £1.1m has been provided in 2023/24 to cover increased capital financing costs. This comprises of approximately £500,000 for the impact on the capital financing budget of the Council's current Investment Strategy, £250,000 for the impact of rising interest rate costs, and approximately £350,000 for provision in respect of the potential new and enhanced projects which have been deemed as essential replacement or repairs to Council assets as outlined in paragraph 158, which subject to approval by Council as part of this report, will be added to the Council's agreed Investment Strategy.
59. Provision has been made in the MTFP to fund up to £4.5m of capital investment (£2m in 2023/24 and £2.5m in 2024/25) in Children's Services in order to achieve the development of the residential model, as noted in the separate Children's Services Financial Improvement Plan report to Executive on 14 February 2023.
60. The Council approved a revised Minimum Revenue Provision (MRP) Policy in January 2023 (included in the Capital Strategy Appendix 7 to this report), which sets out a change to the profile in the repayment of debt, harmonising the treatment for both supported and unsupported borrowing. Government guidance sets out several options to enable prudent provision and the Council has adopted the annuity basis over the life of an asset. It is not possible to backdate this policy for prior years and it will be only future charges that are influenced by the policy.
61. The impact of this change will be to improve the management of the revenue budget and to smooth the total cost of capital financing over many years. Costs are lowest in the early years and steadily increase over time. The Budget 2023/24 provides for a baselining of MRP on an annuity basis at Year 10 as a prudent provision and this will produce cost reductions in capital financing costs of approximately £2m per annum over the MTFP period. Also in doing so, this creates headroom in the capital financing budget to be ringfenced for future capital investment, or financing risk in an Investment Reserve, equating to an estimated £500,000 in 2023/24.
62. The Capital Financing budget will be closely monitored during 2023/24 with updates being provided via the quarterly budget monitoring reports, and any required changes being reflected in future refreshes of the MTFP.

## *Contingency*

63. A contingency budget of £1.3m per annum recurring from 2023/24 has been provided for future uncertainty mainly regarding the economic climate, inflation, and potential additional demand/spending pressures within services. This will be held centrally and closely monitored, and updates will be provided in future reports of any use of the contingency.

## ***Budget Savings***

64. As mentioned in paragraph 10 the refreshed MTFP submitted to Council on 30 November 2022 identified that there was a budget gap in the region of £10m to £20m with a mid-case assessment of £15m, and therefore as well as the proposed increase in Council Tax, budget savings or other proposals would be required in order to balance the budget in 2023/24.
65. The budget savings proposed for 2023/24 were detailed in the report to Council on 30 November 2022, with a full year effect totalling £9.4m and a £7.4m part effect in 2023/24 due to the required staff consultation and implementation periods. The savings proposed were categorised in two appendices with the savings in Appendix 2, totalling £4.6m full year effect and £3.2m part year effect, being deemed to potentially affect service delivery levels and therefore being subject to public consultation.
66. Following the budget consultation period and further review, a number of changes have been made to the budget savings previously proposed. The changes are summarised in the paragraphs below :
67. Removal of Children's Service Budget Savings Proposals and replacement with cost reductions in the Children's Services Financial Improvement Plan

As mentioned in paragraph 46 the following four Children's Care budget savings proposals totalling £1.684m full year effect and £982,000 part year effect in 2023/24 have been removed, due to alternative cost reductions totalling £4.722m full year effect and £2.854m part year effect in 2023/24 being proposed as part of the Children's Services Financial Improvement Plan :

- CC13 – reduction in specialist staffing compliment providing services to children and young people
  - CC02 – redesigning part of Gleneagles Residential Home to provide long-term residential care for children
  - CC03 – stop providing dedicated Family Group Conferencing and incorporate into social work teams
  - CC12 – reduce direct provision of and financial support to families to provide non-residential short breaks for children and young people with disabilities
68. Removal of Other Budget Savings Proposals

As mentioned in paragraph 18 a petition was received as part of the budget consultation process, relating to budget savings proposal CC05 – Reduction in Council funding for Youth Services. Following review and taking account of the response to the consultation the Mayor is proposing that this saving is removed, with

a reduction in savings proposed of £100,000 full year effect and £83,000 part year effect in 2023/24.

69. Savings re-profiled, however saving amount overall remains unchanged

Following the consultation period, a number of proposals as follows have been re-profiled across financial years meaning a total of £142,000 being brought forward from 2024/25 to 2023/24 (i.e. the saving being fully achieved in 2023/24).

- CC07, CC10, EP03, EP04

70. Savings being delivered by an alternative approach

Following the consultation period and further quality assurance work on the saving proposals, an alternative approach has been put forward for the following budget savings proposals, however the saving amount remains the same for each proposal, with the exception of CC09 where there is a small reduction in the saving of £10,000 (with £1,000 part year effect in 2023/24):

Ref	Original Saving Approach	Revised Saving Approach
<b>CC04</b>	End Safe Families Contract	Re-purpose Safe Families Contract
<b>CC09</b>	Cease the Young Carers contract to support children and young people with caring responsibilities	Council contribution for Young Carers contract to support children and young people with caring responsibilities to be replaced with external funding
<b>CC11</b>	Delete Participation posts in Children's Strategic Services	Delete posts in Children's Strategic Services
<b>LGS02</b>	Saving in IT Licensing fee	Reduction in computer maintenance element of ICT supplies and services budget
<b>ECS10</b>	Reduction of 1 supervisor in Highways Services	Reduction of vacant post within Highways Services
<b>FIN06</b>	Cease Welfare Rights service	Council spend for Welfare Rights service to be replaced with alternative external funding
<b>EP03</b>	Reduce Council subsidy for nurseries so that our nurseries are economically viable, which could mean the potential closure of Bright Stars Nursery due to falling demand and other provision in the area	Remove Council subsidy for Bright Stars Nursery (nursery will remain open)
<b>RC05</b>	Culture - use external funding to deliver events such as the Orange Pip Market	Events team to reduce by 1-2 posts, and external funding to be sought to deliver events

As a result of the alternative approaches identified CC04, CC09, EP03 and FIN06 will move from Appendix 2 of the Council report in November 2022 to Appendix 1 now (attached to this report), as they are now considered to have only a minimal effect on front line service delivery levels.

71. Savings still being delivered the same way however wording and description have changed

Following the consultation period, the wording of a number of proposals have been simplified from that provided in Appendices 1 and 2 of the November 2022 Council report to provide further clarity, however they are still being delivered in the same way.

72. The effect of the recommended budget savings on the budget for 2023/24 is summarised below and detailed in Appendices 1 and 2, and also in the Children's Services Financial Improvement Plan:

- £4.4m in relation to budget savings that required no further consultation (Appendix 1)
- £2.1m in relation to specific budget savings that have been subject to consultation prior to the 2023/24 budget (Appendix 2)
- £2.9m in relation to cost reductions in Children's Services as part of the Children's Services Financial Improvement Plan

73. It should be noted that there will also be additional amounts of savings and cost reductions for the above in 2024/25, to reflect the full year effect as some savings/cost reductions will not be fully achieved in 2023/24 due to time required for implementation, consultation requirements for staff, and any consultation required over and above the standard budget consultation. These are included in the updated MTFP in this report.

***Other proposals to meet budget gap***

*Flexible Use of Capital Receipts*

74. In the report to Council in November 2022 it was proposed that a Flexible Use of Capital Receipts Strategy is implemented for 2023/24, as was the case in 2021/22 and 2022/23, to fund transformation costs across the Council, mainly within Children's Services. In order to satisfy the legislation relating to this, this needs to be subject to approval by Full Council in this budget report and therefore the Strategy for 2023/24 is contained in Appendix 6. Confirmation will be required that the capital receipts are available in 2023/24 and that the transformation expenditure will provide future ongoing savings before the Strategy can be implemented. It is currently estimated that the Flexible Use of Capital Receipts Strategy will amount to £3m in 2023/24.

***Summary of proposals to meet budget gap***

75. The budget savings and costs reductions outlined above, when added to the other budget proposals to meet the budget gap in the form of Flexible Capital Receipts (£3m), additional income from commercial developments (£1.2m), and increased council tax income from increasing the council tax increase to 3.99% (£1.3m), means that the updated budget gap of £14.9m for 2023/24 as shown in paragraph 13 can be met and a balanced budget for 2023/24 set. This is shown in the table in paragraph 14.



## ***Adequacy of Financial Reserves***

76. The Council is required to maintain an appropriate level of reserves and balances. Whilst current guidance is not prescriptive, all Local Authorities are required, when reviewing their Medium Term Financial Plan to consider the establishment and maintenance of reserves.
77. Proper consideration has to be given to: -
- working balances to help cushion the impact of uneven cash flows and to avoid unnecessary temporary borrowing;
  - general fund reserves to provide a contingency for the impact of unexpected events or emergencies; and
  - specific earmarked reserves to meet known or predicted liabilities.
78. The Director of Finance has reviewed the proposed level of balances held in the General Fund Reserve and advised that she considers that it is appropriate to maintain the minimum level the current level of £12m in 2023/24 (and future years of the MTFP period). This advice is based on an assessment of financial risks against criteria set out by the Chartered Institute of Public Finance and Accountancy and the extent to which specific provisions are available to meet known and expected liabilities. The General Fund Reserve is the fund of last resort when all other funds have been exhausted.
79. The main high level factors affecting this assessment are uncertainty around the level of pay awards and inflation, the continued potential for increased demand and costs in Children's and Adults Social Care, non-achievement of required budget savings and cost reductions, and the degree of uncertainty in the financial and economic climate for local government due to a number of factors. The table below provides further details of this, and shows that the calculation of the £12m level is made by using the mid-point of the following factors:

	<u>Low point £m</u>	<u>High point £m</u>	<u>Mid point £m</u>
Inflation (including pay awards) : to provide for an increase of 1%-2% for pay & 20%-30% for energy above that currently provided	2.0	3.6	<b>2.8</b>
Further demand-led pressures (mainly Adults and Children's Social Care): to provide for a realistic upturn in demand	0.5	4.0	<b>2.3</b>
Budget savings & Children's Services cost reductions : provide for non-achievement of 5% to 20% of full year budget savings	0.6	2.5	<b>1.6</b>
Local Government Finances : uncertainty post-24/25 around Government funding and business rates reform	0.5	1.5	<b>1.0</b>
General Economic Climate - mainly the effect on income including income from commercial developments, fees and charges, and Business Rates & Council Tax	0.5	3.0	<b>1.8</b>
DSG Deficit balance on Reserve : potential requirement to fund this from end of 2025/26 (assumed any requirement to repay would be over 3 years)	0.0	2.0	<b>1.0</b>
Adult Social Care reforms (Health and Social Care White Paper): costs of implementing the cap on personal care costs and changes to the means test within adult social care and moving to a fair cost of care being greater than funding provided by Government	0.0	1.0	<b>0.5</b>
Risk of potential future unknown emergencies not provided for	0.0	2.3	<b>1.2</b>
	4.1	19.9	<b>12.0</b>

80. The current estimated level of the General Fund Reserve at the end of 31 March 2023 is £12.041m as reported in the Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23 report to Executive on 14 February 2023.
81. The level of balance in all reserves available to the Council may be affected by any change in the current projected overspend for 2022/23. The total projected overspend for 2022/23 of £3.4m as at the end of Quarter Three is detailed in a separate report to this Council. As stated in that report the level of overspend reported as at Quarter Three can be covered on a one-off basis by the Social Care Transformation Reserve in 2022/23, but if this continues it is a significant risk to the Council’s financial position in the longer term.
82. The appropriate level of reserves for 2023/24 onwards will need reconsidering in light of financial performance in 2022/23, the ongoing effect of the economic climate, future levels of local government pay awards and inflation, any changes in local government funding, and if any reforms of local government finance are announced.
83. The Council intends to allocate an additional £0.730m per annum from 2023/24 to its Change Fund in order to support transformational activity. This is an increase of £0.5m from that previously provided in order to fund any potential costs arising from the implementation of required budget savings, including potential staff redundancy costs, and transformation required. Also as mentioned in paragraph 50 it intends to allocate an additional £0.5m to an Insurance Reserve, and as mentioned in paragraph 61 £0.5m to an Investment Reserve.
84. The table below provides a summary of the estimated balance on the major Strategic Reserves of the Council at the end of 2022/23 and then the estimated available balance on the Reserves in 2023/24 after the allocation to Reserves as mentioned in the paragraph above.

	<b>Estimated Year End 2022/23</b>	<b>Estimated Available 2023/24</b>
	<b>£000's</b>	<b>£000's</b>
General Fund Reserve	12,041	12,041
Earmarked Reserve - Social Care Transformation Reserve	1,698	1,698
Earmarked Reserve - Insurance	0	500
Earmarked Reserve - Change Fund	0	730
Earmarked Reserve - Investment Reserve	0	500
Provisions - Business Rates Appeals	1,921	1,921
Provisions - Insurance	3,000	3,000
<b>TOTAL</b>	<b>18,660</b>	<b>20,390</b>

85. A separate report to this Council provides a statement from the Council's Section 151 Officer (the Director of Finance) under Section 25 of the Local Government Act 2003. The report covers:
- 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.

#### **Determination of Council Tax for 2023/24**

86. A number of factors have been considered in respect of the level of Council Tax increase including our current level of Council Tax, minimising the effect of Council Tax increases to residents, the current levels of inflation, pressures from caring for our vulnerable adults and children, the level of any budget reductions required, and the medium to long term implications of the Local Government Finance Settlement 2023/24.
87. In the Local Government Finance Settlement, the Government confirmed that Councils would be able to increase the general (core) element of Council Tax by up to 3% in 2023/24 (and also in 2024/25 and 2025/26) without the requirement to hold a referendum.
88. The Local Government Finance Settlement also confirmed the continuation of the Adult Social Care Precept at 2% for 2023/24. The Adult Social Care Precept has allowed Councils with Adult Social Care responsibility to increase their Council Tax by a set amount to help pay for the increased costs of Adult Social Care.
89. Local authorities can therefore potentially increase their Council Tax by a total of up to 5% in 2023/24 without the requirement for a referendum.
90. In determining the level of Council Tax increase, consideration should be given in relation to the impact on the local Council Tax payer. In essence the Government's proposal is to pass on the liability to the local taxpayer, rather than a national distribution of resources to meet what is an agreed national priority. Authorities such as Middlesbrough with a significant proportion of vulnerable Council Tax payers and a lower Council Tax Base as a result of lower property values are disadvantaged by this approach, as each percentage increase in Council Tax will raise less than more affluent areas with a greater proportion of higher banded properties.
91. In the report to Council on 30 November 2022 the recommendation at that stage was that the Council adopted a 1.99% increase in the general Council Tax for 2023/24, and also an increase of 1% for the Adult Social Care Precept, meaning a total proposed Council Tax increase of 2.99% in 2023/24. Following consideration of all factors the Elected Mayor currently recommends that the total proposed Council Tax increase for 2023/24 should now be 3.99%, with 2% of the increase being due to the Adult Social Care Precept and the remaining 1.99% being an increase in the

core/general Council Tax. It should be noted that this increase is on the Middlesbrough Council only element of the Council Tax (excluding Fire and Police and Parish precepts).

92. The Elected Mayor has made this decision in order to minimise the effect on council tax payers in Middlesbrough, whilst still trying to maintain as many services as possible within the funding available to the Council. This is lower than the Government expectations of a total 4.99% increase as announced in the LGFS.
93. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 5,578 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of approximately 18.5% The cumulative effect is approximately £10.5m per annum and reduces the need to make further annual savings within Council services by this amount.
94. The Council is required to set a budget for 2023/24. The budget will determine the level of resources to be made available to services and forms part of the determination of the Council Tax to be levied in 2023/24.
95. The Budget requirement for 2023/24 is estimated to be £126.354m as detailed in Appendix 3.
96. The basic (Band D) Council Tax for Middlesbrough as a whole is calculated as follows:

	£	£
Budget Requirement		126,353,562
Less:		
Revenue Support Grant	14,182,308	
Top up Payment	29,346,817	
Local Share of NNDR	16,356,230	
		59,885,355
Net Requirements		66,468,207
Estimated Collection Fund Deficit 2022/23		840,725
	(a)	67,308,932
Taxbase	(b)	35,749
Basic Council Tax	(a) / (b)	1,882.82

The basic amount is now relevant only for statistical purposes, but must still be calculated by law. It represents the average tax paid across the Council area, including parish precepts.

97. The calculation of the actual Council Tax (Band D) for parish and non-parish areas (Middlesbrough Council only element) is as follows: -

a) Areas other than Nunthorpe and Stainton & Thornton:-

	£	£
Basic Amount as above:		1,882.82
Less : Parish Precepts	34,311	
Divided by Tax Base	35,749	
Equals		0.96
<b>Band D Tax</b>		<b>1,881.86</b>

b) Nunthorpe:-

	£	£
Add: Parish Precept	22,032	
Divided by Tax Base	2,269	
Equals		9.71
<b>Band D Tax</b>		<b>1,891.57</b>

c) Stainton & Thornton:-

	£	£
Add: Parish Precept	12,279	
Divided by Tax Base	1,319	
Equals		9.31
<b>Band D Tax</b>		<b>1,891.17</b>

98. The tables at paragraph 97 relate only to Middlesbrough Council's element of the Council Tax and excludes Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts.
99. The level of Council Tax associated with the budget requirement represents a total increase of 3.99% in the level of Council Tax for areas without parish precepts (excluding Fire and Police precepts). This comprises of a 1.99% increase in general Council Tax, and an additional 2% increase in the Adult Social Care Precept.
100. Tax levels for all bands are set in varying proportions to the band D level, and are set out in table 1 of Appendix 5.
101. The effect of the proposed Council Tax increase of 3.99% in 2023/24 on the Middlesbrough Council only element of the Council Tax (excluding Fire, Police and Parish precepts) for Band A and Band D properties is shown in the table below:

Band	3.99% increase	
	Annual (£)	Weekly (£)
A	48.12	0.93
D	72.19	1.39

102. It should be noted that as mentioned in paragraph 25, the Government has provided additional funding in the form of the Council Tax Support Fund and the Household Support Fund which will help to mitigate the effect of the proposed Council Tax increase on the most vulnerable households.
103. Cleveland Fire Authority has set a precept for Middlesbrough of £3,105,158. The Council Tax levels for 2023/24 are set out in table 2 of Appendix 5.
104. Cleveland Police and Crime Commissioner has set a precept of £10,393,307 and Council Tax levels for 2023/24 are set out in table 3 of Appendix 5.
105. The total tax to be levied for each band (including Middlesbrough Council, Cleveland Fire Authority, Cleveland Police and Crime Commissioner, and Parishes) is set out in table 4 of Appendix 5.
106. The overall impact on the band D Council Tax for 2023/24 for areas without parish precepts is as follows: -

Middlesbrough Council	3.99%
Cleveland Fire Authority	6.11%
Cleveland Police and Crime Commissioner	5.44%
Overall Increase	4.25%

### Medium-Term Financial Plan to 2026

107. As mentioned in paragraphs 5 to 7 the Council has a Strategic Plan for the period 2022-24 which sets out the priorities for the Council for the period.
108. The Council maintains a Medium-Term Financial Plan (MTFP) that:
- accurately analyses the current financial climate and the medium-term horizon, including the range of spending pressures facing the Council;
  - addresses the budget savings requirements; and
  - focuses investment on growing the town's economic base to improve local prosperity, and secure a robust and independent income stream to fund the Council's services.
109. The Council noted a report from the Elected Mayor on 30 November 2022 which provided an update in respect of the Council's Medium Term Financial Plan position, reflecting and supporting delivery of the Strategic Plan, and the potential budget gap for 2023/24. In that report no estimates of the potential budget gap in 2024/25 and 2025/26 were provided at that stage, due to the high level of financial uncertainty surrounding future local government funding, local government pay awards and inflation, and no additional budget savings were proposed to cover any potential budget gap in 2024/25 and 2025/26.
110. As mentioned in the report in November 2022 the financial position for 2024/25 and 2025/26 would be reviewed and included in this report. The following table summarises the Council's current estimated financial position in the period of the current medium term financial plan to 2025/26:

	2023/24 £ms	2024/25 (Indicative) £ms	2025/26 (Indicative) £ms	Total £ms
Fall out of non-recurring funding from use of reserves to balance previous year's budget	(0.858)	0.000	0.000	(0.858)
Pay & Inflation	8.083	4.814	2.468	15.365
Service Demand Pressures - Children's Services	16.991	0.000	0.000	16.991
Service Demand Pressures - Other Services (includes ASC National Living Wage effect)	6.210	5.734	3.547	15.491
Corporate Issues (Insurance budget, Pension contributions)	0.100	0.392	0.784	1.276
Capital Financing (includes MRP saving from 2023/24)	(1.366)	0.844	0.511	(0.011)
Additional Income from Commercial Developments	(0.701)	(0.249)	(0.062)	(1.012)
Government funding changes	(12.009)	(4.691)	(1.371)	(18.072)
Local funding increases	(4.391)	(4.573)	(3.516)	(12.479)
<b>Budget gap</b>	<b>12.059</b>	<b>2.270</b>	<b>2.361</b>	<b>16.692</b>
Savings - 23/24 budget process	(6.529)	(1.119)	0.000	(7.648)
Cost Reductions - Children's Services Financial Improvement Plan	(2.854)	(1.868)	0.000	(4.722)
Additional Income from Commercial Developments (above that assumed previously)	(1.176)	0.445	0.339	(0.392)
Flexible Use of Capital Receipts	(3.000)	3.000	0.000	0.000
Additional contribution to Change Fund Reserve	0.500	0.000	0.000	0.500
Contribution to Insurance Reserve	0.500	0.000	0.000	0.500
Contribution to Investment Reserve	0.500	0.000	0.000	0.500
<b>In-year budget position</b>	<b>0.000</b>	<b>2.728</b>	<b>2.700</b>	<b>5.430</b>

111. The above table demonstrates that the Council has considered the issues strategically and has a deliverable plan to ensure the Council's financial sustainability, and also ensures that reserves are maintained at appropriate levels. Whilst there is a degree of certainty regarding the 2024/25 figures as some information was provided as part of the Local Government Finance Settlement 2023/24, there is very little information available relating to 2025/26. This has led to a high level of uncertainty regarding the budget in later years of the MTFP period (especially from 2025/26 onwards), due mainly to ongoing uncertainty regarding the future funding model for local government and other factors such as pay and inflation, and also due to the fact that it is the end of the current term of the current Government in December 2024/January 2025. The budget gaps in 2024/25 and 2025/26 are therefore only indicative and will be updated in future MTFP updates over the next year as further information becomes available. At this stage no additional budget savings are proposed to cover the budget gaps in 2024/25 and 2025/26.

112. As can be seen from the table above the estimated in-year budget position for 2024/25 would have been higher if the full year effect of savings and Children's Services cost reductions proposed as part of the 2023/24 budget setting process were not included. It can also be seen that currently there is no intention to utilise a Flexible Use of Capital Receipts Strategy in 2024/25, and that the use of the Strategy in 2023/24 increases the budget gap in 2024/25 as it only has a one-year effect in 2023/24 and does not have an ongoing effect.
113. Through the Council's Investment Strategy, the MTFP focuses on investment and efficiency, and creating growth in Council Tax, Business Rates, and income from commercial activity, and aims to minimise service level and job reductions over this period.
114. The following assumptions have been applied in refreshing the Council's MTFP:

### ***National Context***

115. Long-term financial sustainability and financial resilience have become one of the key components of external audit work in future years. CIPFA has produced a Financial Management Code (FM Code), and also a financial resilience index for local authorities. The initial self-assessment of compliance with the FM Code, the associated actions arising to ensure full compliance, and the next steps, and the results of analysis of the CIPFA Financial Resilience Index 2021 were presented to Executive on 13 July 2021 and also to Corporate Affairs and Audit Committee (CAAC) on 5 August 2021. Further details of the Council's Financial Standing, including further updates regarding these, are provided in the separate Budget 2023/24 – Statutory report of the Chief Finance Officer report to this Council. Close attention will be paid to both of these, and further updates will be provided in the future to Executive and CAAC.
116. The current general economic climate and the impact of inflation and future local government pay awards still being at high levels has been factored into this update of the MTFP. This is however a moving feast and will be closely monitored throughout the MTFP period.

### ***Government funding changes***

117. As mentioned in paragraphs 20 to 23 whilst the Autumn Statement 2022 (AS22), the Local Government Finance Policy Statement 2023/24 to 2024/25, and the Local Government Finance Settlement, provided detailed information of government funding for 2023/24, and some information for 2024/25, no detailed information was provided for 2025/26 onwards, and it was also confirmed that there would not be a Funding Review in the lifetime of this parliament. This therefore means that there is still a large level of uncertainty of future government funding beyond 2024/25 and this remains a significant risk to the Council in the medium to longer term.
118. Notwithstanding these high levels of uncertainty, the Council's budgetary assumptions are based on the most up to date reliable information, and the predicted Government funding changes are set out below. In this report the impact for 2024/25 and 2025/26 has been estimated, but these figures are necessarily less robust than the figures for 2023/24.



Funding Stream	2023/24	2024/25	2025/26
	£ms	(Indicative) £ms	(Indicative) £ms
Revenue Support Grant	14.182	14.891	15.338
Adjustment for grants rolled into RSG (Council Tax Admin Subsidy & Family Annex Grant)	(0.304)	(0.304)	(0.304)
Business Rates Top Up	29.347	30.814	31.739
New Homes Bonus	1.102	0.551	0.551
Public Health Grant	17.731	17.731	17.731
Improved Better Care Fund	8.645	8.645	8.645
S31 Grant for Business Rates Compensation for Reliefs	11.882	11.882	11.882
Social Care Grant (includes £1.828m Independent Living Fund Grant rolled in)	15.017	17.245	17.245
Adjustment for grants rolled into Social Care Grant (Independent Living Fund)	(1.828)	(1.828)	(1.828)
ASC Market Sustainability & Improvement Fund (ringfenced grant)	1.775	2.669	2.669
ASC Discharge Fund (ringfenced grant)	1.212	2.020	2.020
Lower Tier Services Grant (for 21/22 and 22/23 only)	0.000	0.000	0.000
Services Grant (introduced in 2022/23)	1.861	1.861	1.861
2021/22 Covid Council Tax Support Grant (spread over 3 years)	0.864	0.000	0.000
<b>Total:</b>	<b>101.486</b>	<b>106.177</b>	<b>107.549</b>

119. Revenue Support Grant and Business Rates Top Up Grant have been assumed to increase by 5% in 2024/25 and 3% in 2025/26. The increase in 2024/25 is broadly based on the estimated CPI increase as at September 2023 (which the Government will base the actual increase on), with the increase for 2025/26 being less robust and based on an estimated increase.
120. It should be noted in the above table that as outlined in paragraph 25 no details of the Public Health Grant allocations for 2023/24 have been provided to date, and therefore taking a prudent view the level of funding has currently been assumed over the MTFP period to remain the same as that received in 2022/23 (£17,730,663). This creates a level of uncertainty in how much the Council can budget for essential services to help keep people healthy throughout their lives.
121. Not included in the table above are details of the Dedicated Schools Grant (DSG) which the Council receives. The following table provides a summary of the amounts to be received and a comparison to that received in 2022/23. It should be noted though that the above amounts are subject to change during the year as the Schools Block includes amounts which are passported straight to academies, and also certain elements of the High Needs Block are paid directly to providers. No assumption has currently been made of any increases in DSG for 2024/25 and 2025/26.

Funding Stream	2022/23 £ms	2023/24 £ms	2024/25 (Indicative) £ms	2025/26 (Indicative) £ms
Dedicated Schools Grant (DSG) - Schools Block	121.592	131.097	131.097	131.097
Dedicated Schools Grant (DSG) - Central School Services Block	1.042	1.043	1.043	1.043
Dedicated Schools Grant (DSG) - High Needs Block	32.684	37.636	37.636	37.636
Dedicated Schools Grant (DSG) - Early Years Block	11.829	12.400	12.400	12.400

### **Local funding increases**

122. Local funding has been assumed to increase during the same period:

Funding Stream	2023/24 £ms	2024/25 (Indicative) £ms	2025/26 (Indicative) £ms
Council Tax : Core (includes Housing Growth)	58.622	60.171	61.749
Council Tax : Adult Social Care Precept	8.687	10.051	11.473
Local Share of Business Rates	16.356	17.174	17.689
Collection Fund Surplus / (Deficit)	(0.841)	0.000	0.000
<b>Total:</b>	<b>82.824</b>	<b>87.396</b>	<b>90.911</b>

123. There is a high level of uncertainty in the longer-term future about the direction of travel towards self-funding for local authorities through Council Tax and Business Rates, and whether it still remains on the Government's agenda. Also, there is uncertainty how this will be impacted by any development of the "levelling up" agenda.
124. The Local Government Finance Settlement confirmed that Councils can increase the general (core) element of Council Tax by up to 3% per annum and by 2% for the Adult Social Care Precept (a total of up to 5% increase per annum) for the next 3 years (2023/24 to 2025/26), without the requirement to hold a referendum. As detailed in paragraph 91 the Elected Mayor now proposes that it will implement a 3.99% total increase in the Council Tax in 2023/24. It is currently assumed that there will be a 2.99% total increase in Council Tax for both 2024/25 and 2025/26 but this will be subject to future review.
125. It should be noted that each 1% increase in Council Tax generates approximately £650,000 of resources.
126. Housing growth assumptions and the growth in the council tax base have been made on a prudent approach taking into account currently available information. These are reviewed regularly throughout the year jointly by Finance and Regeneration officers based on the latest information available, and these will be reflected in future MTFP updates.

127. Local Share of Business Rates (Retained Business Rates) has been assumed to increase by 5% in 2024/25 and 3% in 2025/26. The increase in 2024/25 is broadly based on the estimated CPI increase as at September 2023 (which the Government will base the actual increase on), with the increase for 2025/26 being less robust and based on an estimated increase.

### ***Pay awards***

128. The current assumptions in the MTFP are for a 5% pay award in 2023/24, 3% in 2024/25, and 2% in 2025/26. In light of the agreed 2022/23 pay award and the potential underlying inflation that exists in the economy, the assumption for the future pay award has been revised upwards from that previously assumed. There is also a high level of uncertainty around local government pay awards in future years, and therefore the assumptions made in the MTFP for future years will be constantly reviewed.

### ***Inflation***

129. Contractual inflation of approximately £1.8m per annum has been assumed in the MTFP period (as shown in paragraph 37).
130. No provision has been made for inflation for other general supplies and services and it is expected that any inflationary pressures in this area will be met from efficiency savings.
131. Additional inflation has been provided from 2023/24 as detailed in paragraphs 35 and 36, and also further additional inflation of £1m from 2024/25 has also been provided in the MTFP for the effects of potential additional inflation across a wide range of areas, including the cost of energy. This will be subject to review, with updates being provided in future budget monitoring reports and MTFP updates.
132. In addition, to the allocations mentioned above a pay and prices contingency totalling approximately £0.7m per annum is also held centrally to guard against unexpected demand or price pressures that may arise during the year. This is required due to the uncertainty around levels of inflation and future local government pay awards.
133. Information regarding income from fees and charges for 2023/24 were provided earlier in the report. For 2024/25 fees and charges are assumed to increase by 5% producing approximately £2.1m of income, and by 3% for 2025/26 producing approximately £1.3m of income, however in light of the uncertainty regarding inflation this will be reviewed regularly, and updates will be provided in future revisions of the MTFP.

### ***National Living Wage***

134. Increases in the National Living Wage will impact upon organisations – principally adult social care providers – who are contracted to carry out functions on behalf of the Council. Currently increases in the National Living Wage do not have an impact on Council employed staff as the current pay rates paid to Council staff are above the current National Living Wage rates.

135. As mentioned in paragraph 40, in AS22 the Government announced that it remains committed to raising the National Living Wage in order so that it reaches two-thirds of median earnings. and that the National Living Wage will increase from £9.50 to £10.42 an hour effective from 1 April 2023 (a 9.68% increase at a cost of £3.7m). Following this announcement assumptions of the likely level of the National Living Wage and the potential costs of the effect of the increases in future years have been reviewed. It has been assumed that the National Living Wage will further increase by 8.9% to £11.35 from 1 April 2024 (at a cost of £3.6m) and will further increase by 5% to £11.92 from 1 April 2025 (at a cost of £2.3m). Over the MTFP period from 2023/24 to 2025/26 the effects of National Living Wage increase are predicted to be £9.6m.
136. As with future pay awards there is a high level of uncertainty around this and whether the Government will further change the levels of increase for future years, and therefore future years estimates have been reviewed.

### ***Spending pressures –Children’s Social Care***

137. As mentioned in paragraph 45 a total of approximately £17m per annum of permanent recurring investment has been made in Children’s Care from 2023/24, with further details of this being provided in the separate Children’s Services Financial Improvement Plan report to Executive on 14 February 2023.
138. Also detailed in the Children’s Services Financial Improvement Plan are a number of proposed cost reductions which are proposed to provide reductions in Children’s Services expenditure in both 2023/24 and 2024/25. It is proposed that the Children’s Services Improvement Plan will deliver the following cost reductions:
- 2023/24 – total part year cost reduction of £2.854m, with a net reduction of £1.872m following the deduction of previous unachievable Children’s Services proposed budget savings which have been removed
  - 2024/25 – total further full year cost reduction of £1.868m, with a net reduction of £1.157m following the deduction of previous unachievable Children’s Services proposed budget savings which have been removed
139. Further cost reductions will be sought within Children’s Services in the future as part of a continuing review of expenditure in this area, to ensure that maximum value for money is achieved in providing services.
140. As reported previously, in line with national trends Children’s Social Care continues to be an area of financial pressure to the Council. The costs of these pressures in respect of increased level of need in relation to children in care and the increase in the cost of providing care is constantly being monitored.
141. Whilst the Local Government Finance Settlement in 2023/24 and previous years has provided additional funding for Social Care, there is still a significant risk of additional increased level of need in relation to children in care and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this. Along with funding uncertainty, the continued pressure of demands on Children’s Social Care is the most significant financial risk to the Council.

142. Further Children's Social Care demand increases, any delays to the implementation of the Children's Financial Improvement Plan and any further negative Ofsted judgement, continue to be a major potential risk to the Council and this is being constantly monitored, and further updates will be provided in future quarterly budget monitoring reports to Executive.

### ***Adult Social Care***

143. Whilst the Local Government Finance Settlement in 2023/24 provided additional funding for Social Care there is still a significant risk of additional demand for adult social care services and the increased in the cost of providing care and that in the event of this, sufficient additional Government funding is not provided to mitigate this.
144. In addition, there is a risk that the Council does not receive adequate funding to cover the potential cost involved over the MTFP period in order to implement the reform as part of the Health and Social Care White Paper, relating to the cap on personal care costs and changes to the means test within adult social care, and moving towards a fairer cost of care. Whilst the amount of funding allocated to Middlesbrough for 2023/24 and 2024/25 along with the distribution methodology used for this has been announced, there is still a risk as to the level of fees that are to be requested by providers in the future. This along with the fact that the overall funding available to local government for this, as detailed in AS22 and the LGFS, may not be enough, means there is a risk to the Council from the move towards the implementation of the reform. Also there is uncertainty regarding the continuation of funding for this post 2024/25, currently it has been assumed that the grant provided for this will continue in the MTFP period.
145. Provision of £500,000 per annum from 2024/25 has been made in the MTFP for future potential increases in demand for services within Adult Social Cre. The requirement for this will be reviewed and updates provided in future updates of the MTFP.

### ***Other Spending pressures***

146. Paragraph 50 highlights a number of spending pressures for which funding has been provided on an ongoing from 2023/24 and the future effects of these. There are also a number of spending pressures which will arise in the MTFP from 2024/25 and 2025/26 as follows :
- £84,000 per annum from 2024/25 and a further £128,000 per annum from 2025/26 relating to the potential effects on income the Council receives from housebuilding in the form of growth in council tax income, due to the potential effects of nutrient neutrality
  - £1,025,000 for 2025/26 in Waste Disposal relating to costs associated with the extension of the current contract for a further year until the new Waste Recycling Site is complete, which is currently expected in 2026/27. The costs associated with the operation of the new site are currently being reviewed and updates will be provided in future budget monitoring and MTFP update reports.

### ***Additional income***

147. As detailed in paragraph 53, additional rental income above the current budget is estimated to be received in 2023/24 from developments that the Council has made in the town, namely TAMP, Centre Square, Captain Cook Shopping Centre, and the Cleveland Centre Shopping Centre. These have provided additional income to the Council (after deducting capital financing costs), which has negated the need for the Council to make budget reductions to front line services.
148. It is currently assumed in the MTFP that they may potentially be some reduction in income to be achieved in future years. It is currently assumed that they potentially may be a reduction in income of approximately £200,000 in 2024/25 due mainly to potential rent reviews of some units in the Cleveland Centre Shopping Centre, and a further reduction of £400,000 in 2025/26 due mainly to potential break clauses in the some of the rental contracts of the Centre square buildings. These assumptions are based on a very prudent and pessimistic approach and will be reviewed, and updates will be provided in future MTFP update reports. It should still be noted that even with these potential reductions, the commercial developments have provided additional income to the Council, in excess of the cost, both in previous years and in the future.

### ***Additional Investment***

149. In addition a total of approximately £1.1m that has been provided in 2023/24 for the impact on the Capital Financing budget as mentioned in paragraph 58, further additional funding totalling £700,000 in 2024/25 and a further £500,000 in 2025/26 has been provided in the MTFP for the potential impact of potential new schemes, as detailed in paragraph 158.
150. It should be noted that the additional capital financing costs will be ongoing beyond the current MTFP period, and these ongoing costs will be built in future MTFP updates.
151. The Capital Financing budget will be closely monitored during 2023/24 with updates being provided via the quarterly budget monitoring reports, with any required changes being reflected in future refreshes of the MTFP.

### ***Reserves and Balances***

152. Over the MTFP period the Council plans to maintain the Council's General Fund balance above the minimum level of £12m, in line with the Council's current recommended General Fund level as set out in paragraphs 78 and 79 of this report.
153. Over the MTFP period, the Council intends to maintain a Change Fund in order to support transformational activity to deliver the budget savings required and its Strategic Plan, with investment of £0.730m per annum to this being planned.
154. It is not currently planned to use any reserves or balances over the MTFP period to balance the budget.

## Contingency

155. As mentioned in paragraph 63, a contingency budget of £1.3m per annum recurring MTFP from 2023/24 has been provided for future uncertainty mainly regarding the economic climate, inflation, and spending pressures. This will be closely monitored, and updates will be provided in future reports.

## Investment Strategy

156. Full Council approved an Investment Strategy for the period 2022-2024 on 23 February 2022. The Council's Investment Strategy is revised each quarter by Executive via the quarterly budget monitoring reports, in line with its constitutional powers. The latest revision being that as part of Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23 report to Executive on 14 February 2023.
157. As part of the budget savings proposed in the report to Council in November 2022, the Investment Strategy was reviewed to ascertain if schemes could be removed or reduced in value, which would create savings within the Capital Financing budget. The following schemes have therefore been removed or reduced as they are linked to the budget savings proposed

Removal of / Reduction In Investment						
Directorate	Scheme	2023/23	2023/24	2024/25	2025/26	Total
		£'000	£'000	£'000	£'000	£'000
Environment & Community Services	Highways Infrastructure	-	(4,000)	(3,500)	-	(7,500)
Public Health	Health & Wellbeing Hub	-	(679)	-	-	(679)
Adult Social Care & Health Integration	Chronically Sick & Disabled Persons Act - All Schemes	(711)	(753)	-	-	(1,464)
<b>Total Removal Of / Reduction In Investment</b>		<b>(711)</b>	<b>(5,432)</b>	<b>(3,500)</b>	<b>-</b>	<b>(9,643)</b>

- Highways Infrastructure - The reduction of £7,500,000 of funding will impact upon the speed to which identified improvement works will be implemented. The service has re-evaluated the priority list, and this will be presented as a separate report to Executive on 7 March 2023.
  - Health & Wellbeing Hub - The funds provided were for the expansion of the Live Well Centre or the relocation of Public Health. The Directorate has now signed an extension to the lease at the Live Well Centre, with the expansion not going ahead, and as such the funds are no longer required.
  - Chronically Sick & Disabled Persons Act – All Schemes - Whilst the £1,464,000 funds have been removed there is no impact upon the planned works as they will now be funded from Disabled Facilities Grant that has been carried forward from previous years.
158. As mentioned in paragraphs 58 and 59, additional revenue provision has been provided in respect of the following potential new and enhanced projects which have been deemed as essential replacement or repairs to Council assets. These have been included within the revised Investment Strategy at Appendix 7 for approval by Council. Details are provided in the table below and in the following paragraphs.

New / Increased Investment						
Directorate	Scheme	2022/23	2023/24	2024/25	2025/26	Total
		£'000	£'000	£'000	£'000	£'000
Environment & Community Services	Purchase Of New Vehicles	-	2,860	1,050	1,060	4,970
Environment & Community Services	Bridges & Structures (Non Local Transport Plan)	-	2,520	2,420	2,240	7,180
Environment & Community Services	Newport Bridge	-	1,513	-	1,617	3,130
Environment & Community Services	Traffic Signals - Non Tees Valley Combined Authority	-	1,150	1,150	980	3,280
Environment & Community Services	Street Lighting Column Replacement	-	464	464	500	1,428
Children's Services	Children's Services Financial Improvement Plan	-	2,000	2,500	-	4,500
<b>Total New / Increased Investment</b>		-	<b>10,507</b>	<b>7,584</b>	<b>6,397</b>	<b>24,488</b>

- Purchase Of New Vehicles - The fleet strategy has been revised to take into account increased purchase costs, the need to replace high value vehicles, e.g. refuse vehicles, and an increase in vehicles required to accommodate increased demand within the Integrated Transport Unit.
- Bridges & Structures (Non Local Transport Plan) - The additional funds provided are for essential maintenance works that have been identified following a comprehensive principal inspection programme of all of the bridges and structures.
- Newport Bridge - The Newport and Transporter bridges are the shared responsibility of both Middlesbrough Council and Stockton Council. The Newport Bridge has been subject to a thorough inspection which has identified the need for significant essential repairs and maintenance. The cost of these works is currently projected to be £6,260,000, of which Middlesbrough Council will provide £3,130,000 of capital funding
- A detailed inspection has also been undertaken on the Transporter Bridge. Whilst the anticipated costs of essential repairs and maintenance have not been finalised, they are expected to be significantly higher than those for Newport Bridge. As per the Newport Bridge, the costs will be shared equally between the Councils. Further details will be provided in a future report to Executive. It should be noted that no capital allocation for the works has currently been added to the Investment Strategy, until the final cost estimates are ascertained, and Executive have approved the works. An estimate has been made of the future potential capital financing costs of the work required and these have been included in the revised MTFP.
- Traffic Signals – Non Tees Valley Combined Authority – A high volume of the aged signals require replacing, the renewed signals will be functional for 25 years. It is possible that TVCA will provide some grant funding but at this juncture it is assumed that the Council will be responsible for the cost of the replacements.
- Street Lighting Column Replacement – A statutory inspection has identified a large number of street lighting columns which require replacing, predominantly due to corrosion.
- Children's Services Financial Improvement Plan – As detailed in the report to Executive on 14 February 2023, the Plan includes the acquisition of a number of houses with the intention of housing looked after children. This service is currently being provided by external organisations at significant cost. The strategy of providing in-house care will result in substantial cost



reductions to the revenue budget. The cost reductions have taken account of the potential capital financing costs from the capital investment.

159. The following “business as usual” schemes which are essential to the delivery of Council services have been reviewed and it is proposed that the following amounts are added to the Investment Strategy in order to extend these schemes to 2025/26:

<b>Business As Usual</b>		
<b>Directorate</b>	<b>Scheme</b>	<b>Amount £</b>
Regeneration & Culture	Capitalisation Of Major Schemes Salaries	530,000
Regeneration & Culture	Capitalisation Of Planning Services Surveys	40,000
Environment & Community Services	Purchase Of New Vehicles	1,200,000
Environment & Community Services	Capitalisation of Wheeled Bin Replacement	100,000
Environment & Community Services	Capitalisation of Street Furniture / Dog Fouling & Litter Bins	55,000
Environment & Community Services	Capitalisation of Highways Maintenance	575,000
Environment & Community Services	Property Services Building Investment	340,000
Environment & Community Services	Street Lighting-Maintenance	468,000
Environment & Community Services	Members Small Schemes	60,000
Environment & Community Services	Property Asset Investment Strategy	1,200,000
Adult Social Care & Health Integration	Chronically Sick & Disabled Persons Act - All schemes	610,000
Adult Social Care & Health Integration	Capitalisation of Staying Put Salaries	50,000
Legal & Governance Services	ICT Essential Refresh & Licensing	2,185,000
Finance	Derisking Sites	500,000
<b>Total Business As Usual</b>		<b>7,913,000</b>

160. The updated Investment Strategy is included at Appendix 7 and Council are requested to approve the updated Investment Strategy for the period to 2025/26.
161. The proposed changes to the Investment Strategy are within the Council’s overall borrowing limits and prudential indicators required as part of the Prudential Code (as detailed in paragraphs 162 to 172 below and in Appendix 8.

### **Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) & Treasury Management Practices**

162. The Local Government Act 2003 created a new legal framework for capital investment from April 2004 and Local Authorities are now required by law to follow the CIPFA Prudential Code.
163. The key objectives of the Prudential Code are to ensure, within a clear framework, a local authority’s capital programme is affordable, prudent, and sustainable and that treasury management decisions are taken in accordance with good professional practice.
164. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account to ensure appropriate treasury management. From 2019/20 the Code set out that these must be presented in the form of a Capital Strategy Report which links the Council’s investment strategy with the financial and budgetary implications of these decisions and the overall level of indebtedness.

165. The Prudential Code also introduced guidance regarding the way in which surplus funds are invested and it is a statutory requirement that an Annual Investment Strategy is approved by Council before the start of each financial year.
166. The government has released guidance relating to how local authorities set aside some of their revenues as provision for debt repayment. This requires authorities to prepare an annual statement of their policy on for determining the Minimum Revenue Provision.
167. The fundamental objective in considering the affordability of the Council's capital plans is to ensure that the total capital investment of the authority remains within sustainable limits and, in particular, to consider its impact on the local authority's revenue budget position. Affordability is ultimately determined by a judgement about available resources and one of the Prudential Indicators (% of capital financing costs against the net revenue budget) addresses this explicitly over the medium term financial planning period.
168. In considering the affordability of its capital plans, the Council must consider all of the resources currently available to it and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years. The authority is also required to consider known significant variations beyond this timeframe. This requires the maintenance of three-year revenue forecasts, forward estimates of council tax as well as capital expenditure plans.
169. Appendix 8 sets out the proposed capital strategy report (covering the necessary prudential indicators, together with the investment strategy and minimum revenue provision policy) for approval by Council. This report explains the context of the Council's financial plans against the required prudential indicators to assist in drawing conclusions around affordability, sustainability, and prudence.
170. There are some large financial commitments in the level of capital expenditure over the next two financial years. Some of these changes are fully funded by grant and contributions or are invest to save schemes, where income generated from the investment in these assets generates a level of financial return, which at least covers any capital financing costs associated. There are though some significant borrowing commitments in the Investment Strategy being proposed.
171. A change for Members to note that affects both the level of expenditure in the investment strategy and the prudential indicator totals relates to the inclusion of finance leases. In previous years most leases taken out would have been categorised as a rental arrangement and a cost against the revenue budget. However, amendments to the reporting standard that covers this area now means that most leases constitute the 'right to use' or purchase of an asset. The appropriate capital expenditure therefore needs to be included in the capital strategy report funded by external debt. Leases that have a major impact on the prudential indicators for the Council are those for the new buildings in Centre Square plus any properties or equipment that is leased by service directorates going forward.
172. The Director of Finance has reviewed these investment plans and prudential indicators, and is satisfied that the Council is acting in line with legal requirements and the resources available when setting its budget. The authorised limit for external

borrowing for the 2023/24 budget will be £328m. This is a decrease of £28m over that used in 2022/23 and reflects the current environment where debt refinancing opportunities are restricted, and this was previously provided for.

### **What decision(s) are being recommended?**

The report requests that the 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

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

173. The Council has a legal obligation in relation to setting a balanced budget and to meet the challenging financial targets faced in the MTFP. The setting of the budget is part of the policy framework and therefore requires Full Council approval.
174. To enable the Council to meet its statutory responsibility to set a balanced revenue budget in 2023/24 and to ensure that a proper framework is in place for the medium term financial management of the Council, which will enable the Council to take a systematic, coherent, and controlled approach to addressing ongoing financial challenges over the medium-term, while attempting to maximise its contribution to the Mayor's priorities for Middlesbrough.

### **Other potential decision(s) and why these have not been recommended**

175. Not applicable.

### **Impact(s) of the recommended decision(s)**

#### ***Legal***

176. 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.
177. Elected members (individually and collectively) have a fiduciary duty to local taxpayers and so duty to facilitate, rather than frustrate, the setting of a lawful budget, and not to do so would bring damaging legal, financial, operational, and reputational consequences for the Council, and precepting authorities such as the police, fire service and local parish councils. It may also give rise to personal liability for individual members for misfeasance in public office, negligence, or breach of statutory duty, should they be found to be purposely failing to set a lawful budget. Further information regarding this can be found in the separate Legal, Financial and Practical Consequences of Failure or Delay in Setting Council Tax report to this Council.

#### ***Strategic priorities and risks***

178. The revision of the Council's Medium Term Financial Plan for 2023/24 to 2025/26 plays a fundamental role in ensuring that the Strategic Plan is delivered effectively.
179. The proposed approach will ensure a positive impact on the strategic risk that the Council fails to achieve a balanced budget. 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.

180. There is a risk that the financial position of the Council will be adversely affected by any non-achievement of the Financial Recovery Plan 2022/23, and any non-achievement of the proposed budget savings and other proposals for 2023/24 outlined in this report.

### ***Human Rights, Equality and Data Protection***

181. 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 those proposals and the overall budget are included within Appendix 4 of this report. The completed impact assessments are appended to this report, along with an overall impact assessment at Appendix 4.
182. The Public Sector Equality Duty (PSED) (as set out in the Equality Act 2010) places a statutory duty on the Council in exercising its functions, to have regard to the need to:
- eliminate discrimination, harassment and victimisation;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
183. Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
184. The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Where proposed decisions may be relevant to one or more of these protected characteristics, the Council is obliged to assess the impact. If there is judged to be an adverse impact on these characteristics that is relevant to the duty above steps are taken to consider whether it can be avoided or mitigated. Where it cannot be avoided or mitigated, a decision can only be taken if it can be justified.
185. As a result of the above, the 15 proposals set out at Appendix 2 have been subject to a screening impact assessment. As a result of that process 10 of those proposals were found to have no concerns that they could have a disproportionate adverse impact on individuals or groups because they hold one or more of the protected characteristics or there were no concerns the proposals could have an adverse impact on human rights or community cohesion.

186. 5 of the proposals proceeded to a level 2 impact assessment to assess, in line with the Public Sector Equality Duty whether they could be avoided or mitigated. As a result of this the overall impact assessment found that the impact of the proposals in relation to the Enhanced Youth Services (CC06), “reduction in the capacity of the NEET team” (CC10) and the “reduction in opening hours of libraries and hubs” (ECS14) had been mitigated.
187. Two of the proposals had impacts that could not be fully mitigated. The impact assessment findings for the two proposals are summarised in the table below:

Proposal	Impact Assessment
ECS05 - Increase rent charges by 10% at Metz Bridge Travellers Site in line with inflation	The impact assessment found the proposal was partially mitigated by the lack of rent increases in recent years however it could not be fully mitigated. The completed impact assessment found that there was a justified adverse impact on the Race protected characteristic in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.
ECS12 - Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding	The impact assessment found that the proposed reduction would have an adverse impact on capacity which would reduce the ability of the service to address anti-social behaviour issues which in turn could have an adverse impact on community cohesion. The impact will be partially mitigated by the securing of additional funding to support wardens in the town centre area, but this will not fully mitigate the impact of the proposal. The complete impact assessment found that there was a justified adverse impact on community cohesion in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.

188. As a result of the above, the overall impact assessment has found that the impact of proposals on the protected characteristics of race cannot be fully mitigated. It has also identified an adverse impact on community cohesion, in line with the above individual impact assessments. The complete overall impact assessment included in Appendix 4 found that there was a justified adverse impact from these proposals in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.

### **Financial**

189. The approach set out within the report would allow the Council to meet its legal obligations in relation to setting a budget and council tax for 2023/24, and also meet the challenging financial targets the Council will face in the MTFP period, whilst

attempting to minimise as far as possible the impact on the level of service delivered to the public.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
If approved by Council, the proposals set out in this report will form the basis of the 2023/24 revenue budget of the Council	Head of Financial Planning & Support	27 February 2023

### **Appendices**

<b>1</b>	Budget savings proposals that are considered to have minimal or no effect on front line service delivery levels
<b>1a</b>	Further detail of fee and charges increases contained in Appendix 1
<b>2</b>	Budget Savings proposals considered to potentially affect front line service delivery levels
<b>3</b>	Revenue Budget 2023/24
<b>4</b>	Revenue Budget 2023/24 – Impact Assessments
<b>5</b>	Council Tax Bands 2023/24
<b>6</b>	Flexible Use of Capital Receipts Strategy 2023/24
<b>7</b>	Updated Investment Strategy to 2025/26
<b>8</b>	Capital Strategy Report (Prudential indicators, Investment Strategy and Minimum Revenue Provision) 2023/24
<b>9</b>	For information - Children's Services Financial Improvement Plan Appendix A – approved by Executive 14/2/23

### **Background papers**

<b>Body</b>	<b>Report title</b>	<b>Date</b>
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23	23/2/22
Executive	Refreshing the Strategic Plan workplan for the 2022-24 period	5/4/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter One 2022/23	6/9/22
Council	Flexible Use of Capital Receipts Strategy 2022/23	7/9/22
Executive	Financial Recovery Plan 2022/23	18/10/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2022/23	8/11/22

Council	Medium Term Financial Plan Update and Budget Savings Proposals 2023/24	30/11/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23	14/2/23
Executive	Revenue Budget, Council Tax, Medium Term Financial Plan, and Capital Strategy 2023/24	14/2/23
Executive	Budget 2023-24 – Statutory report of the Chief Finance Officer	14/2/23
Executive	Children’s Services Financial Improvement Plan	14/2/23

**Contact:** **Andrew Humble, Head of Financial Planning & Support  
(Deputy S151 Officer)**

**Email:** [andrew\\_humble@middlesbrough.gov.uk](mailto:andrew_humble@middlesbrough.gov.uk)



## Appendix 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals require no, or no further public consultation or impact assessment prior to consideration by Full Council as part of the 2023/24 revenue budget for implementation in 2023/24. Some internal consultation may be required prior to implementation if the proposals have a significant impact on employees, and this will be undertaken by management as appropriate.

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
Various	<p><b>Continuation of fees and charges increases implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 (full year effect) - see Appendix 1a for details</b></p> <p><i>Further detail: This is just the continuation for the whole of 2023/24 of the increases that were applied early in November 2022 as part of the Financial Recovery Plan 2022/23. The areas affected are detailed in Appendix 1 of the report that was approved by Executive on 18 October 2022 and in Appendix 1a. Note that this is not a further increase of the fees and charges after the increases made in November 2022.</i></p>	1,111	0	1,111
ASC02	<p><b>10% increase in charges for Health Authority contributions to Adult Social Care services</b></p> <p><i>Further detail: 10% increase in costs charged to the NHS where they have responsibility for elements of an individual's care package; the cost is not passed onto the individual and 10% is based on the Council's assumption that all fees and charges will increase by this amount</i></p>	77	0	77
ASC03	<p><b>Adult Social Care inflation increase in assessed client contributions to packages of care for clients receiving care in the community and residential homes</b></p> <p><i>Further detail: This measure is in line with the announcement in the Autumn 2022 Budget Statement of the continuation of Triple Lock protection of pensions and benefits, the users of adult social care services are means-tested to determine their contribution towards the cost of their care; the service user's income assessment are reviewed annually in line with benefits uplifts to determine contributions to care.</i></p>	251	0	251
ASC04	<p><b>Increased charges to recipients of Adult Social Care services</b></p> <p><i>Further detail: This relates to charges to the NHS for local authority services that they make a contribution to, such as their share of a joint post</i></p>	88	0	88
ASC05	<p><b>Remove funding for unused 'Move in, Move on' service</b></p> <p><i>Further detail: This measure concerns a small project, formerly linked to hospital discharge, that ceased to function before the pandemic; its function is now met in other ways so the budget is no longer required</i></p>	86	0	86
CC04	<p><b>Re-purpose Safe Families Contract</b></p> <p><i>Further detail: To utilise the safe families contract in a more cost effective way and ensure it is well utilised, which will reduce spend in other areas of family support.</i></p>	56	19	75

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
CC07	<b>Maximise Supporting Families Grant and use for Council services</b> <i>Further detail: The Supporting Families Grant (previously Troubled Families) is paid to the Council each year direct from the Government via the Department for Levelling Up, Housing and Communities (DLUHC) in two parts; an upfront payment and followed by a series of payments-by-results (PBR) throughout the financial year. The budget proposal relates to the Council claiming the maximum grant allocation and using this to fund Early Help Services, including staff salaries</i>	367	0	367
CC08	<b>Cease to develop the Trauma Informed Practice model</b> <i>Further detail: The Children's Care Early Help Service (Stronger Families) has had an external contract to deliver Trauma Informed Practice training to Middlesbrough Early Help, Fostering and Children Looked After Services. This includes Trauma Informed Supervision to Social Workers and Early Help Practitioners on their cases to understand how trauma has affected children and adults to help them recover. The budget savings proposal is to cease this contract fully</i>	15	0	15
CC09	<b>Council contribution for Young Carers contract to support children and young people with caring responsibilities to be replaced with external funding</b> <i>Further detail: Council 25% contract contribution to be replaced with external funding to Young Carers Contract (services for children and young people who are caring for siblings or their parents); a South Tees contract in partnership with Redcar and Cleveland Council.</i>	27	0	27
CC11	<b>Delete posts in Children's Strategic Services</b> <i>Further detail: To delete vacant posts within the directorate, and rationalise posts following the Ofsted Inspection linked to improvement.</i>	85	0	85
CEN02	<b>Senior Management review</b> <i>Further detail: A senior management review has been proposed with the aim of saving £585,000.</i>	341	244	585
CEN03	<b>Capital financing cost savings arising from a review of the Investment Strategy</b> <i>Further detail: This relates to Adult Social Care (Disabled Facilities grant; replace Council funding with grant funding), Public Health (Health and Wellbeing Hub; remove current funding for extension to the Live Well Centre, with any new scheme requiring a new post-pandemic business case)</i>	162	0	162
ECS02	<b>10% increase in charges for building cleaning to schools and other organisations</b> <i>Further detail: This is line with inflation as with other fees and charges increases. This was not implemented early in November 2022 as part of the Financial Recovery Plan 2022/23, due to existing contracts being unable to be amended at that time</i>	249	0	249
ECS04	<b>10% increase in streetworks permit scheme charges (subject to national guidance)</b> <i>Further detail: This in line with inflation as with other fees and charges increases. This was not implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 due to the threshold set by the Government for 2022/23 already being reached</i>	32	0	32
ECS09	<b>Cease enhanced level of support to community groups for environmental projects</b> <i>Further detail: This will reduce the ability of the Service to give small grants to community groups to assist with community events</i>	50	0	50

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
ECS10	<b>Reduction of vacant post within Highways Services</b> <i>Further detail: Saving aligned with reduced Highways capital works to be undertaken in 2023/24 with minimal material effect</i>	35	0	35
ECS11	<b>Reduction in Council funding to Environment City</b> <i>Further detail: This will reduce the level of support for Environment City which may lead to less activity on the Environmental agenda. However, this may be mitigated by Environment City attracting additional resource from elsewhere</i>	47	0	47
ECS13	<b>Vacate Co-op building used for Locality Working in Newport and use alternative location</b> <i>Further detail: Staff will move into Newport Hub</i>	30	0	30
ECS16	<b>Increased use of Indigenous Growth Fund (IGF) grant funding to fund Council services in the Town Centre, such as Area Care</b> <i>Further detail: Town Centre staff will be funded through the Indigenous Growth Fund (IGF) instead of core budget, with no effect on the Service</i>	142	0	142
EP02	<b>Cease Council contribution to Virtual School</b> <i>Further detail: This will mean the Council will stop providing additional funding to the Virtual School. The Virtual School's costs are covered by the Dedicated Schools Grant. The Council provides approximately £26,000 as a contribution, which acts as a contingency and buffer for unanticipated costs in-year related to looked after young people (e.g. increase in number or an increase in complexity). By removing this contingency a saving will be made</i>	26	0	26
EP03	<b>Remove Council subsidy for Bright Stars Nursery</b> <i>Further detail: Nursery will remain open, two staff will revert from whole time to term time hours</i>	21	0	21
EP04	<b>Reduce Education Achievement Team from 3 to 1 members of staff</b> <i>Further detail: Removal of two posts within the team, one which is vacant. Use of alternative external funding for remaining one member of staff reducing Council expenditure.</i>	106	0	106
EP05	<b>Technical adjustment within Ethnic Minorities Achievement Team (EMAT) budget</b> <i>Further detail: The Ethnic Minorities Achievement Team (EMAT) will have their budget reduced by £6,000 and this will have minimal impact</i>	6	0	6
EP06	<b>Develop Children's Centres into Family Hubs</b> <i>Further detail: The proposal will use alternative external funding streams to develop the Centres into the formation of Family Hubs</i>	154	153	307
FIN06	<b>Council spend for Welfare Rights service to be replaced with alternative external funding</b> <i>Further detail: Use of alternative external funding stream to fund Welfare Rights Service</i>	130	44	174
LGS02	<b>Reduction in computer maintenance element of ICT supplies and services budget</b> <i>Further detail: Budget reduction to ICT budget</i>	16	0	16
LGS03	<b>Democratic Services reduction in member and non-member related administration</b> <i>Further detail: Removal of vacant posts via staffing review</i>	44	31	75

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
LGS04	<b>Deletion of 2 project management posts</b> <i>Further detail: This will be achieved by the transfer of two posts to Adult Social Care to support project management of preparation for CQC inspections and compliance with the Care Act, for which funding is provided by grants</i>	100	0	100
LGS05	<b>Delete apprentice post in ICT service</b> <i>Further detail: An apprentice post which has been vacant for a long time will be deleted from the structure</i>	14	0	14
LGS06	<b>Delete political assistant vacancy</b> <i>Further detail: Currently there is a vacant political assistant post for the MIG group and the saving relates to the deletion of this post. The ability to achieve this saving will be determined following the May 2023 elections and the political constitution of the Council. If the saving cannot be made in this manner then other solutions in reducing administration costs in this service area will be sought</i>	20	19	39
LGS07	<b>Reduction in administrative support to senior managers</b> <i>Further detail: Reduced capacity during sickness absence to offer traditional support solutions e.g. minuting. Support to LMT would be transformed with more self-serve required. Vacant posts would be removed from the structure to achieve the saving</i>	47	0	47
Page 176 PH01	<b>Reduced management capacity of the Public Health Team</b> <i>Further detail: This involves the removal of five posts from the structure, all of which are currently vacant. Four of the posts are jointly funded with Redcar and Cleveland Council, and therefore the saving only relates to Middlesbrough's contribution to the posts</i>	181	0	181
PH02	<b>Reduction in expenditure on miscellaneous Public Health programmes, including reduced support to other networks</b> <i>Further detail: Reductions in various non-pay discretionary expenditure</i>	115	0	115
RC03	<b>Director of Regeneration general restriction of discretionary spend</b> <i>Further detail: Removal of funds to initiate work sometimes required to start new capital projects</i>	25	0	25
RC04	<b>Economic Development reshaping of Economic Growth Team to provide a greater focus on town centre issues funded by external resources</b> <i>Further detail: Changing the role of the team to better fit the criteria of other funding pots, giving greater emphasis to the Town Centre</i>	100	0	100
RC08	<b>Reduction of 20% in the Council's Marketing and Communications function</b> <i>Further detail: Removal of two/three posts within the Marketing and Communications team</i>	70	28	98
RC09	<b>Highways Service Management reduction in team supporting development of the road network</b> <i>Further detail: Removal of one post relating to various functions which manage strategic development of road network</i>	30	0	30
<b>TOTAL</b>		<b>4,456</b>	<b>538</b>	<b>4,994</b>

**Appendix 1a: Further detail of fees and charges increases**

Ref:	Budget savings proposal	23/24 (£000's)
<b>Various</b>	<b>Continuation of fees and charges increases implemented early in November 2022 as part of the Financial Recovery Plan 2022/23 (full year effect)</b> <i>Savings detail: Continuation of 2023/24 increases applied in November 2022 as part of the Financial Recovery Plan 2022/23. The areas affected are detailed in Appendix 1 of Executive report approved 18 October 2022.</i>	1,111
<b>Directorate</b>	<b>Brief Detail</b>	<b>Additional Income 23/24 (£000's)</b>
<b>ASC</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	85
<b>ASC</b>	Trading Standards / Environmental Protection - 10% increase in various application, licence, and permit fees	6
<b>ASC</b>	Connect Service - 10% increase in fees charged	34
<b>CC</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	3
<b>EP</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	37
<b>EP</b>	Stainsby Nursery - 10% increase in fees charged	30
<b>ECS</b>	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	16
<b>ECS</b>	Bereavement Services - 10% increase in cremation fees (from £820 to £902) and burial fees (from £660 to £726) and memorial items	247
<b>ECS</b>	10% increase in various fees and charges for Highways, Building Maintenance and Running Costs	14
<b>ECS</b>	Area Care - 10% increase in allotment rents	6

Directorate	Brief Detail	Additional Income 23/24 (£000's)
ECS	My Place - 10% increase in rent and room hire charges	16
ECS	Libraries and Community Hubs - 10% increase in charges for fines, other charges, and room hires	18
FIN	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	4
FIN	Adult Social Care Payments and Charging Team - 10% increase in fees charged	2
FIN	10% increase in Council Tax Collection (Court costs/Housing Benefit overpayments)	209
ES	Increase in Fees and Charges to other organisations (Health, LAs, schools etc.) in line with inflation	10
ES	Legal Services - 10% increase in fees charged for services provided	21
ES	Registrars Service - 10% increase in fees for various services provided, e.g. weddings, birth/deaths, etc. (where not statutory controlled)	26
RC	10% increase in all long and short stay parking charges (both on and off street), including permits & season tickets (for example £2 long stay at Zetland Car Park increased to £2.30, and most popular short stay 2 hours increase from £1.30 to £1.50)	150
RC	Valuation Services - 10% increase in fees for services provided	19
RC	10% increase in Culture fees and charges (including Town Hall, Theatre, Newham Grange Leisure Farm, Parks, Museums)	148
RC	Concessionary Fares - 10% increase in charge for passes	1
RC	Highways Service Management - 10% increase in various charges	9
RC	BOHO - 10% increase in charges to tenants for landlord charges	1
<b>TOTAL</b>		<b>1,111</b>

## Appendix 2: Budget savings proposals considered to potentially affect front line service delivery levels

These proposals will form part of the 2023/24 revenue budget, and have been subject to the impact assessment process and consultation either prior to consideration by Full Council as part of the 2023/24 revenue budget, or during 2023/24 for implementation in that year.

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
CC06	<b>Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour</b> <i>Impact: This would reverse a previous decision of Council to allocate additional funding support to Youth Services</i>	150	0	150
CC10	<b>Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum</b> <i>Impact: The capacity of the service will be reduced and therefore this may adversely affect the length of time it takes to provide support to young people who are not in Education, Employment or Training</i>	54	0	54
CEN01	<b>Do not implement Council decision to pilot Locality Officer in Hemlington</b> <i>Impact: This proposal will reduce the impact of the opening of the locality Hub at Hemlington and will lead to reduced levels of focused locality work in the Hemlington area with members of the public, businesses and partner organisations</i>	40	0	40
ECS03	<b>School Catering increase in primary school meal prices from £2.15 to £2.40 and secondary school meal prices from £2.25 to £2.50 in line with inflation</b> <i>Impact: The proposal could see children shift away from school meals to packed lunches</i>	181	0	181
ECS05	<b>Increase rent charges by 10% at Metz Bridge Travellers Site in line with inflation</b> <i>Impact: This will result in a increase of around £9.50 per week in rent</i>	10	0	10
ECS06	<b>Street Lighting; approx.1 in 2 lights turned off between midnight and 6am, in less used spaces and intermittently in other appropriate spaces where safe to do so (will not affect road junctions and major roads)</b> <i>Impact: This will see darker streets and spaces between midnight and 6 am. The locations of those lights turned off will be kept under review to manage any safety concerns</i>	74	74	148
ECS07	<b>Do not implement Council decision to provide Pest Control Services</b> <i>Impact: If this proposal is agreed it will mean that the Council does not offer a subsidised domestic pest control service. People will still be able to obtain private pest control services. The Council will still undertake pest control on its land</i>	90	0	90
ECS08	<b>Do not implement Council decision to provide additional Tree Maintenance service</b> <i>Impact: This proposal will see the present tree maintenance policy maintained and the council will keep its present tree maintenance regime and react to dead, dying, diseased, or dangerous trees</i>	150	0	150

Ref:	Budget savings proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)
ECS12	<b>Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding</b> <i>Impact: This proposal will see a reduction in neighbourhood wardens in estates and other residential areas. Environment Wardens will still be maintained to deal with fly tipping and other environmental crime. The Town Centre and areas of the town that have a Public Space Protection Order in place will still have a warden presence</i>	583	417	1,000
ECS14	<b>Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs</b> <i>Impact : Libraries and hubs will be closed to the public an additional day each week on average in line with demand. Those groups who hire the facilities will still be able to do so on those days through the introduction of key holding where required. Some libraries will move to self service in respect to loaning books</i>	208	63	270
ECS15	<b>Scale back approved additional capital investment of £15m in Highways Repairs and Maintenance to £7.5m producing capital financing cost savings</b> <i>Impact: There will continue to be a repairs programme, however it will be reduced by half. In real terms this will reduce capacity to maintain roads by approximately two thirds as a result of the increased cost of materials</i>	162	0	162
RC02	<b>Captain Cook Car Park introduction of £1 charge as replacement of 3 hours free parking at Captain Cook, after fall-off of Tees Valley Combined Authority (TVCA) grant</b> <i>Impact: Shoppers staying for up to three hours would be able to park for £1 rather than for free under the current offer</i>	200	0	200
RC05	<b>Events team to reduce by 1-2 posts, and external funding to be sought to deliver events</b> <i>Impact: Reduction in capacity and funding to deliver Events</i>	120	28	148
RC06	<b>New model for parks management</b> <i>Impact: The number of parks staff would be reduced by removing current vacancies, leading to the presence in parks being provided on a 'touring' basis rather than for fixed hours each day</i>	44	0	44
RC07	<b>Move to digital only production of Love Middlesbrough magazine</b> <i>Impact: Love Middlesbrough magazine would only be available online and by email</i>	7	0	7
<b>TOTAL</b>		<b>2,073</b>	<b>581</b>	<b>2,654</b>



	2022/23		2023/24	
	£'Million	£'Million	£'Million	£'Million
<b>Net Service Expenditure</b>				
Regeneration & Culture	3.474		(1.987)	
Environment & Community Services	19.358		20.228	
Public Health	(2.827)		(3.280)	
Education & Partnerships	0.989		5.494	
Children's Care	38.298		54.649	
Adult Social Care	43.281		49.808	
Legal & Governance Services	9.604		10.245	
Finance	0.200	112.377	4.429	139.586
<b>Levies</b>				
Environment Agency	0.117		0.124	
River Tees Port Health Authority	0.018	0.135	0.000	0.124
<b>Central Provisions &amp; Budgets</b>				
Covid-19 Grant Income Held Centrally	(0.864)		(0.864)	
Provisions for Pay & Prices and Contingencies	14.480		5.862	
Social Care Grant Income Held Centrally*	(8.543)		(13.189)	
Local Tier Services Grant Held Centrally	(0.300)		0.000	
Services Grant**	(3.172)		(1.861)	
Flexible Use of Capital Receipts	0.000		(3.000)	
Change Fund	0.230		0.730	
Net Capital Financing Costs	10.466		9.276	
Added Years Pensions	1.266		1.216	
Apprentice Levy	0.274		0.274	
Section 31 NNDR Grant	(8.958)		(11.882)	
Designated Authority Costs	0.040		0.040	
Custodian Properties	0.008	4.927	0.008	(13.390)
<b>Net Spending</b>		117.439		126.320
Contribution (from) / to General Fund Reserve		0.858		0.000
<b>Net Revenue Budget</b>		118.297		126.320
<b>Parish Precepts</b>				
Nunthorpe		0.020		0.022
Stainton & Thornton		0.012		0.012
<b>Net Revenue Budget (inc. Precepts)</b>		118.329		126.354
<b>Funded by:</b>				
Revenue Support Grant		12.598		14.182
Top up Payment		27.299		29.347
Retained Business Rates		15.468		16.356
Council Tax		63.783		67.309
Collection Fund Balance		(0.819)		(0.840)
		118.329		126.354

Notes:

\* Social Care Grant Income Held Centrally excludes Independent Living Grant of £1.828m rolled into Social Care Grant from 23/24 as this is passported directly to Adult Social Care. Also excludes new grant allocations for Adult Social Care Discharge Fund (£1.212m) & Market Sustainability & Improvement Fund (£1.775m) which are allocated directly to Adult Social Care

\*\* Services Grant was shown against Provision for Pay & Prices & Contingencies for 22/23 Budget Report/Appendix 1 - restated on separate line for like for like comparison to 23/24

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<b>Subject of assessment:</b>	Middlesbrough Council Budget 2023/24			
<b>Coverage:</b>	Crosscutting			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b>Key aims, objectives and activities</b></p> <p>By law the Council has to agree a balanced budget annually. The purpose of this Impact Assessment is to assess the cumulative impact of the 2023/24 budget proposals. The Public Sector Equality Duty (PSED) places a statutory duty on the Council to ensure that it identifies where decisions would impact disproportionately adversely on groups that share a protected characteristic under UK law and then consider those proposals in line with the PSED. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To ensure compliance with the PSED the Council has identified what the impact of proposals will be. Where there is a risk that they will have a disproportionate adverse impact, consideration has been given to steps needed to avoid or mitigate that impact. Mitigation will include steps to take account of the different needs of groups and may result in adjustments to meet their needs. Where decisions cannot be fully mitigated or avoided, they must be justified if they are still brought forward, in order to comply with the PSED. This overall IA considers the overall budget process, in particular:</p> <ul style="list-style-type: none"> <li>Appendix 2: - Savings proposals considered to potentially affect front line service delivery levels. These initiatives will form part of the 2023/2024 revenue budget and were subject to the impact assessment process and consultation prior to consideration by Full Council as part of the 2023/2024 revenue budget setting process.</li> </ul>			

The following proposals were removed from Appendix 2, either because they have been removed, or the way they will be achieved has been amended and so will not therefore impact on the public. Where amended, proposals were moved to Appendix 1. The impact of this is:

- Redesign of Gleneagles (CC02), proposal removed
- Cease providing Family Group Conferencing and incorporate workloads into social work teams (CC03), proposal removed
- End Safe Families contract (CC04), moved to Appendix 1
- Reduction in Council Commissioned Youth Service Contracts by £100,000 (CC05), proposal removed.
- Cease the Young Carers contract (CC09), moved to Appendix 1
- Reduce direct provision of and financial support to families to provide non-residential short breaks for children and young people with disabilities (CC 12), proposal removed
- Closure of future operations of existing local authority nursery, based on appropriate levels of risk assessments (EP 03), moved to Appendix 1
- Cessation of the Welfare Rights Solution from the 1<sup>st</sup> April 2023 as part of the Budget proposal savings (FIN 06), moved to Appendix 1.

A general consultation email address was launched along with a consultation section on the Council's website, promotional posters and social media promotion. This resulted in receipt of a small number of queries about the process, 2 sets of questions in relation to the youth Services provision, and a comment about the standard let's talk survey questions. There were 573 responses through the online consultation survey. One Trade Union has submitted a letter and a petition with over 350 signatures was received in relation to the Youth Services proposal. Social media promotion of the consultation is estimated to have reached up to 19,000 people on Facebook and 10 posts on twitter were viewed between 700 and 1,200 times.

**Statutory drivers (set out exact reference)**

A number of statutory duties, guidance, legislation and regulations are relevant to this proposal which will be considered, these include but are not limited to:

- Budget setting - Local Government Act 1972
- Individual proposals – various as set out in individual Impact Assessments
- Impact Assessment process – Equality Act 2010.

	<p><b>Differences from any previous approach</b> The budget sets out a range of changes to services and functions as a result of financial pressures on the Council. These are outlined in the main body of the report.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external)</b> All residents of Middlesbrough and customers of MBC. Some proposals are more relevant to certain groups than others and this is set out within the individual assessments, which are also appended and the excel table. Some proposals also impact on staff.</p> <p><b>Intended outcomes</b> To present a budget to Council that has given full consideration to the impact of proposals and gives proper consideration to the Council's equality duties.</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	April 2023 – March 2024
<b>Date of next review:</b>	March 2024

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals impact on human rights. None of the assessments have identified that there could be an adverse impact on human rights as a result of a proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Feedback on the impact assessments completed for the Budget Consultation identified a number of proposals as being potentially relevant to age and disability protected characteristics.</p> <p>The Impact Assessments (stage one and two) attached to the report identified that there could be a disproportionate adverse impact on individuals or groups because of age and disability following completion of stage 2 impact assessments:</p> <ul style="list-style-type: none"> <li>• Enhanced Youth Services (CC06)</li> <li>• NEET (CC10)</li> <li>• Hubs and Libraries (ECS14).</li> </ul> <p>Detail set out below:</p> <p>Not implementing the additional funding will impact on Young People of Middlesbrough however this will be mitigated by the removal of other planned budget cuts to Youth provision which will enable the service to continue to deliver Universal Youth Work and Transitions Youth Work. This includes a range of open access Youth Clubs sessions across different wards of Middlesbrough and social action projects which are delivered by the Youth Service Providers.</p> <p>The impact of the reduction in capacity in the NEET team will result in an increase in time taken for young people to be able to access timely support from suitably qualified NEET Support workers when they are at NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market for longer until services can be accessed. This impact can be mitigated by focus of the team on</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>statutory functions of the Local Authority, which are outlined by the Department for Education. The proposal will ensure statutory levels of service provision continue to be provided, however there will be reduced capacity in the team to deliver over and above this.</p> <p>In relation to Hubs and Libraries (ECS14), the proposal is to reduce the opening hours proportionately across the service to maintain a presence but with reduced number of open days (implementation plan set out in the individual impact assessment). The level 1 IA identified that the plan to reduce the days on which the My Place centre was open was relevant to the age and disability protected characteristics because of the nature of the services provided there.</p> <p>Services on the day that it will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics. Most children and young people using the centre are already travelling to access the venue already and therefore if the location is moved, it will be to another location that is accessible by vehicles and that the facilities in the building are suitable for the needs of the children and young people, or the service delivery would be moved to another day on the same site. In line with the PSED the Council has considered whether these impacts could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impacts could be mitigated. It is the Council's assessment that the impact of these proposals is mitigated. Evidence used to inform this assessment includes the individual impact assessments and the consultation process.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The individual impact assessment for this proposal raised concerns around the race protected characteristic for proposal Metz Bridge (ECS0)5. This was because the provision is targeted provision for individuals and families who identify as Gypsies and Travellers. In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is partially mitigated by fact that the rent has not been raised in line with inflation in some time, however it must be acknowledged that the rental charge is higher than neighbouring authorities for similar service provision.</p> <p>Analysis from the responses from the 573 people and organisational representatives along with the one petition and one trade union response, it was identified that while there was overall support for the proposal. When that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community. 7% overall were against the proposal, compared to 21% of those who identified as BAME of those who answered the question, although this equates to a very small number (equates to 6 people). There was also concern from a small number of individuals that the proposal could result in discrimination. Having considered proposal there are no concerns that this is the case. However, it must be acknowledged that because of the nature of the service, the make-up of the users, the proposal will only impact on those from the gypsy and traveller community. In line with the PSED, the proposal is considered to be justified because of the need to achieve a balanced budget and the length of time since the costs were last increased.</p>
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council carried out impact assessments of all proposals within Appendix 2, the outcome of this was that there were no concerns that any of the proposals could result in a disproportionate adverse impact on individuals or groups holding these protected characteristics.</p>
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The impact assessments for proposals Enhanced Youth Services (CC06), Neighbourhood Safety (ECS12) and Hubs and Libraries (ECS14) found that the proposals will have a negative impact on community cohesion.

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\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The concerns are Community Cohesion could be impacted by not providing enhanced Youth Services (CC06) in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour. The impact of this proposal will be mitigated by the removal of the proposal to reduce the core Youth Services funding provision which will enable the service to continue to provide services and also work with existing provision to target anti-social behaviour issues, albeit without the enhanced budget.</p> <p>Feedback from the impact assessment for the Hubs and Libraries proposal (ECS14) raised concerns around a possible negative impact as the spaces provide community facilities for people in local communities to meet. The Hubs and Libraries proposal would be mitigated by maintaining a presence in communities by the approach that has been taken to reduce opening days across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>Neighbourhood safety (ECS12) proposal identified that statutory functions would be maintained, and the impact of the proposal would be partially mitigated by the use of external funding to maintain a presence in the town centre area. However, overall there will be reduced provision which could impact on community cohesion.</p> <p>While the Youth Services and Hub and Libraries services proposals are mitigated, it is not possible to fully mitigate the Neighbourhood Safety proposal. It is considered that the impact of this proposal on community cohesion is justified because of the need to achieve a balanced budget and ensure statutory service provision is maintained.</p> <p>Evidence used to inform the assessment includes analysis of the budget survey, individual engagement with current providers and users where applicable and social media engagement.</p>

Further actions		Lead	Deadline
Mitigating actions	Set out in individual impact assessments	Individual IA leads	Various

<b>Promotion</b>	Promotion of changes where there is an impact on service delivery will be undertaken	Individual IA leads	Various
<b>Monitoring and evaluation</b>	Overall monitoring of the impact will be embedded within performance management arrangements for 2023/24	A Johnstone	May 2020

<b>Assessment completed by:</b>	Shagufta Hussain	<b>Head of Service:</b>	Ann-Marie Johnstone
<b>Date:</b>	30 January 2023	<b>Date:</b>	6 February 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<b>Review</b>
	<b>Organisational change</b>	<input type="checkbox"/> <b>X Other Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

<p><b>Description:</b></p>	<p><b><u>Key aims, objectives and activities</u></b>  On 14<sup>th</sup> February 2022 the Council Executive approved additional budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These additional Youth Services to run concurrently with the existing Youth Service contracts, to ensure there is a comprehensive youth offer in Middlesbrough. The Budget Savings proposal is not to implement the Council decision to extend Youth Services in areas of high anti-social behaviour</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>Councils have a statutory duty to “secure, so far as is reasonably practicable, sufficient provision of educational and recreational leisure-time activities for young people” and to make sure young people have a say in the local offer. This is often referred to as the ‘youth services duty’ (Section 507B, Education Act 1996). The decision of the Executive to provide a Youth Service Model via commissioned contracts was made in July 2020 and this relates to the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996). On 14th February 2022, the Council Executive approved additional budget of £150,000 for the provision of Enhanced Youth Services in areas of high anti-social behaviour.</p> <p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to not to allocate budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These services have not yet been put in place, pending the outcome of the consultation regarding budget proposals.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are children and young people who would have accessed the youth sessions and detached youth work, which was planned for delivery in areas of Middlesbrough where there is identified high levels of young people related, anti-social behaviour. Key Stakeholders also include the Youth Providers who could have delivered this provision and the residents and businesses within the communities where the Targeted Youth work was to be delivered (Central, Berwick Hills and Pallister Park and Hemlington) which includes detached and outreach delivery of youth services and is focused specifically on those areas where there are concerns about exploitation of young people or there is identified anti-social behaviour which has been identified by the Neighbourhood Police or the Community Safety Teams. The additional Youth Service provision was planned to include intensive support to individual young people identified as at risk of or involved in antisocial behaviour and to the whole family including parents and siblings, predominantly pre court/ conviction.</p> <p>Young People of Middlesbrough will have a reduced Youth Service offer, there will be a reduction including 1-1 Youth Work interventions, small group work and detached sessions across several locations and wards.</p> <p><b><u>Intended outcomes</u></b></p> <p>Not to implement the Councils decision to provide Enhanced Youth Services to make savings of £150,000.</p>
<p><b>Live date:</b></p>	<p>April 2023 onwards</p>
<p><b>Lifespan:</b></p>	<p>This is a permanent budget saving which will commence from 1<sup>st</sup> April 2023 and the Enhanced Youth Services will not be provided.</p>
<p><b>Date of next review:</b></p>	<p>Not applicable</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The budget savings proposal will not impact on the duties performed by the service and will not impact on individual Human Rights as defined in the UK legislation.  Evidence used to assess this impact includes the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996) and feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

**Equality**

Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?\*



The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The decision not to provide additional Youth Services to make budget savings of £150,000 is relevant to the protected characteristics of 'age' which is protected by the equality duty and also those young people who are accessing Youth Services and have a disability, which is a protected characteristic. Under the proposal existing services will continue.

Enhanced Youth Services is available to Young People aged 11 to 18 years. On this basis a Level 2 Impact Assessment is required as there will be a direct adverse impact on the Young People who are currently accessing these services and support if it ceases. The Council must therefore carry out a Level 2 Impact Assessment to determine if the impact of this budget saving proposal can be mitigated and if it cannot be mitigated, whether it can be justified.

Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified concerns that the proposals could impact disproportionately on children, and is therefore

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				relevant to the age protected characteristic. Within the survey process around 20% of respondents agreed with the proposal, compared to 49% who opposed it.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	There are concerns that Community cohesion could be impacted by not providing enhanced Youth Services in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour, which has been identified by the Neighbourhood Police and the Community Safety Teams. Without the provision of additional and enhanced Youth Services and positive activities for Young People, there could be an adverse impact on young people in terms of risk of exploitation, offending and harm outside of the home.  Feedback from the budget consultation also included concern from residents about the impact the proposal could have on community safety.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	<i>G. Earl</i>
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023



Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Events team to reduce by 1-2 posts reducing capacity and funding to delivery Council run events such as Orange Pip Market.			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the budget for events delivery to create a saving of £148,000.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> The budget for events in Middlesbrough is currently £148,000 which funds two members of staff and a number of events including Orange Pip and Christmas. It also allows a number of smaller, non-council events to be supported. The saving would result in reduction in internal capacity to deliver events, although this would be partially mitigated by securing external funding on a case by case basis. As a result, all Council run events would reduce, and there would be reduced capacity for the Council to support other events on Council land. External funding would be sought to provide some capacity if possible, and a sum has already been identified from an alternative external source to enable a reduced number of Orange Pip events to take place in 2023/24 if the staffing resource to manage them can be identified internally.</p> <p>The number of Council-run events would reduce. External funding would be sought to replace Council funding</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> All potential event attendees and partner organisations who rely on the Council for support to host events.</p> <p><b><u>Intended outcomes</u></b> To save £148,000.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023			
<b>Lifespan:</b>	Permanently from April 1 <sup>st</sup> 2023			
<b>Date of next review:</b>	None Planned			
<b>Screening questions</b>	<b>Response</b>			<b>Evidence</b>
	<b>No</b>	<b>Yes</b>	<b>Uncertain</b>	

**Human Rights**

Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?\*



The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this

Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.

**Equality**

Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?\*



The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Although some events supported by the team are specific to particular identities, the Council has no formal obligations to provide or support these events. The decision would not necessarily see those events cease but would mean their production is no longer supported financially by the Council. The Council will continue to ensure an inclusive approach to future event planning.

Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 50% of respondents agreed with the proposal, compared to 29% who opposed it.

<p><b>Community cohesion</b>          Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Although some events supported by the team are to promote community cohesion or are specific to particular identities, the Council has no formal obligations to provide or support these events. The decision would not necessarily see those events cease but would mean their production is no longer supported financially by the Council.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion</p>
<p>There is no requirement for a full assessment at this stage</p>				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Scale Back Approved Highways Capital Investment			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To save £162k which is based on the authority reducing its original Capital ask of £15m to £7.5m in turn reducing the cost of capital financing costs to the authority. This will be achieved through scaling back the original request for additional capital investment in Highways Infrastructure repairs and maintenance to produce the identified capital financing cost savings.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Statutory drivers - The Council has a duty to maintain the highway under S.41 Highways Act 1980.</li> <li>• <b>Differences from any previous approach</b> No differences from previous approach but a reduction in capital spend from £15m to £7.5m.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are all highway services, Residents, Members, all highway users and the Council.</li> <li>• <b>Intended outcomes.</b> Scaling back previously approved highways capital investment thus enabling a reduction of £162k in capital financing costs.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2023.			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2023 onwards.			
<b>Date of next review:</b>	N/A			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	There are no concerns that the proposals could impact adversely on human rights. Evidence used to inform this assessment includes analysis of current service provision.  Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could impact differently on these individuals because they hold this protected characteristic. Evidence used to inform this assessment includes analysis of current service provision.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 13% of respondents agreed with the proposal, compared to 62% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	☒	☐	☐	<p>Not applicable. There are no concerns that the proposal could have an impact on community cohesion.</p> <p>There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the proposals on community cohesion.</p> <p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns that the proposal could impact negatively on this section.</p>
<p><b>Next steps:</b></p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Chris Bates	<b>Head of Service:</b>	Chris Bates
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023



**Template for Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to reduce opening hours of hubs and libraries in order to reduce staffing costs. This will mean that the community will not have access to these facilities as often as they currently do however this approach will prevent the need to close any of the venues entirely.                  It is proposed that alternatives are explored for keeping the buildings open working with the community and organisations that use the buildings for community activity.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  Public Libraries and Museums Act 1964 - Statutory duty to provide a comprehensive and efficient library service</p> <p><b><u>Differences from any previous approach</u></b>                  Each venue will close for one extra day to avoid the need to close any of them entirely. The venues within scope open for a variety of times already, the individual impact will therefore be:</p> <ul style="list-style-type: none"> <li>- Central – current opening = 6 days – revised opening = 5 days</li> <li>- Acklam – current = 4.5 days – revised opening = 4 days</li> <li>- Thorntree – current opening = 5 days – revised opening = 4 days</li> <li>- Marton – current opening = 3.5 days – revised opening = 3 days</li> <li>- Newport – current opening = 5 days – revised opening = 4 days</li> <li>- North Ormesby– current opening = 5.5 days – revised opening = 4.5</li> <li>- Easterside – current opening = 5 days revised opening = 4 days</li> <li>- Grove Hill – current opening = 5 days – revised opening = 4 days</li> <li>- Hemlington – current opening = 3.5 days revised opening = 3 days</li> <li>- MyPlace – current opening = 5 days revised opening = 4 days</li> <li>- Rainbow – current opening = 4.5 days revised opening as self-serve only = 4.5</li> <li>- Neptune – current opening = 4 days revised opening as self-serve only = 4</li> <li>- Mobile Provision – currently operating 5 days revised opening = 4 days</li> </ul> <p>2 venues, Neptune and Rainbow Centre libraries will become library self-serve only.</p>			

	<p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>  All Elected Members who represent their constituents. Residents of Middlesbrough, multiple external partners that use the buildings, community and voluntary groups</p> <p><b><u>Intended outcomes.</u></b>  To achieve a balanced budget</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	NA
<b>Date of next review:</b>	NA

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Whilst the service will be reduced, there will still be a service. It is not anticipated that the proposal will impact on human rights.  Evidence used to inform this assessment includes feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>All venues will remain open however there will be reduced access to them due to reduced opening hours.</p> <p><b>Staff impact</b>          To deliver the saving a service review will be undertaken to reduce the volume of staffing on the sites in line with the reduced opening hours. There are 58 staff in scope and a separate service review will be undertaken to implement the decision to ensure the proposal is implemented fairly, should this proposal be approved by Council. This will be subject to a further impact assessment.</p> <p><b>Public impact</b>          Analysis of the proposal has identified that it is relevant to the age and disability protected characteristics because of the My Place facility which is in scope. My place delivers services to children and young people, most of whom are also accessing the services because they have a disability as defined by the Equality Act.</p> <p>The impact will be reduced access to services that are available from within the hubs and accessing the activities that are delivered from these sites. The impact will be mitigated by moving activities to dates that the service is open where is possible, moving sites, delivering</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>services in an alternative way where the building is not open to the public and looking at alternative delivery models for services delivered from the building.</p> <p>In relation to My Place the proposal is to reduce the opening hours to 4 days from 5. Services on the day that will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics.</p>
				<p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 42% of respondents agreed with the proposal, compared to 32% who opposed it.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The proposal is relevant to this theme as it provides community facilities for people in local communities to meet in public spaces. This will be mitigated by maintaining a presence in communities by the approach that has been taken to reduce across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were concerns expressed by some as to the impact of this proposal on their ability to access local services and resources. This impact has been mitigated as part of the proposal development by ensuring assets remain in place, although access is reduced by the reduction in opening hours, rather than closing some sites completely.</p>
<p><b>Next steps:</b></p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

**Template for Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to pilot Locality Officer in Hemlington			
<b>Coverage:</b>	Hemlington Ward			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to remove the vacant locality working officer post. This post would have acted as a coordinator of activity overseeing action plans and partnership working in Hemlington. The locality hub will still remain in operation.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> This is not a statutory service.</p> <p><b><u>Differences from any previous approach</u></b>                  This post was never implemented in Hemlington and the activity is being undertaken by existing resources.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                  Hemlington Elected Members who represent their constituents. Residents of Middlesbrough, Police, fire, TEWV, YOS that use the buildings, community and voluntary groups.</p> <p><b><u>Intended outcomes.</u></b>                  To achieve a balanced budget</p>			
<b>Live date:</b>	April 2023			
<b>Lifespan:</b>	NA			
<b>Date of next review:</b>	NA			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	☒	☐	☐	This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition, one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 32% of respondents agreed with the proposal, compared to 29% who opposed it.</p>



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	This post was never implemented in Hemlington and the activity is being undertaken by existing resources. It will therefore not impact on this  Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns about community cohesion although there were concerns about anti-social behaviour.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

### Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Move to digital only production of Love Middlesbrough magazine			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the cost of the Love Middlesbrough magazine while still maintaining communications with residents.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> The current approach is provision of a digital and a home delivered copy. Under the proposal delivery will move to a digital only model.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> All households of Middlesbrough and others who read the magazine online.</p> <p><b><u>Intended outcomes.</u></b> To reduce the cost of this magazine.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023			
<b>Lifespan:</b>	Permanently from April 1 <sup>st</sup> 2023			
<b>Date of next review:</b>	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The magazine does not impact upon the human rights of individuals and therefore the saving would not adversely affect this.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The proposal is relevant to the disability and age protected characteristics. Although the magazine can be used to highlight the issues experienced by specific groups or individuals, it will still be produced and available electronically. We are not aware of the physical magazine being utilised to support people with specific characteristics (e.g. disabilities) but would seek to mitigate this if identified. Digital provision would meet accessibility standards to support those who use support tools to access information and services online. It is possible that the decision would reinforce digital exclusion, particularly among the elderly but the provision of computers in libraries and other premises mitigate this to a degree. As access to the internet through mobile devices in Middlesbrough is high, and other forums / routes are generally used to promote the information contained within Love Middlesbrough, access should still be achievable for most people.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations, feedback from the consultation process information on smart phone coverage in the town. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics, although some concerns were expressed about perceived digital access, however studies have shown that there is widespread digital access in the town, and the Council has also provided additional support programmes to those elderly individuals where they identify digital access support needs. Within the survey process around 76% of respondents agreed with the proposal, compared to 10% who opposed it.
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The service does not have any impact on the particular communities, so proposed savings do not affect any community in particular. Provision of digital copy in an accessible format will ensure those who need to use translation tools are able to still access the information.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could impact on this area.
<b>Assessment completed by:</b>	Richard Horniman			<b>Head of Service:</b>
<b>Date:</b>	26/1/2023			<b>Date:</b>
				N/A
				26/1/2023

Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Metz Bridge Traveller Site 10% Inflation increase for 2023-24			
<b>Coverage:</b>	Service-specific.			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> Apply a 10% increase to current rental charges to tenants of Metz Bridge Traveller Site.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> The Council does not have a statutory duty to provide a site for the Travelling Community to use as a temporary facility. Under the terms of the tenancy agreement (Pitch Agreement Under the Mobile Homes Act 1983). All pitched at the site are permanent which provide tenants with additional protect including a requirement to provide notice on increases to rent &amp; Service Charges. Further guidance - <a href="#">Shelter Legal England - Gypsies and travellers protection from eviction - Shelter England</a></p> <p><b><u>Differences from any previous approach</u></b> This will be the first rental increase in at least 4 years and the approach will allow for the existing rental charge to be increased to reflect the associated costs with running the service and work out as a 2.5 average increase on the four years no increase has been applied. Future increases will be undertaken through the agreed annual review of rental charges and an increase in line with inflation as per the PAUMH Act 1983.</p> <p><b><u>Key stakeholders and Intended beneficiaries'</u></b> Key stakeholders are Tenants on Metz Bridge Site, the wider Traveller Community should they wish to apply for plot and Middlesbrough Council The intended beneficiary will be Middlesbrough Council who will receive rental income and utilities income which is in line with inflation.</p> <p><b><u>Intended outcomes</u></b> The intended outcome is for rental and utilities income to be in increased by 10%.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> , 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b>            Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	☒	☐	☐	<p>The proposed increase in rental charge will not impact on individual Human Rights as defined in the UK legislation. Tenants are protected by the 'Pitch Agreement Under the Mobile Homes Act 1983'. There is no evidence to indicate that the residents or the wider community have any concerns about the impact of the proposals on community cohesion. However, the requirements under the Tenancy agreement requires 28 days consultation on the annual proposal to increase rent charges and if there are any community cohesion concerns identified within that process, this will be considered within a stage 2 impact assessment. Evidence used to inform the assessment includes feedback from the budget consultation process which found no concerns in relation to human rights.</p>

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>Because of the nature of the provision, the proposal has been identified as being particularly relevant to the race protected characteristic.</p> <p><b>Service users</b> – There are currently 44 residents living on the site, this is made up from single occupiers to family units. At this stage the anticipated impact on this group is that identified needs can continue to be fully met, through the conditions of the Pitch Agreement Under the Mobile Homes Act 1983'. The decision to increase the rent in line with inflation this year comes after a number of years without an inflationary increase, therefore there are no concerns that this proposal could be unfair on this group, however because the service is provided for this one group, by its very nature it will result in an adverse impact on that group, not experienced by another group with a protected characteristic. As a result a stage two impact assessment will be completed to assess whether that impact can be avoided. If it cannot, can it be mitigated and ultimately can it be justified if those steps are not possible.</p> <p><b>Staff</b> – No effect on Staff</p>



Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified that while there was overall support for the proposal. when that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community, however it should be noted that there can be limited judgement drawn from this. The 21% opposed relates to 6 people.</p> <ul style="list-style-type: none"> <li>- Overall, around 75% were in favour</li> <li>- Overall, 7% were against</li> <li>- 21% of BAME respondents were against the proposal</li> <li>- 69% of BAME respondents were in favour.</li> </ul> <p>There was also concern from a small number of individuals that the proposal could result in discrimination. As a result of the above, a level 2 impact assessment will be completed.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The decision to increase the rent under the terms of the agreement at Metz Bridge traveller site does not impact negatively on relationships between different groups as it only impacts residents of Metz Bridge who have a tenancy agreement with Middlesbrough Council. Evidence used to perform the completion of this assessment to understand the impact of this proposal includes references from the Shelter Web site and copy of the Middlesbrough Council Pitch agreement. Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns expressed in relation to community cohesion as a result of the proposal.</p>
<p><b>Next steps:</b></p> <p>➡ If the answer to all of the above screening questions is No then the process is completed.</p> <p>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Victoria Sturdy	<b>Head of Service:</b>	David Jamison
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>

Description:	<p><b><u>Key aims, objectives and activities</u></b></p> <p>The NEET Team fulfils a range of statutory duties which are set out in the Department for Education Statutory Guidance in delivery of education and training provision for young people (16- and 17-year-olds). The legislation that this guidance relates to is sections 18 and 68(4) of the Education and Skills Act 2008 (ESA 2008) in relation to sections 10, 12 and 68 of that Act. This guidance is for all local authorities in England. It sets out guidance to LA staff responsible for promoting participation of young people and tracking and supporting young people's activity. Tracking young people's participation is a key element of these duties. Local authorities are required to collect information about young people so that those who are not participating, or are NEET, can be identified and given support to re-engage. Robust tracking also provides the local authority with information that will help to ensure that suitable education and training provision is available and that resources can be targeted effectively. In addition, ESA 2008 places two duties on local authorities with regard to 16- and 17-year-olds: Local authorities must promote the effective participation in education and training of 16 and 17 year olds in their area with a view to ensuring that those persons fulfil the duty to participate in education or training. A key element of this is identifying the young people in their area who are covered by the duty to participate and encouraging them to find a suitable education or training place. Local authorities must make arrangements – i.e. maintain a tracking system - to identify 16 and 17 year olds who are not participating in education or training, putting in place robust arrangements to identify young people who are not engaged in education or training or who have left provision.</p> <p>The Department for Education monitors the performance of all LAs in delivering these duties, specifically in tracking and supporting 16- and 17-year-olds using data submitted to the National Client Caseload Information System (NCCIS) on a monthly basis. MBC is also required to collect information about young people, so that those who are not participating or are NEET can be identified and given support to re-engage. Middlesbrough performance is tracked by the Department for Education against statistical neighbours, north east and national averages. The budget savings proposal is that the Council continues to deliver its statutory duties in relation to NEET with a reduced staff team and a reduced cost envelop.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>The NEET Team fulfil a range of statutory duties which are set out in the Department for Education Statutory Guidance <u>Participation of young people: education, employment and training - GOV.UK (www.gov.uk)</u>. This statutory guidance is for local authority staff involved in the commissioning and delivery of education and training provision for young people (16- and 17-year-olds), LA staff responsible for promoting participation of young people, and tracking and supporting young people's activity.</p> <p>LAs must follow this guidance when carrying out duties relating to raising the participation age and promoting participation of vulnerable young people not in education, employment or training (NEET). Statutory guidance sets out what local authorities must do to comply with the law and states that LAs should follow the guidance unless there is a very good reason not to.</p> <p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to reduce the capacity of the NEET team to make savings of £54k. This will result in the loss of 2 x SNEET Support Worker posts. These posts are responsible for the tracking and follow up participation duties set out in the statutory guidance and will reduce the teams NEET Support Workers from 3 posts to 1 post.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are the young people aged 16 and 17 years old, who access support from the NEET Team for support with education, employment opportunities. Other beneficiaries include parents and carers of these young people and external stakeholders. These include - the Department for Education and external training providers, colleges and employers who offer opportunities to young people and recruit young people.</p>
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	<b><u>Intended outcomes.</u></b> Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team.
<b>Live date:</b>	1st April 2023.
<b>Lifespan:</b>	This will be a permanent reduction in the NEET Team
<b>Date of next review:</b>	To be reviewed on 30 <sup>th</sup> April to ensure that required savings have been met.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The budget savings proposal will not impact on individual Human Rights as defined in the UK legislation.  Evidence used to assess this impact includes the Statutory Guidance from the Department for Education and feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

<p><b>Equality</b>          Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The decision to reduce the NEET Team to make budget savings of £54,000 could result in an adverse impact on those who have protected characteristics of 'age' which is protected by the equality duty.</p> <p>If Young People do not access timely support from suitably qualified NEET Support Workers when they are NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market. This could also impact on their future career progression and life chances. As a result of this potential adverse impact on young people, the Council will be required to complete a Level 2 Equality Impact Assessment to mitigate the potential adverse impact of the budget savings proposal.</p>
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Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>The team work with Young People aged 16 and 17 years who are vulnerable due to NEET and the Act includes specific protections against age discrimination in the provision of services.</p> <p>Evidence used to assess this impact includes the NCCIS NEET Data and the Participation of young people in education, employment or training Statutory Guidance for local authorities.</p>
				<p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition, one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified concerns at the impact of the proposal on young people. A small number of individuals expressed concern at the impact on mental health of young people which would be relevant to the disability protected characteristic. Within the survey process around 31% of respondents agreed with the proposal, compared to 31% who opposed it. Analysis of the responses by age show that those who are young (0 -34) are much more likely to oppose this proposal than those who are older. When analysed disability, those with a disability were much more likely to oppose the proposal than those who said they had no disability although it must be noted that numbers of those with a disability responding are relatively small which may skew the data.</p> <p>Given the above, a stage 2 impact assessment will be undertaken to assess the differential impact of this age targeted service and consider whether it can be avoided, if not avoided if it can be mitigated and if not mitigated whether it could be justified.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns that the proposal could impact negatively on community cohesion. Under the proposal young people would still be in receipt of statutory services to ensure they are in education, training or employment.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	<i>G. Earl</i>
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/2/2023



Template for Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to significantly reduce staffing in Community Safety Neighbourhood Safety Wardens team would be reduced significantly with only priority areas receiving a service Wider community safety team staffing would also be reduced i.e. NSOs.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  The team deliver a number of statutory functions. The team contribute towards compliance with a range of acts including Environmental Protection Act 1990, Housing Acts, Environment Act 1995. Clean Neighbourhoods and Environment Act, Crime and Disorder Act, Policing Act, Dog control related legislation, Public Health legislation, Traffic Management legislation.</p> <p><b><u>Differences from any previous approach</u></b>                  There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>there are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre-based warden activity.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                  All Elected Members who represent their constituents. Residents of Middlesbrough Cleveland Police, Cleveland Fire Service, Probation, Health, PCC, Voluntary and community sector.</p> <p><b><u>Intended outcomes.</u></b>                  To reduce the cost of delivery of the service by ceasing the non-statutory elements of the service.</p>			
<b>Live date:</b>	April 2023 onwards, subject to staff consultation			
<b>Lifespan:</b>	April 2023 onwards			
<b>Date of next review:</b>	NA			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Whilst the service will be reduced, there will still be a service. It is not anticipated that the proposal will impact on human rights.  Annual report and feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p><b>Staff impact</b>            Significantly reducing the service will mean that some areas do not have wardens within their wards. There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>There are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre-based warden activity. A service review will be undertaken to deliver the required savings and ensure that the impact on staff is fair, this will be subject to a further impact assessment. The policies which govern this process have also been impact assessed.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p><b>Public impact</b> It is likely that the Town Centre will take priority. If implemented, the non-statutory elements of the service will be removed. The service will reduce by 60%, although that will be mitigated somewhat by alternative funding that has been identified for the town centre. The impact on the public will be reduced warden presence and support. Longer response times and the team will be less able to tackle nuisance issues / anti-social behaviour. There will also be a reduced capacity to pursue civil injunctions, house closures and fly tipping prosecutions.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 31% of respondents agreed with the proposal, compared to 44% who opposed it.</p>
<p><b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<p>Reduction in the service to focus on statutory elements only. The service will focus on Town Centre area which will enable it to continue to support positive community cohesion within the town centre, there will however be a reduced ability to replicate this approach in other communities in the town if they experience anti-social behaviour which impacts on community relations between communities of interest and in neighbourhoods. Evidence used to inform this assessment includes feedback from the budget consultation and additional engagement undertaken by the service which found that there were overall concerns about reduced neighbourhood safety with 31% of those who disagreed with the proposal identifying it as a concern.</p>
<p><b>Next steps:</b>            ↻ If the answer to all of the above screening questions is No then the process is completed.            ↻ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</p>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Street Lighting; approx. 1 in 2 lights turned off between midnight and 6am, in less used spaces and intermittently in other appropriate spaces where safe to do so (will not affect road junctions and major roads)			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li> <b>Key aims, objectives and activities</b>                      Reduction of Energy consumption, in-turn reducing the authority's energy bill which would equate to a revenue saving of £74k/year for budget years 2023/24 and 2024/25 (overall saving of £148k). This will be achieved through the Installation of new photocells to approximately 9000 street lighting columns to enable them to be turned off between midnight and 6am. Exception criteria has been developed to ensure that the columns which will be the subject of part night lighting will be in less used spaces and intermittently in other appropriate spaces where safe to do so.                 </li> <li> <b>Statutory drivers (set out exact reference)</b>                      Statutory drivers - S.97 of the Highways Act 1980 provides Highway Authorities with the power to provide street lighting but there are no statutory requirements to do so.                 </li> <li> <b>Differences from any previous approach</b>                      All street lights are currently lit from dusk till dawn.                 </li> <li> <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b>                      The key stakeholders are Highways Services, Residents, Members, all highway users and the Council.                 </li> <li> <b>Intended outcomes.</b>                      Reduction in energy costs with associated reduction in carbon footprint and reduction in light pollution while maintaining safety of users. In turn saving £74k/year for 2023/24 and 2024/25 (total £148k) which is identified as a saving within the Councils Budget Saving programme.                 </li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2023 onwards			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2023 onwards.			
<b>Date of next review:</b>	None planned			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.</p>
<p><b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>• eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>• advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>• foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could impact differently on these individuals because they hold one of the protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 61% of respondents agreed with the proposal, compared to 24% who opposed it.</p>

\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	Not applicable. There are no concerns that the proposal could have an impact on community cohesion. There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the proposals on community cohesion. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<b>Next steps:</b> ➡ If the answer to all of the above screening questions is No then the process is completed. ➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Chris Bates	<b>Head of Service:</b>	Chris Bates
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

### Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	Introduce £1 charge to replace 3 hrs Free Parking at Captain Cook Car Park			
<b>Coverage:</b>	The change would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To increase parking revenue by replacing the current free offer with a charge of £1.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Road traffic Regulation Act 1984 gives the council the power to designate and control off street parking</p> <p><b><u>Differences from any previous approach</u></b> The existing offer of 3 hours free parking at Captain Cook Square is funded by a grant from the Tees Valley Combined Authority (TVCA) that is due to end. Rather than extend the offer using Council resources, a £1 charge will be introduced to replace the offer. This will still be less than the charges on other Council owned car parks and is aimed at shoppers visiting the town centre. The change is expected to generate £200k pa in additional income.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b> Users of the Captain Cook Car Park, businesses within the centre.</p> <p><b><u>Intended outcomes.</u></b> To raise revenue income to mitigate the need for financial savings.</p>			
<b>Live date:</b>	April 1st 2023 onwards			
<b>Lifespan:</b>	Permanently from April 1st 2023			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	The pricing of car parks does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found that no concerns in relation to human rights.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>The price of car parking does not have any impact on particular groups or individuals, so the proposed increase will not affect any groups or individuals in particular. Adjustments continue to be in place for those with the disability characteristic, where they meet the threshold for access to a blue badge. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 63% of respondents agreed with the proposal, compared to 19% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	The price of car parking does not have any impact on particular communities, so the proposed increase does not affect any community in particular.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion
There is no requirement for a full assessment at this stage				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

### Impact Assessment – Regeneration Budget Savings

<b>Subject of assessment:</b>	New Model for Parks Management			
<b>Coverage:</b>	The saving would be specific to the service only			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	X
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> To reduce the cost of providing the Parks Service by £44,000 pa.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b> Non statutory service.</p> <p><b><u>Differences from any previous approach</u></b> This would be achieved by deleting 2-3 vacant posts. The Parks Team would be reshaped to operate on more of a touring basis, visiting parks on a rota rather than having fixed hours of coverage for each park. The capacity to provide support to events in the parks would also be reduced proportionately.</p> <p><b><u>Key stakeholders and intended beneficiaries</u></b> All park users or event attendees.</p> <p><b><u>Intended outcomes.</u></b> To reduce the cost of delivering the service.</p>			
<b>Live date:</b>	April 1st 2023 onwards			
<b>Lifespan:</b>	Permanently from April 1st 2023			
<b>Date of next review:</b>	None Planned			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The service does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.</p>



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>As the parks are a town-wide resource, the service does not have any impact on particular groups or individuals, so the proposed savings do not affect any disproportionately. The parks would still remain open, so the opportunity to enjoy them is not being removed. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 35% of respondents agreed with the proposal, compared to 28% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>As the parks are a town-wide resource, the service does not have any impact on particular communities, so the proposed savings do not affect any community disproportionately. The parks would still remain open, so the opportunity to enjoy them is not being removed.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.</p>
<p>There is no requirement for a full assessment at this stage</p>				

<b>Assessment completed by:</b>	Richard Horniman	<b>Head of Service:</b>	N/A
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

Template for Impact Assessment Level 1: Initial screening assessment

<b>Subject of assessment:</b>	Do not implement Council decision to provide Pest Control Services			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                      In order to achieve a balanced budget the aim is to reverse the decision relating to the allocation of £90,000 at the Full Council meeting held on 23<sup>rd</sup> February 2022 specifically for a subsidised residential pest control service. This service would have:</p> <ul style="list-style-type: none"> <li>• Provided an affordable residential pest control service for members of the public whilst also being sustainable in terms of future delivery.</li> <li>• Seen the introduction of an operational team to implement the service that would have seen a subsidised fee set at £15 per visit (in line with other Local Authority charging and approx. 50% less than private sector.)</li> </ul> <p><b><u>Statutory drivers (set out exact reference)</u></b>                      This is not a statutory service.</p> <p><b><u>Differences from any previous approach</u></b>                      Middlesbrough Council do not currently offer a residential pest control service however they did in 2017/18 and the charging fee is set at the same level. The Council do offer a commercial pest control service and this will continue to run separately to the residential service provision.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                      All Elected Members who represent their constituents. Residents of Middlesbrough (Excluding Thirteen tenants who already offer a residential pest control service)</p> <p><b><u>Intended outcomes.</u></b>                      To achieve a balanced budget</p>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards			
<b>Lifespan:</b>	NA			
<b>Date of next review:</b>	None planned			



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	☒	☐	☐	We do not currently deliver a service so reversing this decision will not impact no have an impact on Human rights.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> <li>• Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.</li> <li>• Advance equality of opportunity between people who share a protected characteristic and those who do not.</li> <li>• Foster good relations between people who share a protected characteristic and those who do not.</li> </ul> <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> <li>• remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic</li> <li>• take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>• encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul> <p>We do not currently deliver a service so reversing this decision will not impact nor have an impact on the protected characteristics. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 37% of respondents agreed with the proposal, compared to 35% who opposed it.</p>
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>We do not currently deliver a service so reversing this decision will not impact nor have an impact on Community Cohesion. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➡ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➡ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul>				

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	School Catering increase in primary school meal prices from £2.15 to £2.40 and secondary school meal prices from £2.25 to £2.50 in line with inflation			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>		<input type="checkbox"/> <b>Other (please state)</b>	
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To assess the proposal to increase the price at which we will offer the provision of meals to schools.</li> <li>• <b>Statutory drivers</b> Provision of a Council school meals catering service is discretionary, schools could choose to source them from another provider.</li> <li>• <b>Differences from any previous approach</b> Present pricing structure is <b>£2.15 for Primary</b> and <b>£2.25 for secondary</b>. In order to cover costs, prices are increasing to <b>£2.40 for primary</b> school meals and <b>£2.50 for secondary schools</b>. Schools are able to choose to deliver this service themselves or seek another provider. They are not mandated to take the Council service and are free to commission whoever they choose to deliver this service, indeed a number of schools have moved to an alternative provider in the last 12 months.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Users of these services are children.</li> <li>• <b>Intended outcomes.</b> That the service is able to continue to deliver within a cost neutral approach to the Council.</li> </ul>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Increasing the cost of school meals does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Council has a duty to consider the impact of the proposal on relevant protected characteristics to ensure it has due regard to the public sector equality duty. The duty means the Council must have due regard when taking decisions to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>• removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>• taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>• encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>Because of the nature of the service it is relevant to the age protected characteristic. However there are no concerns that there could a disproportionate adverse impact on this group as a result of changes to the charges for this commercial service. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 46% of respondents agreed with the proposal, compared to 36% who opposed it.</p>

\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Community cohesion</b>            Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town? *</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Not directly relevant to decision. There are no concerns the proposals could impact on community cohesion. The proposal will ensure the Council's approach to provision of services continues to be sustainable. Schools are free to commission this service from other providers. Evidence to support this position includes, knowledge of the market, ability of schools to commission elsewhere and protections in place through free school meals provision for those who qualify. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<p><b>Next steps:</b></p> <ul style="list-style-type: none"> <li>➤ If the answer to all of the above screening questions is No then the process is completed.</li> <li>➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.</li> </ul> <p>This assessment has indicated that there is sufficient information to assess the impact and that there will be no disproportionate negative impact on a group or individual because they hold a protected characteristic. In line with guidance, review proposals will now be subject to consultation. If these consultations identify any unforeseen concerns about the possibility of a disproportionate impact, the impact assessment process will be revisited.</p>				

<b>Assessment completed by:</b>	Andy Mace	<b>Head of Service:</b>	Andy Mace
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Impact Assessment Level 1: Initial screening assessment**

<b>Subject of assessment:</b>	Proposal to not implement the Council decision to provide additional tree maintenance service			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input checked="" type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p>Insert short description, using the following as sub-headings:</p> <ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> Reversal of the decision to re-establish in-house Arboriculture team. To support this there will be minor amendments to the current Tree Policy. A separate impact assessment will be carried out to reflect this.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Local Government Act 1976. Occupiers Liability Act 1957/1984. Highways Act 1980. As the land owner, Middlesbrough Borough Council has a statutory obligation to inspect and manage its tree stock.</li> <li>• <b>Differences from any previous approach</b> The reintroduction of an in-house Arboricultural team would increase our ability to react and remove unnecessary delays to the processes. In turn removing elements of unnecessary frustration to all concerned. Reviewing the Tree Policy will give the Arboricultural Officer and Team to have more autonomy in relation to responses given and hopefully come to more amicable solutions rather than rigidly adhering to the current document</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents and Members.</li> <li>• <b>Intended outcomes.</b> To establish the in-house Arboricultural Team, which will result in Tree issues being managed in a more efficient/cost effective way. Additionally, the Tree exposure risks will reduce due to an increase in the Tree Inspection frequencies.</li> </ul>			
<b>Live date:</b>	April 1 <sup>st</sup> 2023 onwards.			
<b>Lifespan:</b>	April 2022 onwards.			
<b>Date of next review:</b>	None planned.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are no concerns that the proposals could impact adversely on human rights. Evidence used to inform this assessment includes analysis of staff demographics, engagement to date with staff and analysis of current service provision.  Feedback from the budget consultation process which found no concerns in relation to human rights.

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\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.



Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Equality</b>            Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*</p>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:-</p> <ul style="list-style-type: none"> <li>eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and</li> <li>foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty:</p> <ul style="list-style-type: none"> <li>removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>taking steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it; and</li> <li>encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low.</li> </ul> <p>There are no concerns that the proposal could have an impact on individuals or groups because they hold one or more protected characteristics. The proposal will ensure the Council continues to meet its legal obligations in relation to this function. Evidence used to inform this assessment includes analysis of staff demographics, engagement to date with staff and analysis of current service provision.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 50% of respondents agreed with the proposal, compared to 17% who opposed it.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Community cohesion</b> Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	Not applicable. There are no concerns that the proposal could have an impact on community cohesion.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process which found that there were no concerns that the proposal could adversely impact on community cohesion.
<b>Next steps:</b> ➤ If the answer to all of the above screening questions is No then the process is completed. ➤ If the answer of any of the questions is Yes or Uncertain, then a Level 2 Full Impact Assessment must be completed.				

<b>Assessment completed by:</b>	Craig Coverdale	<b>Head of Service:</b>	Andrew Mace
<b>Date:</b>	26 <sup>th</sup> January 2023	<b>Date:</b>	26 <sup>th</sup> January 2023

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Do not implement Council decision to extend Youth Services in areas of high anti-social behaviour			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input checked="" type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other (please state) Budget Savings Proposals</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/> X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/> X

<p><b>Description:</b></p>	<p><b><u>Key aims, objectives and activities</u></b>  On 14<sup>th</sup> February 2022 the Executive approved additional budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These additional Youth Services to run concurrently with the existing Youth Service contracts, to ensure there is a comprehensive youth offer in Middlesbrough. The Budget Savings proposal is not to implement the Council decision to extend Youth Services in areas of high anti-social behaviour</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>  Councils have a statutory duty to “secure, so far as is reasonably practicable, sufficient provision of educational and recreational leisure-time activities for young people” and to make sure young people have a say in the local offer. This is often referred to as the ‘youth services duty’ (Section 507B, Education Act 1996). The decision of the Executive to provide a Youth Service Model via commissioned contracts was made in July 2020 and this relates to the Statutory Guidance for Providing Youth Services 2012 (Section 507B, Education Act 1996). On 14th February 2022, the Council Executive approved additional budget of £150,000 for the provision of Enhanced Youth Services in areas of high anti-social behaviour.</p> <p><b><u>Differences from any previous approach</u></b>  The budget savings proposal is to not to allocate budget of £150,000 for the provision of Youth Services in areas of high anti-social behaviour. These services have not yet been put in place, pending the outcome of the consultation regarding budget proposals.</p> <p><b><u>Key stakeholders and Intended beneficiaries</u></b>  Beneficiaries are children and young people who would have accessed the youth sessions and detached youth work, which was planned for delivery in areas of Middlesbrough where there is identified high levels of young people related, anti-social behaviour. Key Stakeholders also include the Youth Providers who could have delivered this provision and the residents and businesses within the communities where the Targeted Youth work was to be delivered (Central, Berwick Hills and Pallister Park and Hemlington) which includes detached and outreach delivery of youth services and is focused specifically on those areas where there are concerns about exploitation of young people or there is identified anti-social behaviour which has been identified by the Neighbourhood Police or the Community Safety Teams. The additional Youth Service provision was planned to include intensive support to individual young people identified as at risk of or involved in antisocial behaviour and to the whole family including parents and siblings, predominantly pre court/conviction.</p> <p>Young People of Middlesbrough will have a reduced Youth Service offer, there will be a reduction including 1-1 Youth Work interventions, small group work and detached sessions across several locations and wards.</p> <p><b><u>Intended outcomes.</u></b>  Not to implement the Councils decision to provide Enhanced Youth Services to make savings of £150,000.</p>
<p><b>Live date:</b></p>	<p>April 2023 onwards</p>
<p><b>Lifespan:</b></p>	<p>This is a permanent budget saving which will commence from 1<sup>st</sup> April 2023 and the Enhanced Youth Services will not be provided.</p>
<p><b>Date of next review:</b></p>	<p>Not applicable</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed Enhanced Youth Services proposal was found not to impact on human rights as defined in the UK legislation. The assessment process identified that there was no adverse impact on human rights as a result of the proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The proposal was identified as having a potential disproportionate adverse impact on the protected characteristics because of the nature of the service that would have been provided had the additional funding been implemented.
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The decision not to provide additional Youth Services to make budget savings of £150,000 is relevant to the protected characteristics of 'age' which is protected by the equality duty. Under the proposal the existing Youth Service contracts will continue.</p> <p>If Enhanced youth services is not progressed, this will be mitigated by our existing Youth Service contract.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the retention of existing budgets to deliver youth services which will continue to be provided.</p>
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment around Gender Reassignment within the Equality screening.
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>There are concerns that Community cohesion could be impacted by not providing enhanced Youth Services in areas of Middlesbrough where the residents, community and businesses are experiencing high levels of anti-social behaviour, which has been identified by the Neighbourhood Police and the Community Safety Teams. Without the provision of additional and enhanced Youth Services and positive activities for Young People, there could be an adverse impact on young people in terms of risk of exploitation, offending and harm outside of the home.</p> <p>The decision could also impact negatively on individual communities or neighbourhoods or relations between communities, in terms of increased incidences of young people related anti-social behaviour. As the Enhanced Youth Services have not yet been implemented nor carried out, and existing youth budgets will be retained which will mitigate the impact by enabling the service to continue to deliver services that contribute towards diverting children away from anti-social activities.</p>
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Existing Youth Services budgets will remain.	Head of Service – Early Help. Specialist Commissioning Manager	n/a

<b>Promotion</b>	The decision and its impacts will be publicised both internally and externally by the Council. Other providers of provision will also be promoted.	Head of Service – Early Help. Specialist Commissioning Manager	March 2023
<b>Monitoring and evaluation</b>	The implementation of the decision will be monitored and evaluated by the Community Safety Team, to identify any areas of unexpected negative impact.	Head of Service – Early Help. Specialist Commissioning Manager	April 2023 – March 2024

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	Head of Service Early Help and Prevention
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023



**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Reduce opening hours of hubs in line with demand, and introduce self-serve at Rainbow and Neptune libraries, and reduce opening hours of other libraries in line with demand. Also delete vacant posts and reduce expenditure on supplies and services in Libraries and Hubs			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input checked="" type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input checked="" type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                  In order to achieve a balanced budget the aim is to reduce opening hours of hubs and libraries in order to reduce staffing costs. This will mean that the community will not have access to these facilities as often as they currently do however this approach will prevent the need to close any of the venues entirely.                  It is proposed that alternatives are explored for keeping the buildings open working with the community and organisations that use the buildings for community activity.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                  Public Libraries and Museums Act 1964 - Statutory duty to provide a comprehensive and efficient library service</p> <p><b><u>Differences from any previous approach</u></b>                  Each venue will close for one extra day to avoid the need to close any of them entirely. The venues within scope open for a variety of times already, the individual impact will therefore be:</p> <ul style="list-style-type: none"> <li>- Central – current opening = 6 days – revised opening = 5 days</li> <li>- Acklam – current = 4.5 days – revised opening = 4 days</li> <li>- Thorntree – current opening = 5 days – revised opening = 4 days</li> <li>- Marton – current opening = 3.5 days – revised opening = 3 days</li> <li>- Newport – current opening = 5 days – revised opening = 4 days</li> <li>- North Ormesby– current opening = 5.5 days – revised opening = 4.5</li> <li>- Easterside – current opening = 5 days revised opening = 4 days</li> <li>- Grove Hill – current opening = 5 days – revised opening = 4 days</li> <li>- Hemlington – current opening = 3.5 days revised opening = 3 days</li> <li>- MyPlace – current opening = 5 days revised opening = 4 days</li> <li>- Rainbow – current opening = 4.5 days revised opening as self-serve only = 4.5</li> <li>- Neptune – current opening = 4 days revised opening as self-serve only = 4</li> <li>- Mobile Provision – currently operating 5 days revised opening = 4 days</li> </ul> <p>2 venues, Neptune and Rainbow Centre libraries will become library self-serve only.</p>			

	<p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>  All Elected Members who represent their constituents. Residents of Middlesbrough, multiple external partners that use the buildings, community and voluntary groups</p> <p><b><u>Intended outcomes.</u></b>  To achieve a balanced budget</p>
<b>Live date:</b>	April 2023 onwards
<b>Lifespan:</b>	NA
<b>Date of next review:</b>	NA

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Within the level 1 impact assessment it was identified that the proposal was particularly relevant to the age and disability protected characteristics because it included within it a proposal to reduce the opening hours of targeted provision available at My place.</p> <p>In relation to My Place, the proposal is to reduce the opening hours to 4 days from 5 days. Services on the day that will be closed will be moved to an alternative location or moved to another day, which will mitigate the impact of the proposal on these protected characteristics. Most children and young people using the centre are already assisted to travel to the venue already and therefore if the location is moved, it will be to another location that is accessible by vehicles and that the facilities in the building are suitable for the needs of the children and young people, or the service delivery would be moved to another day on the same site.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the plan to retain the provision on the site and to ensure services delivered on the day it will now be closed for are either moved to an alternative day at My Place or an alternative site, whichever is the most appropriate.</p>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>It was identified in the level 1 impact assessment that the proposal is relevant to this theme as it provides community facilities for people in local communities to meet in public spaces.</p> <p>Within that level 1 IA it was identified that the proposal would be mitigated by maintaining a presence in communities by the approach that has been taken to reduce across venues rather than reducing the overall number of venues available in the communities around Middlesbrough.</p> <p>In line with the PSED, consideration has been given to how the proposal could be avoided. It could not be avoided because of the need to ensure the Council has a balanced budget. Consideration was then given to mitigation. The proposals have been developed in more detail during the consultation period to ensure their impact is mitigated by maintaining a presence within communities, with closure dates informed by demand levels. This has taken into account usage levels to ensure closure dates are aligned with demand. It is considered that this impact is mitigated based on:</p> <ul style="list-style-type: none"> <li>• an assessment of current usage levels</li> <li>• the approach which will shape the impact to reduce services when venues are less well used</li> <li>• staggering closures to ensure alternative locations are available within nearby locations</li> <li>• using alternative delivery models where possible for services delivered.</li> </ul>

Assessment issue	Impacts identified				Uncertain	Rationale and supporting evidence
	None	Positive	Negative			
			Justified	Mitigated		
						Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified no concerns that the proposals could impact disproportionately on one or more of the protected characteristics. Within the survey process around 42% of respondents agreed with the proposal, compared to 32% who opposed it.

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Implement a revised model of delivery and opening hours that ensures continued community presence, delivery of savings with least impact on the public and service users and with a staggered approach to maintain alternative open venues nearby.	Marion Walker	September 2023
<b>Promotion</b>	Changes to opening hours will be promoted in individual venues on a staggered basis as they are implemented to ensure full awareness and also promote alternative sites.	Marion Walker	September 2023 and onwards
<b>Monitoring and evaluation</b>	Ongoing monitoring of the impact to be reviewed within the project put in place to deliver the saving.	Marion Walker	Ongoing

<b>Assessment completed by:</b>	Marion Walker	<b>Head of Service:</b>	Marion Walker
<b>Date:</b>	26/1/2023	<b>Date:</b>	26/1/2023

### Template for Impact Assessment Level 2: Full impact assessment

<b>Subject of assessment:</b>	Metz Bridge Traveller Site – Rent increase 2023/2024			
<b>Coverage:</b>	Service Specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service X</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/> x
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b> Apply a 10% increase to current rental charges to tenants of Metz Bridge Traveller Site.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b></p> <p>The Council does not have a statutory duty to provide a site for the Travelling Community to use as a temporary facility.</p> <p>Under the terms of the tenancy agreement (Pitch Agreement Under the Mobile Homes Act 1983). All pitched at the site are permanent which provide tenants with additional protect including a requirement to provide notice on increases to rent &amp; Service Charges. Further guidance - <a href="#">Shelter Legal England - Gypsies and travellers protection from eviction - Shelter England</a></p> <p><b><u>Differences from any previous approach</u></b> This will be the first rental increase in at least 4 years and the approach will allow for the existing rental charge to be increased to reflect the associated costs with running the service and work out as a 2.5 average increase on the four years no increase has been applied. Future increases will be undertaken through the agreed annual review of rental charges and an increase in line with inflation as per the PAUMH Act 1983.</p> <p><b><u>Key stakeholders and Intended beneficiaries'</u></b> Key stakeholders are Tenants on Metz Bridge Site, the wider Traveller Community should they wish to apply for plot and Middlesbrough Council The intended beneficiary will be Middlesbrough Council who will receive rental income and utilities income which is in line with inflation.</p> <p><b><u>Intended outcomes</u></b> The intended outcome is for rental and utilities income to be in increased by 10%.</p>			
<b>Live date:</b>	April 1 <sup>st</sup> , 2023 onwards			
<b>Lifespan:</b>	Ongoing until service monitoring identifies the need for a further review.			
<b>Date of next review:</b>	The impacts on the Changes will be reviewed within 12 months to ensure the intended budget savings have been met			



Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						

<p>Race</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Within the level 1 impact assessment it was identified that the proposal was particularly relevant to the race protected characteristics because the provision is targeted provision for individuals and families who identify as Gypsies and Travellers.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is partially mitigated by fact that the rent has not been raised in line with inflation in some time, however it must be acknowledged that the rental charge is higher than neighbouring authorities for similar service provision.</p> <p>In line with the PSED, consideration was then given to whether the proposal could be justified. It is felt that the proposal is justified because of the need to achieve a balanced budget, the need to cover the costs of the provision on the site and the number of years for which an inflationary increase.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 573 people and organisational representatives responded to the Council's budget consultation survey. In addition one petition was submitted in relation to another proposal and one letter from a Trade Union. Analysis of those responses have identified that while there was overall support for the proposal. when that data was segmented by race, it showed a significant difference in support for the proposal from the BAME community.</p> <ul style="list-style-type: none"> <li>- Overall, around 75% were in favour</li> <li>- Overall, 7% were against</li> </ul>
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Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
						<ul style="list-style-type: none"> <li>- 21% of BAME respondents were against the proposal (though this only equates to 6 people)</li> <li>- 69% of BAME respondents were in favour.</li> </ul>
						There was also concern from a small number of individuals that the proposal could result in discrimination. Having considered proposal there are no concerns that this is the case. However it must be acknowledged that because of the nature of the service, the make up of the users that the proposal will only impact on those from the gypsy and traveller community.
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Gypsies and some traveller ethnicities have been recognised in law as being ethnic groups protected against discrimination by the Equality Act 2010.</p> <p>The proposal to increase the rent for a pitch at Metz Bridge only impacts on this community as only gypsies and travellers are eligible for a pitch at Metz Bridge.</p> <p>There are no concerns that the proposal will impact on relations between communities and neighbourhoods. Evidence used to inform this assessment includes analysis of the proposal and its impact on those affected.</p>
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	Signposting to housing benefits processes for those affected where they could be accessed by eligible individuals to mitigate impacts	David Jamison	April 2023 onwards
<b>Promotion</b>	Promotion of the changes to those affected.	David Jamison	April 2023 onwards
<b>Monitoring and evaluation</b>	Monitoring and evaluating the decision will be carried out by staff who manage Metz Bridge Traveller Site. This will be done via monitoring rental payments and reviewing arrears.	David Jamison	ongoing

<b>Assessment completed by:</b>	Victoria Sturdy	<b>Head of Service:</b>	David Jamison
<b>Date:</b>	26/01/2023	<b>Date:</b>	26/1/2023

**Template for Impact Assessment Level 2: Full impact assessment**

<b>Subject of assessment:</b>	Reduce provision of services delivered by Not in Education, Employment or Training (NEET) Team to the statutory minimum			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input type="checkbox"/> <b>X Other (please state) Budget Savings</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/> X
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/> X

**Description:****Key aims, objectives and activities**

The NEET Team fulfils a range of statutory duties which are set out in the Department for Education Statutory Guidance in delivery of education and training provision for young people (16- and 17-year-olds). The legislation that this guidance relates to is sections 18 and 68(4) of the Education and Skills Act 2008 (ESA 2008) in relation to sections 10, 12 and 68 of that Act. This guidance is for all local authorities in England. It sets out guidance to LA staff responsible for promoting participation of young people and tracking and supporting young people's activity.

Tracking young people's participation is a key element of these duties. Local authorities are required to collect information about young people so that those who are not participating, or are NEET, can be identified and given support to re-engage. Robust tracking also provides the local authority with information that will help to ensure that suitable education and training provision is available and that resources can be targeted effectively. In addition, ESA 2008 places two duties on local authorities with regard to 16- and 17-year-olds: Local authorities must promote the effective participation in education and training of 16 and 17 year olds in their area with a view to ensuring that those persons fulfil the duty to participate in education or training. A key element of this is identifying the young people in their area who are covered by the duty to participate and encouraging them to find a suitable education or training place. Local authorities must make arrangements – i.e. maintain a tracking system - to identify 16 and 17 year olds who are not participating in education or training, putting in place robust arrangements to identify young people who are not engaged in education or training or who have left provision.

The Department for Education monitors the performance of all LAs in delivering these duties, specifically in tracking and supporting 16- and 17-year-olds using data submitted to the National Client Caseload Information System (NCCIS) on a monthly basis. MBC is also required to collect information about young people, so that those who are not participating or are NEET can be identified and given support to re-engage. Middlesbrough performance is tracked by the Department for Education against statistical neighbours, north east and national averages.

The budget savings proposal is that the Council continues to deliver its statutory duties in relation to NEET with a reduced staff team and a reduced cost envelop.

**Statutory drivers (set out exact reference)**

The NEET Team fulfil a range of statutory duties which are set out in the Department for Education Statutory Guidance [Participation of young people: education, employment and training - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/Participation_of_young_people_education_employment_and_training_-_GOV.UK_(www.gov.uk).pdf). This statutory guidance is for local authority staff involved in the commissioning and delivery of education and training provision for young people (16- and 17-year-olds), LA staff responsible for promoting participation of young people, and tracking and supporting young people's activity.

LAs must follow this guidance when carrying out duties relating to raising the participation age and promoting participation of vulnerable young people not in education, employment or training (NEET). Statutory guidance sets out what local authorities must do to comply with the law and states that LAs should follow the guidance unless there is a very good reason not to.

	<p><b><u>Differences from any previous approach</u></b></p> <p>The budget savings proposal is to reduce the capacity of the NEET team to make savings of £54k. This will result in the loss of 2 x NEET Support Worker posts. These posts are responsible for the tracking and follow up participation duties set out in the statutory guidance and will reduce the teams NEET Support Workers from 3 posts to 1 post.</p>
	<p><b><u>Key stakeholders and Intended beneficiaries</u></b></p> <p>Beneficiaries are the young people aged 16 and 17 years old, who access support from the NEET Team for support with education, employment opportunities. Other beneficiaries include parents and carers of these young people and external stakeholders. These include - the Department for Education and external training providers, colleges and employers who offer opportunities to young people and recruit young people.</p>
<b>Live date:</b>	1st April 2023 onwards
<b>Lifespan:</b>	This will be a permanent reduction in the NEET Team
<b>Date of next review:</b>	Not applicable

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed NEET proposal was found not to impact on human rights as defined in the UK legislation. The assessment process identified that there was no adverse impact on human rights as a result of the proposal.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	



Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Level 1 impact assessment identified that the proposal was relevant to the age and disability protected characteristics because the service is age targeted and also because of concerns expressed by a small number of respondents who were concerned that the mental health impacts of reduced service provision on young people's mental health.</p> <p>The NEET Team will be reduced to make budget savings of £54,000 the proposal will reduce capacity, resulting in longer times for young people to wait to access support from suitably qualified NEET Support Workers when they are NEET, this could leave young people in situations of financial hardship and unable to access education, employment or training opportunities within the local labour market for longer until they are able to access support. This could also impact on their future career progression and life chances.</p> <p>This impact can be mitigated by focus of the team on statutory functions of the Local Authority, which are outlined by the Department for Education. The proposal will ensure statutory levels of service provision continue to be provided, however there will be reduced capacity in the team to deliver over and above this.</p> <p>In line with the PSED the Council has considered whether this impact could be avoided entirely. This is not possible because of the need to achieve a balanced budget. It then considered whether the impact could be mitigated. It is the Council's assessment that the impact of this proposal is mitigated by the retention of the team to provide statutory levels of service delivery. This will mitigate the impact of the proposal by ensuring that statutory duties continue to be met.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No negative impacts identified in the level one assessment around these protected characteristics.
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There were no concerns identified in the level one assessment that the proposal could impact negatively on community cohesion.
Relations between communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Further actions		Lead	Deadline
<b>Mitigating actions</b>	<ul style="list-style-type: none"> <li>This impact can be mitigated by focus of the team on statutory functions of the Local Authority, which are outlined by the Department for Education</li> <li>The NEET Team will be refocussed to ensure that all Statutory duties are met by the Local Authority.</li> <li>The NEET Team will be closely aligned with the role and functions of the Community Learning Service to increase partnership working and improve outcomes for children and young people.</li> </ul>	Head of Service – Early Help.	March 2023
<b>Promotion</b>	Not applicable.	-	-
<b>Monitoring and evaluation</b>	The implementation of the decision will be monitored and evaluated through the monitoring of statutory Department for Education data returns and outcomes. This includes measures linked to NEET, NOT Known, Annual Activity Survey and September Guarantee.	Head of Service – Early Help	March 2024

<b>Assessment completed by:</b>	Gail Earl	<b>Head of Service:</b>	Head of Service Early Help and Prevention
<b>Date:</b>	26 January 2023	<b>Date:</b>	26 January 2023

Template for Impact Assessment Level 2: Full impact assessment

<b>Subject of assessment:</b>	Reduce Council expenditure on Neighbourhood Safety and seek to maximise grant funding			
<b>Coverage:</b>	Service specific			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input type="checkbox"/> <b>Policy</b>	<input type="checkbox"/> <b>Service</b>	<input type="checkbox"/> <b>Function</b>
	<input type="checkbox"/> <b>Process/procedure</b>	<input type="checkbox"/> <b>Programme</b>	<input type="checkbox"/> <b>Project</b>	<input type="checkbox"/> <b>Review</b>
	<input type="checkbox"/> <b>Organisational change</b>	<input checked="" type="checkbox"/> <b>Other (please state) Budget</b>		
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b>                      In order to achieve a balanced budget the aim is to significantly reduce staffing in Community Safety Neighbourhood Safety Wardens team would be reduced significantly with only priority areas receiving a service Wider community safety team staffing would also be reduced i.e. NSOs.</p> <p><b><u>Statutory drivers (set out exact reference)</u></b>                      The team deliver a number of statutory functions. The team contribute towards compliance with a range of acts including Environmental Protection Act 1990, Housing Acts, Environment Act 1995. Clean Neighbourhoods and Environment Act, Crime and Disorder Act, Policing Act, Dog control related legislation, Public Health legislation, Traffic Management legislation.</p> <p><b><u>Differences from any previous approach</u></b>                      There are currently:</p> <ul style="list-style-type: none"> <li>• 35 Neighbourhood Safety warden posts, with 16 vacant posts.</li> <li>• 7 Neighbourhood Safety officer posts, no vacancies</li> <li>• 9 Environmental Neighbourhood Safety warden posts, no vacancies in this group.</li> <li>• 6 environmental operatives that sit within the team.</li> </ul> <p>there are currently 52 posts, if agreed the proposal would be reduced by around 60%. The impact of the proposal will be partially mitigated by the inclusion of an alternative funding source for town centre based warden activity.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b>                      All Elected Members who represent their constituents. Residents of Middlesbrough Cleveland Police, Cleveland Fire Service, Probation, Health, PCC, Voluntary and community sector.</p> <p><b><u>Intended outcomes.</u></b>                      To reduce the cost of delivery of the service by ceasing the non-statutory elements of the service.</p>			
<b>Live date:</b>	April 2023 onwards, subject to staff consultation			
<b>Lifespan:</b>	April 2023 onwards			
<b>Date of next review:</b>	NA			
<b>Date of next review:</b>	NA			

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Human Rights</b>						
Engagement with Convention Rights (as set out in section 1, appendix 2 of the Impact Assessment Policy).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one in relation to this element.
<b>Equality</b>						
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No concerns were identified at stage one and no concerns have been raised in relation to these protected characteristics.
Disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

\*\* Indicates this is not included within the single equality duty placed upon public authorities by the Equality Act. See guidance for further details.

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The level 1 impact assessment identified that the proposal would result in a reduction in the service to focus on statutory elements only. The service will focus on Town Centre area which will enable it to continue to support positive community cohesion within the town centre, there will however be a reduced ability to replicate this approach in other communities in the town if they experience anti-social behaviour which impacts on community relations between communities of interest and in neighbourhoods.</p> <p>The proposed use of external funding will mitigate the impact of the reductions in part to protect the town centre area however the service delivers across the whole town and the proposal will reduce the ability of the service to undertake work that supports community relations in the wider communities of the whole town.</p> <p>The service reduction will maintain statutory functions but non statutory elements will be removed. The service will work with Cleveland Police who have a statutory duty to tackle crime and anti-social behaviour in communities to support them to address issues however there will be reduced ability to deploy physical resources. Consideration was given as to whether the proposal could be avoided. It cannot be avoided because of the need to ensure the Council is able to balance its budget. Mitigations put in place will partially mitigate the impact of the proposal but not fully. It was then considered whether the proposal could be justified. The proposal is justified because of the need to protect statutory services within the Council to ensure they are able to continue to deliver statutory functions and ensure the council complies with its statutory.</p>

Further actions		Lead	Deadline
Mitigating actions	Introduction of the town centre team as part of the steps to implement the saving, utilising external funding.	Marion Walker	March 2023 onwards
	Work with Police colleagues to share intelligence about crime and anti-social behaviour to ensure they are aware and therefore able to respond accordingly	Marion Walker	April 2023 onwards
Promotion	Changes to operation will be promoted on the Council's website and with partners.	Marion Walker	April 2023 onwards
Monitoring and evaluation	Ongoing monitoring of the impact to be reviewed within the project put in place to deliver the saving.	Marion Walker	April 2023 onwards

Assessment completed by:	Marion Walker	Head of Service:	Marion Walker
Date:	26/1/2023	Date:	26/1/2023



**Middlesbrough Council  
Council Tax Bands 2023/24**

Table 1

**Middlesbrough Council tax bands excluding Police & Fire Precepts**

<b>Band</b>	<b>Proportion</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	6/9	1,254.57	1,261.04	1,260.78
B	7/9	1,463.67	1,471.22	1,470.91
C	8/9	1,672.76	1,681.39	1,681.04
D	1	1,881.86	1,891.57	1,891.17
E	11/9	2,300.05	2,311.92	2,311.43
F	13/9	2,718.24	2,732.27	2,731.69
G	15/9	3,136.43	3,152.61	3,151.95
H	18/9	3,763.72	3,783.14	3,782.34

Table 2

**Cleveland Fire Authority**

<b>Band</b>	<b>Tax £</b>
A	57.91
B	67.56
C	77.21
D	86.86
E	106.16
F	125.46
G	144.77
H	173.72

Table 3

**Cleveland Police & Crime Commissioner**

<b>Band</b>	<b>Tax £</b>
A	193.82
B	226.12
C	258.43
D	290.73
E	355.34
F	419.94
G	484.55
H	581.46

**Table 4****Middlesbrough Council tax bands including Police & Fire Precepts**

<b>Band</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	1,506.30	1,512.77	1,512.51
B	1,757.35	1,764.90	1,764.59
C	2,008.40	2,017.03	2,016.68
D	2,259.45	2,269.16	2,268.76
E	2,761.55	2,773.42	2,772.93
F	3,263.64	3,277.67	3,277.09
G	3,765.75	3,781.93	3,781.27
H	4,518.90	4,538.32	4,537.52

## **APPENDIX 6**

### **FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2023/24**

#### **Purpose**

1. This report proposes a Flexible Use of Capital Receipts Strategy for the Council for 2023/24 for approval by Full Council, and details the proposed individual projects which are planned to be funded from the flexible use of capital receipts in 2023/24 in accordance with the Statutory Guidance.

#### **Background and relevant information**

##### **Introduction**

2. Local authorities are limited in their ability to utilise capital receipts (the disposal proceeds from the sale of fixed assets or repayment of loans for capital purposes). Statutory guidance issued under section 15(1) of the Local Government Act 2003 by the Ministry of Housing, Communities and Local Government (as amended) generally precludes capital receipts being used to fund revenue expenditure and requires them to be applied to either fund capital expenditure or repay debt. The Act also requires local authorities to have regard to other guidance as issued or directed by the Secretary of State – this currently includes the following guidance issued by the Chartered Institute of Public Finance and Accountancy [CIPFA]:
  - The Prudential Code for Capital Finance in Local Authorities; and
  - The Code of Practice on Local Authority Accounting.
3. The Spending Review 2015 included a relaxation to the above regulations allowing the use of capital receipts for a limited period, between 2016/17 and 2018/19, to fund revenue expenditure “that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs or improve the quality of service delivery in future years”. This announcement was implemented by the issuing of regulations in March 2016. The period over which these amended regulations applied was extended for a further 3 years to 2021/22 in the 2018/19 Local Government Finance Settlement.
4. Middlesbrough Council implemented a Flexible Use of Capital Receipts Strategy for the first time in 2021/22 under the Statutory Guidance and a report was approved by Council on 20 October 2021.
5. On 4 April 2022 the Secretary of State issued a new direction and Statutory Guidance for the extension of the freedom for local authorities to use eligible capital receipts to fund the revenue costs of projects that deliver ongoing savings or improved efficiency for a further 3 years from 1 April 2022, i.e. for 2022/23, 2023/24 and 2024/25. An updated direction and Statutory Guidance was then issued on 2 August 2022, which replaced the one issued on 4 April 2022. A summary of the key points of the updated direction and the Statutory Guidance are provided in the paragraphs below and a link to the detailed Statutory Guidance is included in the Background Papers section to this report.
6. Capital receipts are the money councils receive from asset sales, the use of which is normally restricted to funding other capital expenditure or paying off debt. The receipts cannot usually be used to fund revenue costs.

7. The direction allows authorities to use the proceeds from asset sales to fund the revenue costs of projects that will reduce costs, increase revenue, or support a more efficient provision of services. This is an extension of the flexibility that has been in place since 2016, and will allow this freedom to continue to 2024/25 to help authorities plan for the long-term.
8. Local authorities can only use capital receipts from a qualifying disposal of property, plant and equipment assets received in the years in which this flexibility is offered.
9. The Statutory Guidance provides a definition of expenditure that qualifies to be funded from the capital receipts flexibility. Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. The Statutory Guidance provides some examples of qualifying expenditure.
10. The updated direction issued on 2 August 2022 introduces a new restriction that authorities may not use the flexibility to fund discretionary redundancy payments, i.e. those not necessarily incurred under statute. This does not affect other types of severance payments, and to be clear, does not restrict including pension strain costs, which may still be qualifying expenditure.
11. The updated direction also clarifies that the capital receipts obtained must be disposals by the local authority to an entity outside the local authority's group structure. The intent of this condition is that capital receipts which are to be used by authorities under the flexibilities afforded by the direction, should be from genuine disposals of assets by the authority. Where an authority retains some control of the assets, directly or indirectly, and retains exposure to the risks and rewards from those assets, the disposal does not give rise to a capital receipt that can be used in accordance with the direction.
12. For each financial year, each Council is required to prepare a "Flexible Use of Capital Receipts Strategy" to be approved by Full Council. This Strategy does not need to be a separate document, and the requirement can be satisfied by including relevant documents within the Annual Budget documents or as part of the Mid-Term Financial Plan (or equivalent).
13. As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project-by-project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years.
14. In the updated direction issued on 2 August 2022 it is now a required condition of the direction that local authorities send details setting out their planned use of the flexibility in advance of use for each financial year. This condition can be met by sending the authority's own strategy documents, provided they contain the detail asked for in the direction. The form to cover this requirement and for submitting the strategy for the Flexible Use of Capital Receipts for 2023/24 is to be submitted via DLUHC's DELTA system by 30 September 2023. This is not an approval process, but the information must be sent to ensure transparency and allow proper monitoring by central government.

15. For the 2022/23 Strategy and in each future year, the Strategy should contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.
16. The Statutory Guidance allows local authorities to update their Strategy during the year, however the amount capitalised in the financial year must not exceed the amount set out in the plan, including any updated plans, provided to the Secretary of State. If the Council wishes to amend their plans, they are required to notify DLUHC. This is to allow central Government to keep track of planned use of the flexibility for national accounts purposes.

### **Progress against previous years strategies**

17. As per the Statutory Guidance, there is a need to include details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

#### **2021/22**

18. The Flexible Use of Capital Receipts Strategy for 2021/22 approved by Council on 20 October 2021 included proposed projects along with estimated costs and potential savings. Progress against the approved Strategy for 2021/22 was monitored throughout the financial year as part of regular budget monitoring arrangements and reported accordingly as part of the current quarterly budget monitoring reports to Executive, along with any updates to the Strategy as proposals were developed and expenditure was incurred. The final end of year schedule for 2021/22 of the projects to transform services that were funded through flexible use of capital receipts for 2021/22 along with the final costs for 2021/22, and the associated estimated annual revenue savings or future cost avoidance, was reported as part of the Revenue and Capital Budget – Year-End Outturn position 2021/22 report to Executive on 14 June 2022, and was also shown in the Strategy for 2022/23.
19. Entries were made in the Council's accounts in 2021/22 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.

#### **2022/23**

20. The Strategy for 2022/23 was approved by Council on 7 September 2022. The table below presents the projects to transform services that were proposed to be funded through flexible use of capital receipts for 2022/23 which total approximately £2.7m, along with the estimated projected costs, and the associated estimated annual revenue savings or future cost avoidance. In some cases there is a direct link between a project and the realisable financial benefit, however in others it is difficult to quantify and the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised.

Project	Further Details	Estimated Investment Required 2022/23 £000	Estimated ongoing annual savings £000
Children's Services	<b>Funding for transformation of Service and Children's Services Ofsted Improvement Plan to improve services and outcomes</b>		
	Specialist agency teams in Referrals & Assessments to improve the "front door model"	1,100	Cost avoidance
	Workforce Development - set up costs for the creation of a Social Worker Academy to reduce the requirement for agency staff	349	420
	Workforce Development - specialist training to reduce the requirement for agency staff	105	
	Children's Services Ofsted Improvement Plan - Additional posts linked to compliance and support to drive improvement and transformation	265	Enabling & Cost Avoidance
Children's Services Ofsted Improvement Plan - Additional posts to improve and embed good practice	875	Enabling	
<b>TOTAL</b>		<b>2,694</b>	<b>420</b>

21. Progress against the 2022/23 Strategy has been reported in the Quarters Two and Three Revenue and Capital Budget Projected Outturn 2022/23 reports to Executive, and the final year-end position against the Strategy will be reported as part of the Revenue and Capital Budget – Year-End Outturn position 2022/23 report to Executive. Entries will be made in the Council's accounts in 2022/23 for these having due regard to the Local Authority Accounting Code of Practice, including the effect on the Council's Investment Strategy.
22. As shown in the quarterly budget monitoring reports the expenditure/investment required to undertake the transformation within Children's Services has been or will be incurred by the end of the financial year, however there is a potential risk around whether some of the projected capital receipts of approximately £2.7m will be received in 2022/23, due to the fact that they are planned to be received very late in the financial year. The final level of capital receipts in 2022/23 will determine the final level utilised under the Strategy in 2022/23. The amount of capital receipts utilised under the Strategy will be limited to the actual capital receipts received in 2022/23.
23. Close monitoring of the level of capital receipts received during the rest of the financial year will be undertaken, and an update will be provided in the year-end budget monitoring report.

## **The Council's Proposals for 2023/24**

24. In the MTFP Update report to Council of 30 November 2022 it was noted that the Council proposed the use of a Flexible Use of Capital Receipts Strategy for 2023/24 with an estimated amount of £3m being used as flexible capital receipts. Whilst as shown in Appendix 7 of the main budget report there is forecast in excess of £9m of capital receipts potentially available for use in 2023/24 as flexible capital receipts, it has been decided to limit the amount to be capitalised on a prudent and responsible manner in order to not impact too much on the Council's prudential indicators and borrowing costs in the future from implementing the proposed Strategy, whilst still increasing the level of financial resources available to Council. The use of capital receipts flexibly would also require eligible transformational expenditure to be incurred in 2023/24.
25. The main emphasis of the Flexible Use of Capital Receipts Strategy in 2023/24 is within Children's Services. As mentioned in the main budget report, Children's Services remains the biggest area of financial concern and risk to the Council and there is a need to transform the Service. A Children's Financial Improvement Plan (in a separate report to Executive on 14 February 2023) has been drawn up, and this includes the reduction in the overall current level of expenditure by Children's Services by transforming the Service. The transformation projects outlined below are part of enabling this transformation to take place, which will improve practice and produce significant cost reductions/savings.
26. The table below presents the potential projects to transform services that are proposed to be funded through flexible use of capital receipts for 2023/24 totalling approximately £3m, along with the estimated projected costs, and the associated estimated annual full year revenue savings or future cost avoidance. In some cases there is a direct link between a project and the realisable financial benefit, however in others it is difficult to quantify and the project contributes to enabling savings or costs avoidance in other areas or provide a wider benefit, which would not otherwise be realised.

<b>Project</b>	<b>Further Details</b>	<b>Estimated Investment Required 2023/24 £000</b>	<b>Estimated ongoing full year net savings £000</b>
<b>Children's Services</b>	<b>Children's Services Financial Improvement Plan</b>		
	Support to deliver Children's Financial improvement Plan	300	4,722
	Family Support - set up and lead in costs for the creation of in-house team and reduction in the use of high cost external provision	200	included in above
	Integration of specialist agency team required in Safeguarding & Care Planning to improve "Children in Need and Child Protection", and transition into business as usual. This will also led to the removal of 2 other managed Teams by using current staff to provide the service	800	included in above
	Set up and lead in costs for the implementation of various projects to Increase the in-house residential offer to reduce expenditure on external placements by purchase and/or refurbishment of additional properties to develop additional bedspaces.	500	included in above
	Creation of new Children's Services Assistant Director post to drive transformation and cost reductions	100	enabling
<b>Corporate</b>	Support to deliver corporate savings programme	400	8,824
	Service reconfiguration, restructuring or rationalisation of management and staff (only statutory elements included) associated with achieving the ongoing savings	500	included in above
	Support required to respond to Best Value Improvement Notice	100	enabling
<b>Adult Social Care</b>	Adult Social Care - implementation of improvement plan and transformation in readiness for CQC inspection	100	enabling
<b>TOTAL</b>		<b>3,000</b>	<b>13,546</b>

27. The estimates of transformational expenditure have been made on a prudent basis, and it should be noted that there will be potentially other expenditure which will be incurred due to the significant transformation work that will be required within Children's Services, and potentially these could be included if any of the above estimated project expenditure does not materialise.

28. Any increase in the use of capital receipts on a flexible basis during 2023/24 above that contained in this Strategy, will as per the Statutory Guidance, require an amended plan and strategy to be made and approved by Council, and sent to the Secretary of State and DLUHC.



## **Monitoring the Strategy**

29. The Strategy will be monitored throughout the financial year as part of regular budget monitoring arrangements and be reported accordingly as part of the current quarterly budget monitoring reports to Executive. The Strategy may be updated and replaced as proposals are developed and expenditure is incurred.
30. It should be noted that the use of the Strategy in 2023/24 will be dependent on the estimated capital receipts being generated and qualifying expenditure being made in 2023/24.
31. The legitimacy of the use of the Strategy will be determined by the Council's s151 Officer in order to ensure that it meets the requirements set out by the Secretary of State.

## **The Prudential Code**

32. The Council will have due regard to the requirements of the Prudential Code and the impact on its prudential indicators from implementing the proposed Strategy. The capital expenditure prudential indicators will be amended and approved as appropriate.
33. The indicators that will be impacted by this Strategy are set out below:
  - Capital financing requirement will be increased by an estimated approximate £3m in 2023/24 as these capital receipts were intended to support schemes within the existing Investment Strategy that are now budgeted to be financed by prudential borrowing. Schemes financed by prudential borrowing are reflected within the prudential indicators as set out within the Treasury Management Strategy and included as part of the budget.
  - Financing costs as a percentage of net revenue stream (%), noting that the savings generated from these projects will meet the debt financing costs arising from the additional borrowing. The current indicative cost of borrowing the estimated approximate £3m in 2023/24 is approximately £180,000 p.a.
34. The prudential indicators show that this Strategy is affordable and will not impact on the Council's operational boundary and authorised borrowing limit set by the Council for 2023/24. However, this will need to be closely monitored as part of the current quarterly budget monitoring reports to Executive.
35. The Council will also have due regard to the Local Authority Accounting Code of Practice when determining and including the entries required from undertaking and funding the projects within the Council's Statement of Accounts.

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

Action	Responsible Officer	Deadline
If approved by Council on 27 February 2023 the Flexible Use of Capital Receipts Strategy for 2023/24 will be adopted and submitted to DLUHC via the DELTA system.	Head of Financial Planning & Support	27/2/23
The capital expenditure prudential indicators will be amended and approved as appropriate.	Head of Financial Planning & Support	31/3/24
Regular monitoring of the Flexible Use of Capital Receipts Strategy for 2023/24 will take place throughout 2023/24 as part of the current quarterly budget monitoring reports to Executive, with any amendments required to the plans contained in the Strategy as proposals are developed and expenditure is incurred being reported to Executive and notified to DLUHC as appropriate.	Head of Financial Planning & Support	30/6/24

## Background papers

Body	Report title	Date
Department for Levelling Up, Housing & Communities (DLUHC)	Flexible use of capital receipts direction: local authorities  <a href="#">Direction - Flexible use of capital assets (publishing.service.gov.uk)</a>	2/8/22
Department for Levelling Up, Housing & Communities (DLUHC)	Statutory Guidance on the Flexible Use of Capital Receipts (updated August 2022)  <a href="#">Guidance on the flexible use of capital receipts (updated August 2022) - GOV.UK (www.gov.uk)</a>	2/8/22
Council	Flexible Use of Capital Receipts Strategy 2021/22	20/10/21

Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2022/23	23/2/22
Executive	Revenue and Capital Budget – Year-End Outturn position 2021/22 report	14/6/22
Council	Flexible Use of Capital Receipts Strategy 2022/23	7/9/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Two 2022/23	14/11/22
Council	Medium Term Financial Plan Update and Budget Savings Proposals 2023/24	30/11/22
Executive	Revenue and Capital Budget – Projected Outturn position as at Quarter Three 2022/23	14/2/23
Executive	Children’s Services Financial Improvement Plan	14/2/23

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## Appendix 7 : Updated Investment Strategy To 2025/26

Highlighted cells indicate new / increased investment

Highlighted cells indicate reduction in investment

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Regeneration &amp; Culture</b>							
Town Centre Related Projects	738	1,258	-	-	1,996	1,582	414
Middlehaven Related Projects	7	-	500	-	507	500	7
Housing Growth	86	206	3,200	-	3,492	3,492	-
BOHO X	12,250	4,240	-	-	16,490	1,362	15,128
BOHO 8	21	-	-	-	21	-	21
Brownfield Housing Fund	339	4,041	2,000	-	6,380	-	6,380
Towns Fund	2,159	2,353	12,167	-	16,679	-	16,679
Towns Fund - East Middlesbrough Community Hub	200	2,581	1,106	-	3,887	2,600	1,287
Future High Streets Fund	5,104	8,152	-	-	13,256	-	13,256
Acquisition of Town Centre Properties	-	207	1,000	-	1,207	1,207	-
New Civic Centre Campus	5,408	360	-	-	5,768	5,768	-
Middlesbrough Development Company	7,772	3,559	-	-	11,331	6,165	5,166
Teesside Advanced Manufacturing Park	15	-	-	-	15	15	-
Teesside Advanced Manufacturing Park - Phase 2	-	-	8,820	-	8,820	8,820	-
Local Authority Delivery 2 Green Homes Grant	883	-	-	-	883	-	883
Capitalisation Of Major Schemes Salaries	530	530	530	530	2,120	2,120	-
Capitalisation Of Planning Services Surveys	20	80	40	40	180	180	-
Affordable Housing Via Section 106	-	-	1,495	-	1,495	302	1,193
Highways Infrastructure Development Section 106	-	-	2,402	-	2,402	142	2,260
Linthorpe Road Cycleway	1,589	260	-	-	1,849	-	1,849
Replacement of Ticket Machines	89	100	-	-	189	189	-
Zetland Solar Panels	30	-	-	-	30	-	30
Lingfield Education Units	47	-	-	-	47	47	-
Grove Hill Joint Venture Projects	14	-	-	-	14	-	14
Gresham Projects	8	-	-	-	8	8	-
Empty Homes 2015 To 2018	128	-	-	-	128	-	128
Local Transport Plan	1,004	1,562	1,565	2,130	6,261	3	6,258
Theatre Winches / Lifts	24	-	-	-	24	24	-
Leisure Trust Investment - Equipment	-	6	800	-	806	806	-
Stewart Park Section 106	-	45	-	-	45	-	45
Investment In Parks	51	-	-	-	51	51	-
Teessaurus Park	53	73	-	-	126	126	-
Archives Relocation	118	10	-	-	128	40	88
Cultural Development Fund - Enhancements To Central Library & Partner Organisations	142	2,592	1,624	-	4,358	-	4,358
<b>Total Regeneration &amp; Culture</b>	<b>38,829</b>	<b>32,215</b>	<b>37,249</b>	<b>2,700</b>	<b>110,993</b>	<b>35,549</b>	<b>75,444</b>

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Environment &amp; Community Services</b>							
Purchase of New Vehicles	740	4,260	2,250	2,260	9,510	9,510	-
Capitalisation of Wheeled Bin Replacement	100	100	100	100	400	400	-
Capitalisation of Street Furniture/Dog Fouling & Litter Bins	55	55	55	55	220	220	-
Capitalisation of Highways Maintenance	575	575	575	575	2,300	2,300	-
Property Services Building Investment	340	340	340	340	1,360	1,360	-
Local Transport Plan - Highways Maintenance	2,436	2,423	2,338	4,678	11,875	-	11,875
Street Lighting-Maintenance	465	468	468	468	1,869	1,869	-
Urban Traffic Management Control 1	137	100	-	-	237	-	237
Urban Traffic Management Control 2	189	2,328	-	-	2,517	-	2,517
Flood Prevention	23	-	-	-	23	-	23
Members Small Schemes	81	140	60	60	341	341	-
Property Asset Investment Strategy	1,981	160	581	1,200	3,922	3,922	-
Section 106 Ormesby Beck	-	15	-	-	15	-	15
Section 106 Cypress Road	-	20	-	-	20	-	20
Hostile Vehicle Mitigation	131	-	-	-	131	131	-
Bridges & Structures (Non Local Transport Plan)	785	3,620	2,420	2,240	9,065	9,065	-
Newport Bridge	-	1,513	-	1,617	3,130	3,130	-
Henry Street	-	40	-	-	40	-	40
CCTV	169	200	-	-	369	369	-
Captain Cook Public House	210	-	-	-	210	-	210
Town Hall Roof	50	50	2,900	-	3,000	3,000	-
Municipal Buildings Refurbishment	-	1,500	-	-	1,500	1,500	-
Resolution House	87	500	-	-	587	587	-
Central Library WC	-	87	-	-	87	87	-
Cleveland Centre	293	1,677	-	-	1,970	1,970	-
Cargo Fleet Nature Reserve	94	-	-	-	94	-	94
Towns Fund Initiatives	278	500	-	-	778	-	778
Traffic Signals -Tees Valley Combined Authority	234	140	-	-	374	-	374
Traffic Signals - Non Tees Valley Combined Authority	-	1,150	1,150	980	3,280	3,280	-
Hemlington MUGA	30	-	-	-	30	30	-
Changing Places Toilet-Albert Park	90	-	-	-	90	10	80
Highways Infrastructure	1,500	3,000	3,000	-	7,500	7,500	-
Libraries Improvement Fund	50	70	-	-	120	-	120
Street Lighting Column Replacement	-	464	464	500	1,428	1,428	-
<b>Total Environment &amp; Community Services</b>	<b>11,123</b>	<b>25,495</b>	<b>16,701</b>	<b>15,073</b>	<b>68,392</b>	<b>52,009</b>	<b>16,383</b>

	Total Funding Required					Council Funding £'000	External Funding £'000
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000		
<b>Public Health</b>							
Health & Wellbeing Hub	-	-	-	-	-	-	-
Relocation of the Safe Haven to Middlesbrough Bus station	285	-	-	-	285	154	131
<b>Total Public Health</b>	<b>285</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285</b>	<b>154</b>	<b>131</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Education &amp; Partnerships</b>					
Block Budget (Grant) Devolved Formula Capital - Various Schools	-	138	-	-	138
Block Budget (Grant) Additional Devolved Formula Capital(energy efficiency) - Various Schools	-	236	-	-	236
Block Budget (Grant) S106 Avant Low Gill	-	35	-	-	35
Block Budget (Grant) School Condition Allocation	20	-	-	-	20
Block Budget (Grant) Basic Needs	-	93	4,641	-	4,734
BB (GRANT): C4/ES002/002 - Special Provision Capital Fund	58	-	-	-	58
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	-	1,139	-	-	1,139
Schemes in Maintained Primary Schools	1,354	664	60	-	2,078
Schemes in Primary Academies	23	633	-	-	656
Schemes in Secondary Academies	2,006	414	-	-	2,420
Schemes in Special Schools	574	2,141	5,400	-	8,115
Capitalisation of Salary Costs	106	111	-	-	217
Contribution to New School at Middlehaven	-	500	1,146	-	1,646
Block Budget (Grant) EFA Early Years 2 Year olds Entitlement (Trajectory Project)	-	7	-	-	7
SEN Projects	-	649	50	-	699
<b>Total Education &amp; Partnerships</b>	<b>4,141</b>	<b>6,760</b>	<b>11,297</b>	<b>-</b>	<b>22,198</b>

Council Funding	External Funding
£'000	£'000
-	138
-	236
-	35
-	20
-	4,734
-	58
-	1,139
661	1,417
2	654
-	2,420
151	7,964
-	217
646	1,000
-	7
-	699
<b>1,460</b>	<b>20,738</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Children's Care</b>					
Rosecroft renovations	6	-	-	-	6
34 Marton Avenue, Fir Tree - Garage Conversion	23	5	-	-	28
Contact Centre - Bus Station Unit 1	221	30	-	-	251
Bathroom refurb	4	-	-	-	4
Holly Lodge Sensory Room	100	-	-	-	100
Fir Tree Refurbishment	39	-	-	-	39
Caravan Purchase	-	50	-	-	50
Children's Services Financial Improvement Plan	-	2,000	2,500	-	4,500
<b>Total Children's Care</b>	<b>393</b>	<b>2,085</b>	<b>2,500</b>	<b>-</b>	<b>4,978</b>

Council Funding	External Funding
£'000	£'000
6	-
28	-
251	-
4	-
22	78
39	-
50	-
4,500	-
<b>4,900</b>	<b>78</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Adult Social Care &amp; Health Integration</b>					
Chronically Sick & Disabled Persons Act - All schemes	864	807	610	610	2,891
Disabled Facilities Grant - All schemes	1,556	744	-	-	2,300
Capitalisation of Staying Put Salaries	50	50	50	50	200
Home Loans Partnership (formerly 5 Lamps)	5	56	-	-	61
Small Schemes	30	-	-	-	30
Connect/Telecare IP Digital Switchover	101	50	-	-	151
<b>Total Adult Social Care &amp; Health Integration</b>	<b>2,606</b>	<b>1,707</b>	<b>660</b>	<b>660</b>	<b>5,633</b>

Council Funding	External Funding
£'000	£'000
1,304	1,587
-	2,300
100	100
-	61
-	30
-	151
<b>1,404</b>	<b>4,229</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Legal &amp; Governance Services</b>					
Desktop Strategy / Device Refresh	693	-	-	-	693
Enterprise Agreements	944	10	-	-	954
CRM	42	-	-	-	42
IT Refresh - Network Refresh	349	30	-	-	379
IT Refresh - Lights On	433	-	-	-	433
ICT Essential Refresh & Licensing	711	2,321	2,185	2,185	7,402
GIS Replacement	39	4	-	-	43
Prevention & Partnership Tablets	67	-	-	-	67
Sharepoint	628	-	-	-	628
HR Recruitment	35	-	-	-	35
HR Pay	-	37	-	-	37
<b>Total Legal &amp; Governance Services</b>	<b>3,941</b>	<b>2,402</b>	<b>2,185</b>	<b>2,185</b>	<b>10,713</b>

Council Funding	External Funding
£'000	£'000
693	-
954	-
42	-
379	-
433	-
7,402	-
43	-
67	-
628	-
35	-
37	-
<b>10,713</b>	<b>-</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>Finance</b>					
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	20	247	-	-	267
Business World Upgrade	27	-	-	-	27
Derisking Sites	91	300	1,978	500	2,869
Capitalisation of Property Finance Lease Arrangements	-	-	4,500	-	4,500
<b>Total Finance</b>	<b>138</b>	<b>547</b>	<b>6,478</b>	<b>500</b>	<b>7,663</b>

Council Funding	External Funding
£'000	£'000
267	-
27	-
2,869	-
4,500	-
<b>7,663</b>	<b>-</b>

	Total Funding Required				
	2022/23	2023/24	2024/25	2025/26	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>ALL DIRECTORATES</b>					
<b>Total ALL DIRECTORATES</b>	<b>61,456</b>	<b>71,211</b>	<b>77,070</b>	<b>21,118</b>	<b>230,855</b>

Council Funding	External Funding
£'000	£'000
<b>113,852</b>	<b>117,003</b>

	Total Funding				
	2022/23	2023/24	2024/25	2025/26	TOTAL
<b>FUNDED BY:</b>	£'000	£'000	£'000	£'000	£'000
Borrowing	20,929	24,410	32,776	5,860	83,975
Finance Leases			4,500		4,500
Capital Receipts	2,700	9,532	4,695	8,450	25,377
Grants	35,226	36,020	30,863	6,808	108,917
Contributions	2,601	1,249	4,236	-	8,086
Revenue Resources					
Funding from Reserves	-	-	-	-	-
<b>Total FUNDING</b>	<b>61,456</b>	<b>71,211</b>	<b>77,070</b>	<b>21,118</b>	<b>230,855</b>

Council Funding	External Funding
£'000	£'000
83,975	-
4,500	-
25,377	-
-	108,917
-	8,086
-	-
-	-
<b>113,852</b>	<b>117,003</b>

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**CAPITAL STRATEGY REPORT 2023/24**

**Introduction**

The Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services at the Council. In addition, it also gives an overview of how the associated risks are managed and the implications for future financial sustainability.

The report is a requirement of the 2021 Code of Practice on Treasury Management, issued by the Chartered Institute of Public Finance & Accountancy (CIPFA), and has been produced in an accessible way to enhance members' understanding of these often-technical areas. It is a replacement for the prudential indicator and treasury management report included within previous budget setting reports prior to 2019/20 but gives a wider context on the capital financing processes and key metrics used by the Council.

**Capital Expenditure and Financing**

Capital Expenditure is where the Council spends money on assets, such as property, IT and vehicles that will be used for more than one financial year. In local government, this also includes spending on assets owned by other bodies, finance leases and loans & grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are generally not capitalised.

- For details of the Council's policy on the capitalisation of assets, see the accounting policies section of the annual statement of accounts on the Council's website ([www.middlesbrough.gov.uk](http://www.middlesbrough.gov.uk)).

In the 2023/24 financial year, the Council is planning a total capital expenditure of £71.2m as summarised below:

**Table 1:** Prudential Indicator: Estimates of Capital Expenditure in £ millions

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Total Capital Expenditure – Investment Strategy	56.899	61.456	71.211	72.570	21.118
Total Capital Expenditure – Finance Leases	0.000	0.000	0.000	4.500	0.000
<b>Total Capital Expenditure</b>	<b>56.899</b>	<b>61.456</b>	<b>71.211</b>	<b>77.070</b>	<b>21.118</b>

**Governance:** Service managers generally bid during the previous financial year to include projects in the Council’s forward capital programme. Bids are collated by the Council’s finance team who calculate the financing costs of each project (which can be nil if the project is fully externally financed). The Council’s Management Team (LMT) appraises all bids based on a comparison of service priorities against financing costs and then makes recommendations to Members for which schemes progress against the capital resources available. The final capital programme to support the Medium-Term Financial Plan is then presented to Executive and Council in late February each year for approval.

All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council’s own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and private finance initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
External sources	20.821	37.827	37.269	35.099	6.808
Own resources	13.482	2.700	9.532	4.695	8.450
Debt	22.596	20.929	24.410	37.276	5.860
<b>TOTAL</b>	<b>56.899</b>	<b>61.456</b>	<b>71.211</b>	<b>77.070</b>	<b>21.118</b>

Any external debt (loans and leases) must be repaid over time by other sources of finance. This comes from the revenue budget in the form of Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace/repay debt finance. The Council generally uses capital receipts to finance new capital expenditure rather than to redeem debt. The total cost of MRP included in the Council’s revenue budget is as follows:

*Table 3: Minimum Revenue Provision in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
Cost to Revenue Budget	5.035	3.384	3.839	4.294	4.984

- The Council’s minimum revenue provision statement for 2023/24 is available towards the end of this report. The policy in relation to unsupported borrowing on post 2008 debt was changed by the Council on 18 Jan 2023. This creates a level of savings in the table above due to the move to an annuity basis.

The Council’s cumulative amount of debt finance still outstanding is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure each year and then reduces with minimum revenue provision and capital receipts used to redeem debt.

The CFR is expected to increase by £15.8m or 5.6% during the 2023/24 financial year. This increase is due to the new capital expenditure funded by external debt of £24.4m less the MRP set aside of £3.8m, plus other income streams of £4.8m.

Based on the above plans for expenditure and financing, the Council's estimated CFR for the period of the Medium-Term Financial Plan is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>31.3.2022 actual</b>	<b>31.3.2023 forecast</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
<b>TOTAL CFR</b>	<b>263.534</b>	<b>281.804</b>	<b>297.562</b>	<b>326.456</b>	<b>321.972</b>

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or be used to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2024-25. Repayments of capital grants, loans and investments also generate capital receipts.

The Council plans to receive £9.532m of capital receipts in the coming financial year as follows:

*Table 5: Capital receipts in £ millions*

	<b>2021/22 actual</b>	<b>2022/23 budget</b>	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>TOTAL</b>	<b>13.482</b>	<b>2.700</b>	<b>9.532</b>	<b>4.695</b>	<b>8.450</b>

- The level of capital receipts for each financial year is monitored between Regeneration, Finance and Valuation & Estates teams, and any significant changes are reported to Executive as part of the Quarterly budget updates.
- The Council has previously adopted the Flexible Use of Capital Receipts Policy and is intending to in again in 2023/24, where these proceeds may be used for funding service transformation costs that would otherwise be classed as revenue expenditure. This was mainly to fund the ongoing children services transformation in prior years & 2022/23 and in 2023/24 and is a device to protect reserves and financial stability.

### **Treasury Management**

Treasury Management is concerned with the keeping of sufficient but not excessive cash resources, available to meet the Council's spending needs, while managing the risks involved in these investments. Surplus cash is invested until required, whilst a shortage of cash will be financed by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

The Council is typically cash rich in the short-term as revenue and capital income is received and before it is spent, but cash poor in the long-term as capital expenditure is

incurred before being financed. Revenue cash surpluses are therefore offset against capital cash shortfalls to reduce the overall borrowing amount required, as part of an integrated strategy on Treasury Management. This is in line with best practice.

The Council at the end of January 2023 had £218m of borrowing at an average interest rate of 2.5% and £20.1m of treasury investments at an average rate of around 3.0%.

Both investment and borrowing rates have increased significantly during the 2022/23 financial year given the various upward trajectory in bank rate, as a device to offset the high level of inflation. These have slightly increased the costs to the Council, given it is a net borrower rather than investor. These rate increases and any borrowing and investment decisions are regularly discussed with our treasury management adviser.

**Borrowing strategy:** The Council's main objectives when borrowing is to achieve a low but certain cost of finance for long-term capital projects whilst retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between using cheap short-term loans (currently available at variable rates around 4.0%) and long-term fixed rate loans where the future cost is known but interest costs vary (currently between 3.8% to 4.75%). In recent years, the Council has also been in negotiation with funders around lease arrangements as an alternative method of securing external finance for its capital projects.

Projected levels of the Council's total outstanding debt (which comprises borrowing and relevant finance leases) are shown below, compared with its capital financing requirement (need to borrow).

*Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2022 actual</b>	<b>31.3.2023 budget</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
External Debt	<b>208.880</b>	<b>241.247</b>	<b>263.359</b>	<b>289.765</b>	<b>283.908</b>
Capital Financing Requirement	<b>263.534</b>	<b>281.104</b>	<b>297.562</b>	<b>326.456</b>	<b>321.972</b>

Statutory guidance is that debt should remain below the capital-financing requirement, except in the short-term where the benefits of short-term borrowing may be taken. As can be seen from Table 6, the Council expects to comply with this in the medium term with debt being lower than the capital-financing requirement in all relevant financial years. There may be some opportunity to take more capital funding than is needed whilst interest rates are at low levels. Discussions are ongoing with our treasury advisers on this position and what approach the Council should take.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt levels start to approach the legal limit and is a more realistic rather than worst-case view of what

will happen during the financial year. Any need to change these during the 2023/24 financial year from the original budget assumptions will be reported by the Director of Finance to the Executive at the earliest opportunity.

*Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2022/23 Budget</b>	<b>2023/24 limit</b>	<b>2024/25 limit</b>	<b>2025/26 limit</b>
Authorised Limit (OB + £20m)	356.000	<b>328.000</b>	357.000	352.000
Operational Boundary (CFR + £10m)	326.000	<b>308.000</b>	337.000	332.000

The authorised limit for 2023/24 at £328m is lower than in previous years due to changes in the threshold values being used above the capital financing requirement. This is a result of a lack of debt refinancing opportunities in recent times.

**Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, which focuses on minimising risk rather than maximising returns. Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss.

*Table 8: Treasury management investments in £millions*

	<b>31.3.2022 Actual</b>	<b>31.3.2023 Forecast</b>	<b>31.3.2024 budget</b>	<b>31.3.2025 budget</b>	<b>31.3.2026 budget</b>
Short-term investments	34.118	18.250	15.000	15.000	15.000
Longer-term investments	0.000	0.000	0.000	0.000	0.000
<b>TOTAL</b>	<b>34.118</b>	<b>18.250</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>

**Governance:** Decisions on treasury management in relation to investment and borrowing are made daily and are therefore delegated by the Director of Finance to the Head of Finance & Investments and staff within the central finance team, who act in line with the treasury management strategy approved by Council. Quarterly updates on treasury management activity are reported to Executive as part of the regular budget monitoring process.

## **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to the revenue budget, offset by any investment income received. The net annual charge is reported as capital financing costs; this is compared to the net revenue stream i.e., the amount funded from council tax, business rates and general government grants. This is an important indicator around the affordability of the Council's capital plans going forwards.

*Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2021/22 actual</b>	<b>2022/23 forecast</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>
Financing costs (£m)	9.430	8.190	9.204	9.804	10.001
Net Revenue Budget (£m)	116.492	118.329	126.354	133.102	137.988
Proportion of net revenue stream	8.1%	6.9%	7.3%	7.4%	7.2%

**Sustainability:** Due to the very long-term nature of capital expenditure and its financing, the revenue budget implications of this expenditure incurred in the next few years could extend for up to some 50 years into the future.

The figures in table above have reduced from 2022/23 going forwards due to the amendment in the MRP policy. Any savings generated by this policy change will be transferred to earmarked reserves to assist with the revenue budget position.

Although the capital financing costs remain relatively stable at a time when debt levels for the Council are still increasing. Members should be aware that this is because of various capital investments in commercial property made by the Council over the last few years for regeneration purposes. This results in around £4.8m of income per year being credited to the capital financing budget by the end of the 2023/24 financial year. It is imperative and a key budget risk that these rental levels are maintained, and the income assumed in the estimates above are generated. Progress will be reported as part of future budget monitoring and performance reports each quarter to Executive. The forecasts above may also differ slightly from the total included in the revenue budget for 2022/23 due to timing.

The Director of Finance is satisfied that the proposed capital programme is prudent, affordable and sustainable because appropriate resources have been allocated from the Council's medium term financial plan, any finance leases have been appropriately vetted and any borrowing plans have been fully costed and reviewed.

Table 10 – Total Borrowing required for each year of the MTFP

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
	Estimate	Estimate	Estimate	Estimate
Investment Strategy	20.929	24.410	32.776	5.860
Finance Leases	0	0	4,500	0
Debt Restructuring	0	0	0	0
Total	20.929	24.410	37.276	5.860

This takes into account any debt needed by the Council to either finance the capital programme, in respect of leasing arrangements, or to finance any debt restructuring required.

Current interest rates at present mean that debt restructuring is not expected within the next three financial years and therefore no amounts have been factored into the borrowing plans of the Council for this. If this situation changes, this will be reported to Executive at the earliest opportunity.

The prudential indicators & limits set out in this report are consistent with the Council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices.

The Director of Finance confirms that these are based on estimates of the most likely and prudent scenarios, with in addition sufficient headroom over and above this to allow for operational management and some scope for flexibility. For example unusual cash movements or any unbudgeted capital expenditure required. Risk analysis and management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

### **Prudence – Treasury Management Indicators**

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2023/24, 2024/25 and 2025/26 of 100% of its estimated total borrowing undertaken.

It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2023/24, 2024/25 and 2025/26 of 25% of its estimated total borrowing undertaken.

This means that the Director of Finance will manage fixed interest rate exposures on total debt within the range 75% to 100% and variable interest rate exposures on total debt within the range 0% to 25%.

It is also recommended that the Council sets upper and lower limits for the maturity structure (when the debt needs to be repaid) of its total borrowing as follows.

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period:

	<u>Upper limit</u>	<u>Lower limit</u>
under 12 months	50%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	20%

Currently investments are limited to a maximum of 3 years, with any deals being arranged so that the maturity will be no more than 3 years and one month after the date the deal is arranged.

The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

### **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Head of Finance and Investments has in excess of 20 years' experience in local government treasury management. There is similar experience within the finance teams in relation to budgeting & accounting for capital expenditure and financing. The Council also pays junior staff to study towards relevant professional qualifications including CIPFA, CIMA, ACCA, AAT and other relevant vocational studies.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

- Further details on staff training and the policy on the use of external advisers can be seen with reference to its Treasury Management Practices document which is on the Council's website.

### **Treasury Management Practices**

Further details of how the treasury management function operates, the procedures used to manage banking, treasury and capital market transactions, how risk is managed by the in-house team and how this fits with the CIPFA Code of Practice is included in the Council's set of Treasury Management Practices.

This document is available to Members for further information on request.



## **ANNUAL INVESTMENT STRATEGY & TREASURY**

### **MANAGEMENT POLICY STATEMENT 2023/24**

1. In accordance with revised guidance from the Department of Levelling Up, Housing & Communities (DLUHC), a local authority must prepare and publish an Annual Investment Strategy which must be approved by full Council before the start of the financial year to which it relates.
2. The DLUHC guidance offers councils greater freedom in the way in which they invest monies, providing that prior approval is received from Members by approving the Annual Investment Strategy. The guidance also considers the wider implications of investments made for non-financial returns and how these can be evaluated.
3. The Local Government Act 2003, which also introduced the Prudential Code, requires that a local authority must have regard to such guidance as the Secretary of State issues relating to prudent investment practice.
4. In addition, the Chartered Institute of Public Finance & Accountancy (CIPFA) has published a revised Code of Practice for Treasury Management in the Public Services during 2021. This replaces the 2017 Code which had been adopted in full by Middlesbrough Council. The revised Code requires the Council to clearly state, in the Annual Investment Strategy document, its policy on effective control, and monitoring of its treasury management function. These controls are set out in Treasury Management Practices (TMP's) which have been approved as part of acceptance of the previous Code.
5. The revised Strategy, showing where the Guidance has determined Council policy, can be set out as:

### **ANNUAL INVESTMENT STRATEGY 2023/24**

6. Middlesbrough Council will create and maintain as the cornerstones for effective treasury management:
  - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
7. The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.
8. Middlesbrough Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy in advance of the year, a mid-year review which will include an annual report on the previous year, in the

form prescribed in its TMP's. Revised Strategies can be presented to the Council for approval at any other time during the year if the Director of Finance considers that significant changes to the risk assessment of significant parts of the authority's investments has occurred.

9. Middlesbrough Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Director of Finance. The execution and administration of treasury management decisions is further delegated to *the Head of Finance & Investments*, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.
10. Middlesbrough Council nominates the Corporate Affairs & Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
11. The Council is very circumspect in its use of credit rating agencies with the section on Specified Investments setting out the current policy. Ratings are monitored on a real time basis as and when information is received from either our treasury management consultants or any other recognised source. Decisions regarding inclusion on the Approved List are made on the basis of market intelligence drawn from a number of sources.
12. All staff involved in treasury management will, under the supervision of *the Head of Finance & Investments*, act in accordance with the treasury management practices and procedures, as defined by the Council. Such staff will undertake relevant training, identified during the Council's induction process and, on an on-going basis, the Council's appraisal policy.
13. The general policy objective contained in the guidance is that local authorities should invest prudently the short-term cash surpluses held on behalf of their communities. The guidance emphasises that priority should be given to security and liquidity rather than yield. Within that framework the authority must determine a category of borrowers, who must be of "high credit quality" classified as **Specified Investments**, with whom it can invest surplus cash with minimal procedural formalities and further identify a category of borrowers classified as **Non-Specified Investments**, with whom it can also invest but subject to prescribed limits.
14. Although the guidance definition of Non-Specified Investments is "one not meeting the definition of a Specified Investment", the authority is required to identify which categories of investments are identified as prudent to use and the limits on any such investment either individually or in total. It is because some organisations do not subscribe to credit rating agencies that they have to be included as Non-Specified Investments, rather than any concern over their creditworthiness.
15. The guidance defines investment in such a way as to exclude pension fund and trust fund investments. In practice, Middlesbrough Council, in its role as Administering Authority for the Teesside Pension Fund, follows similar procedures as approved by Members as part of compliance with the CIPFA Code of Practice, albeit with different limits.

## **LIMITS & DEFINITION OF SPECIFIED INVESTMENTS**

16. The following are currently determined as meeting the criteria for Specified Investments.
17. The investment is made with the UK Government, or a local authority (as defined in the Local Government Act 2003), or a police authority, or fire, or a UK Nationalised Industry, or UK Bank, or UK Building Society.
18. The investment is made with a Money Market Fund that, at the time the investment is made, has a rating of AAA.
19. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document which, at the time the investment is made, has a short-term "investment grade" rating with either Standard & Poors, Moody's Investors Search Ltd or Fitch Ratings Ltd (or in the case of a subsidiary the parent has such a rating). Where ratings awarded differ between the rating agencies any one award below investment grade will prevent the investment being categorised as a Specified Investment. The rating of all listed bodies must be monitored on a monthly basis. Where officers become aware of a downward revision of rating, that moves the body out of the "investment grade" category, between such monthly checks, the body should be removed from the list of Specified Investments and, if considered appropriate, the investment should be recalled.
20. All specified investments must be denominated in sterling and must be one where the authority may require it to be repaid or redeemed within 12 months of the date on which the investment is made and must be considered of high credit quality. This is defined as having met the criteria set out above. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 70%
- The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which has no limit.
- The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m.

## **LIMITS & DEFINITION OF NON-SPECIFIED INVESTMENTS**

21. These categories of investment currently meet the criteria for non-specified investments:
22. The investment is made with a UK bank, or UK building society, or a UK subsidiary of an overseas bank.
23. The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document, which is not a Specified Investment.
24. The investment is for a period of one year or longer.

25. All non-specified investments must be denominated in sterling. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum % of the total of all investments which can be non-specified investments, at the time the investment is made, is 30%.
- The maximum investment with any one counterparty is £15 million
- The maximum investment in any one group (i.e. a bank and its wholly-owned subsidiaries) is £15m.
- The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

26. The maximum period for which an investment can be made is 3 years, with the maturity date no more than 3 years and 1 month from the time the deal is agreed.

27. As referred to earlier in the report, borrowing should be kept at, or below, the expected capital financing requirement over the medium term to reduce the risk of exposure to interest rate fluctuations. The balance of 'net borrowing' (loans less investments) should also be monitored to, where prudent, minimise interest rate differences.

28. The Council considers that it is empowered by Section 12 of the Local Government Act 2003 for the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. While not "borrowing to invest" it is prudent to invest monies raised in advance of expenditure. As required by the Guidance such investment is permitted providing the anticipated expenditure is within this or the next financial year or within a period of eighteen months, whichever is the greater.

## TREASURY MANAGEMENT POLICY STATEMENT

29. Middlesbrough Council defines its treasury management activities as:  
*'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'*
30. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage those risks.
31. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
32. The high-level policies and monitoring arrangements adopted by the Council for Borrowing and Investments are as follows:

### Borrowing

- Any borrowing decisions will aim to strike an appropriate risk balance between securing low interest rates and achieving cost certainty over the periods for which funds are required. Economic forecasts available from our treasury management advisers and any other available sources will be used to form a view on the target borrowing rates and overall borrowing strategy;
- Any decisions should also look to maintain the stability and flexibility of the longer term debt portfolio, given the current low interest rate environment where short term borrowing or borrowing from internal resources offer revenue budget savings;
- The main sources of funding for external borrowing for the Council are the Public Works Loan Board, Other Local Authorities and private sector financial institutions;

### Investments

- The CIPFA and DLUHC guidance require the Council to invest its funds prudently and to have regard to security, liquidity and yield when making these decisions;
- Security being the arrangements in place to protect principal sums invested by a local authority;
- Liquidity being to ensure that enough cash resources are available on a day to day basis for transactional needs;
- Yield being the interest rate and total financial return applicable to the investment being made;
- With these strategic issues in mind, the management of credit risk (or security) is key to the Council's investment strategy and any subsequent activity. The Council uses the external advisers' credit worthiness matrix to determine limits with individual counterparties.

## MINIMUM REVENUE PROVISION POLICY 2023/24

### INTRODUCTION

33. Local authorities are required each year to set aside some of their revenue income as provision for debt repayment. There is a simple duty for an authority each year to make an amount of revenue provision, which it considers “prudent”. (Minimum Revenue Provision) MRP Guidance makes recommendations to authorities on the interpretation of that term.
34. Authorities are legally obliged to “have regard” to any such guidance – which is exactly the same duty as applies to other statutory guidance including, for example, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the DLUHC Guidance on Investments.
35. Authorities are asked to prepare an annual statement of their policy on making MRP and to have this approved by the body before the start of each financial year.

### MEANING OF “PRUDENT PROVISION”

36. The main part to the guidance is concerned with the interpretation of the term “prudent provision”. The guidance proposes a number of options. It explains that provision for repayment of the borrowing, which financed the acquisition of an asset, should be made over a period bearing some relation to that over which the asset continues to provide a service or has economic benefit. It should also cover the gap between the Capital Financing Requirement and the various sources of capital income available to the Council to finance its capital programme, such as capital receipts, capital grants, contributions and direct revenue financing.

### OPTIONS FOR PRUDENT PROVISION

#### Option 1: Regulatory Method

37. For debt supported by (Revenue Support Grant) RSG in previous years, authorities will be able to continue to use the formulae in regulations, since the RSG was provided on that basis.

#### Option 2: CFR Method

38. This is a technically simpler alternative to Option 1 and may also be used in relation to supported debt. While still based on the concept of the Capital Financing Requirement (CFR), which can be derived from the balance sheet, it avoids the complexities of the formulae in the regulations.

#### Option 3: Asset Life Method

39. For new borrowing under the Prudential system (from 2008) for which no government support is given, there are two main options. Option 3 is to make provision for debt repayment in **equal annual instalments** over the estimated life of the asset for which the borrowing is undertaken. This is a possibly simpler alternative to the use of depreciation accounting (Option 4), though it has some similarities to that approach.

40. The formula allows an authority to make **voluntary extra provision** in any financial year that this is affordable.
41. In the case of the construction of a new building or infrastructure, MRP would not need to be charged until the new asset comes into service. This “**MRP holiday**” would be perhaps 2 or 3 years in the case of major projects and could make them more affordable. There would be a similar effect in the case of Option 4 under normal depreciation rules.

#### **Option 4: Depreciation Method**

42. Alternatively, for new borrowing under the prudential framework for which no Government support is being given, Option 4 may be used. This means making MRP in accordance with the standard rules for depreciation accounting.
43. Councils will normally need to follow the standard procedures for calculating depreciation when making this revenue provision.

#### **Option 5: 2% Annuity Method**

44. This method recognises the time value of money and the useful life of the assets funded from borrowing and is seen as a fairer way of charging MRP. It is supported by the Council’s treasury management advisers (Arlingclose) and is being adopted by many local authorities nationally as the way of accounting for both pre and post 2008 debt.

**2023/2024 MINIMUM REVENUE PROVISION -  
STATEMENT FOR MIDDLESBROUGH COUNCIL**

45. The Secretary of State recommends that before the start of each financial year a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council as part of its budget setting process. The statement should indicate which of the options listed above are to be followed in the financial year.
46. For supported capital expenditure Middlesbrough Council intends to use option 5, a 2% annuity basis for the coming financial year.
47. For unsupported capital expenditure Middlesbrough Council intends to use option 5, a 2% annuity basis for the coming financial year.



**APPENDIX 9 -For information - Children's Services Financial Improvement Plan – approved by Executive 14/2/23**

**Appendix A: Children's Service Financial Improvement Plan**

Ref:	Financial Plan proposal	23/24 (£000's)	24/25 (£000's)	Total (£000's)	Additional Info/Queries / Actions /Narrative
1	Reduction in the use of high cost external family support provision <b>Further detail : To reduce the spend on support to key external support providers, through the development of an in-house Family Support team. This team will support individuals at edge of care and also short term placement requirements resulting in cost avoidance of emergency high cost placement.</b>	409	318	727	Current expenditure over a full year is £1.7million. Currently the service purchases ad hoc support from external services, in which there is a limited market. A more consolidated approach is to develop an in-house family support team, consisting of 16 staff to provide the required support. A business case has been developed which identified a 13 week lead in time for delivery. Costs have been factored in for continued provision at the start of the financial year whilst the team is recruited and trained.
2	Reduce the reliance of externally commissioned managed project teams <b>Further detail : to implement the exit strategy for the reduction of the 3 externally sourced managed team within children's social care. This will include the replacement of 1 appropriately commissioned team and the removal of 2 others.</b>	1,000	0	1,000	The contracts for 3 managed teams are due to expire in February 2023, however 2 teams will be extended until May 2023 to allow for appropriate transition plans to be implemented. Costs for the replacement resources have been factored in to the forecasted saving and work is already in progress to commission a single managed team.
3	Terminate the arrangements with Pause <b>Further detail : To cease the work undertaken through the Pause project and plan for the pre-birth team to progress learning from the project.</b>	69	0	69	The Pause contract works with women who have experienced, or are at risk of, repeat removals of children from their care. This is a regional contract led by Newcastle City council, which Middlesbrough council contributes to. Following regional discussions with partners the contract will cease, however learning from the contract will be considered by the in-house pre-birth team to ensure learning is embedded into practice.
4	Introduce supplier incentive Scheme across Children's purchasing <b>Further detail : To introduce the supplier incentive scheme across both residential and IFAs ( total £21m) Calculations based on a 30% sign up on spend and a rebate of 1% shared with SIP provider.</b>	31	31	62	Middlesbrough council has a supplier incentive scheme operating across a number of council functions / expenditure. This scheme enables discount for early payment of invoices. This proposal seeks to roll out the scheme to expenditure across children's services.
5	Combine posts to release efficiencies in Quality <b>Further detail : To combine elements of two senior posts , which will also incorporate overall responsibility for quality. This will release a level Q post with some deduction for the increase for the functions of the combined post. Developments will release a further post from strategic services in year 2 - Grade O</b>	51	48	99	A review of workload and practices has led to key elements of two senior posts being combined to create a single new post. This will release some savings. A further post from strategic services will be released in year 2 once key processes are embedded into business as usual functions.
6	Increase the in-house residential offer to reduce expenditure on external placements <b>Further detail : To purchase and/or refurbish additional properties to develop additional bedspaces for a) children requiring care 2) UASC 3) 16+ pathway and care leavers</b>	787	1,061	1,848	To increase the number of in-house residential placements available, which are more cost effective than externally sourced placements. A review of the councils asset register has identified 2 potential properties which require refurbishment, and consideration will be given to capital purchase for further properties to ensure a clear pathway is put in place for children within the residential model. This will also support the transition to adulthood for a number of children in placement. Dialogue is also progressing with housing partners to ensure availability of move on accommodation.
7	Reduction in agency costs <b>Further details - To seek a reduction in the utilisation of agency, replacing agency staff with permanent staff on the establishment</b>	152	380	532	The proposal is based on a reduction in agency spend, through either the appointment of permanent staff or the conversion of agency workers to permanent posts. The target is 8 workers year 1 / 10 workers year 2. Consideration of the improvement journey has been factored into the scope of this saving, to maintain consistency of staff working with children.
8	Redesign of short break provision further details: to move newsletter to digital offer, and redesign provision utilising further grant opportunities	8	30	38	Progression towards a digital solution has identified the release of funding utilised for newsletter development in year 1. year 2 costs are based on alternative delivery models - year 2 costs will be subject to further consultation.
9	Deletion of vacant Policy and Practice post	47	0	47	This post is currently vacant and can be released as a saving
10	Improved financial management linked to purchasing card expenditure	200	0	200	Improved financial management through a review of purchasing cards, which will identify appropriate card holders and areas of spend which could be sorted through a more cost effective arrangement rather than ad hoc purchases across the service.
11	Review of educational contributions	100	0	100	Following a joint review with education, a number of children within residential placement do not have an EHCP (Education, Health & care plan), including a small number within residential school environments. This project will improve the referral process and ensure all children whom should have an EHCP assessment are referred appropriately for their education costs.
<b>TOTAL</b>		<b>2,854</b>	<b>1,868</b>	<b>4,722</b>	

**Overall total for inclusion into wider saving ( savings not made for previous leadership proposals) 982 711 1693**

**total additional saving than that previously identified 1,872 1,157 3,029**

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