

## EXECUTIVE

<b>Date:</b> Wednesday 28th February, 2024
<b>Time:</b> 9.30 am
<b>Venue:</b> Mandela Room

## AGENDA

1. Apologies for Absence
2. Declarations of Interest
3. Minutes - Executive - 14 February 2024 3 - 12

### **THE MAYOR AND EXECUTIVE MEMBER FOR ADULT SOCIAL CARE AND PUBLIC HEALTH**

4. The Council Plan 2024-27 13 - 36
5. 2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting 37 - 278

### **EXECUTIVE MEMBER FOR CHILDREN'S SERVICES**

6. Increased Residential and Supported Accommodation for Children in Care and Care Leavers 279 - 312

### **EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE**

7. Treasury Management Strategy 2024/25 313 - 344
8. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Tuesday 20 February 2024

## MEMBERSHIP

Mayor C Cooker (Chair) Councillors P Gavigan, T Furness, P Storey, J Thompson, Z Uddin and N Walker

### **Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn / Scott Bonner, 01642 729742 / 01642 729708, [chris\\_lunn@middlesbrough.gov.uk](mailto:chris_lunn@middlesbrough.gov.uk) / [scott\\_bonner@middlesbrough.gov.uk](mailto:scott_bonner@middlesbrough.gov.uk)**

**EXECUTIVE**

A meeting of the Executive was held on Wednesday 14 February 2024.

**PRESENT:** Mayor C Cooke (Chair), Councillors P Gavigan, T Furness, P Storey, J Thompson, Z Uddin and N Walker

**ALSO IN ATTENDANCE:** S Arnold (Local Democracy Reporting Service)

**OFFICERS:** S Bonner, C Benjamin, G Field, C Heaphy, R Horniman, D Middleton and M Nath

**APOLOGIES FOR ABSENCE:** None.

23/64 **DECLARATIONS OF INTEREST**

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

23/65 **MINUTES- EXECUTIVE - 17 JANUARY 2024**

The minutes of the Executive meeting held on 17 January 2024 were submitted and approved as a correct record.

23/66 **CORPORATE PERFORMANCE REVIEW: QUARTER THREE 2023/2024**

The Mayor and Executive Member for Adult Social Care and Public Health submitted a report for Executive's consideration.

The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance, together with associated action.

The report provided the necessary information to enable the Executive to discharge its performance management responsibilities, setting out progress against Executive approved actions, delivery of the Strategic Plan and other key associated items, together with actions to be taken to address any issues identified.

The projected financial outturn at the end of Quarter Three 2023/2024 was presented separately to this meeting of the Executive, and so not repeated here. Where performance had a significant impact on finances, this was highlighted within the body of the report.

As part of continuous improvement in performance and risk management, the Council's Leadership Management Team (LMT) had implemented monthly reviews of corporate performance utilising a Directorate Performance dashboard, drawing data from a range of performance systems.

The Council's overall performance at the end of Quarter Three saw a slight dip from the position reported at Quarter Two, with progress towards expected performance standards, as set out in the Council's risk appetite, achieved in two of the four active performance disciplines in 2023/24.

**ORDERED that Executive:**

1. Approves the proposed amendments to Executive actions at Quarter Three 2023/24 detailed in Appendix.
2. Notes progress of delivery of the Strategic Plan 2022-24 at Quarter Three 2023/24, detailed in Appendix 2.
3. Approves the proposed amendments to Strategic Plan workplan at Quarter Three 2023/24, detailed in Appendix 3.

**OPTIONS**

No other options were put forward as part of the report.

## REASONS

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

23/67

#### **BEST VALUE NOTICE UPDATE**

The Mayor and Executive Member for Adult Social Care and Public Health submitted a report for Executive's consideration.

The report set out the content of the 'Best Value Notice' issued on 30 January 2024, following the expiry of the existing Notice which had been issued for a period of 12 months in January 2023.

A Corporate Improvement Plan was put in place in response to corporate governance concerns identified in 2022, which were also formally raised by the Council's External Auditors in a Section 24 report issued in August 2022.

Since September 2022, the Council had both a Corporate Governance Improvement Plan and a Section 24 action plan in place to address the range of governance issues identified in both plans. In January 2023 the government issued a 'Best Value Notice' on a non-statutory footing, which set out the government's concerns in relation to the Council's governance. The notice was in place for 12 months, with clear expectations that should the Council fail to respond positively to it, intervention would be moved to a statutory footing.

The Mayor commented he welcomed the updated Best Value Notice as it was a clear sign the Government had faith in the Council's ability to shape its own destiny. The Best Value Notice was also an endorsement of the Council's hard work in achieving its objectives.

The Chief Executive commented the Council was heading in the right direction. However, the Department for Levelling Up, Housing and Communities had made it clear that the pace of improvements needed to be maintained and that hard work to implement improvements was essential. The Council would be reviewed again in July 2024 and there was a good chance the Council would not require further intervention.

The Executive Member for Finance and Governance stated the latest Best Value Notice was the second consecutive report considered by Executive that showed the Council in a positive light on its improvement journey. There was, however, a need to concentrate on the pace of work being undertaken.

The Mayor thanked all staff for their work in this process.

**AGREED that Executive note the revised 'Best Value Notice' that had been issued by government, following the expiration of the previous notice that was issued in January 2023.**

## OPTIONS

**No other options were put forward as part of the report.**

## REASONS

**The Council must continue to respond effectively and at pace to deliver the improvements set out in both the Corporate Governance Improvement Plan and the Section 24 report if it was to effectively address the concerns around its culture, governance, and financial challenges in order to provide Government with assurance that its corporate governance was fit for purpose.**

23/68

#### **REVENUE AND CAPITAL BUDGET - FORECAST OUTTURN POSITION AT QUARTER THREE 2023/24**

The Executive Member for Finance and Governance submitted a report for Executive's consideration.

The report set out a forecast of the year-end annual outturn for the financial year 2023/24, based on the Quarter Three review of revenue current and projected expenditure against the current year's Revenue Budget, and highlighted the areas of financial challenge.

The report also set out the management actions that had been taken to control expenditure within the General Fund budget approved by Council in February 2023 as well as seeking Executive's endorsement of the management actions that were in place to control expenditure within the approved budget and to develop more financially sustainable solutions for future years.

The report sought approval from Executive in relation to revenue budget virements and revisions to the Capital Programme.

The Council's Scheme of Delegation gave Executive collective responsibility for corporate strategic performance and financial management / monitoring, together with associated actions. Standing Orders and Financial Procedures required Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme within approved Council resources.

The report enabled Executive to discharge its financial management responsibilities by setting out the General Fund Revenue Budget forecast outturn at Quarter Three, the Statement of the Council's projected reserves and provisions at Quarter Three, the Capital Programme forecast outturn at Quarter Three, the statement of the Council's borrowing and prudential indicators and actions that the Council had taken, and planned to take, in order address the issues identified.

Financial Procedure Rule 1.37 required Executive's approval of the proposed revenue budget virements as set out in Appendix 4.

A revised Capital Programme for the period 2023/24 to 2025/26 was attached at Appendix 6 for Executive's consideration.

The Executive Member for Finance and Governance commented that both Members and Officers and Officers had worked together to improve the Council's financial situation. The Director of Finance was thanked for her work on the report and that of the Collection Fund.

The Mayor commented that the Council's improved outturn projections was another reflection the Council could control its own destiny.

#### **ORDERED**

- 1. In respect of the General Fund Revenue Budget that Executive approve the proposed revenue budget virements over £250,000 as detailed in Appendix 4. These were technical adjustments.**
- 2. In respect of the Capital Programme and Treasury Management that Executive approve the inclusion of additions to the Capital Programme for 2023/24 totalling £0.297m (summarised in Table 9) which were externally funded or funded from within existing Council resources for the 2023/24 Capital Programme as approved by Council in February 2023. These had increased the 2023/24 Capital Programme budget to £67.631m from the £67.334m revised Capital Programme budget for 2023/24 approved at Quarter Two.**

#### **AGREED**

**In respect of the General Fund Revenue Budget that Executive:**

- 1. Note the forecast 2023/24 net revenue budget year-end outturn as at Quarter Three of £131.898m against an approved budget of £126.354m, a forecast year-end overspend of £5.544m (4.4%). This represented an improvement of £3.012m from that forecast at Quarter Two.**
- 2. Note that the forecast year-end overspend of £5.544m related primarily to a combination of forecast demand and inflationary pressures as detailed in the table on page 39 of the agenda pack.**
- 3. Note and endorse the management actions taken in consultation with Executive Members over the year to date to control expenditure within the approved budget**

and to develop more financially sustainable solutions for future years as set out in paragraphs 4.6 to 4.13 of the report.

4. Note that work would continue to try to mitigate further the forecast year-end overspend before the end of 2023/24 and the final position would be reported as part of the final 2023/24 outturn report to Executive in June 2024.

In respect of the Council's Reserves and Provisions Executive:

1. Note that the s151 Officer had undertaken a review of the balance sheet which had resulted in the release of £0.757m from the Revenue Grants Received Unapplied account that has been transferred to the Change Fund and the balance had been re-stated as at 31 March 2023 from £0.730m to £1.487m.
2. Note that the s151 Officer had determined that the 2023/24 Change Fund Reserve of £1.487m, should be available to fund expenditure on transformation and efficiency as part of an agreed financial recovery plan.
3. Note that, as a result of the balance sheet review, the s151 officer was in discussion with the External Auditor in relation to the audit of the Council's methodology to calculate the Collection Fund Bad Debt provision in 2021/22 financial statements. This was estimated to result in a favourable adjustment of approximately £8.3m affecting the 2022/23 and 2023/24 accounts and impact upon 2024/25 budget setting – this would be used to replenish the usable unrestricted revenue reserves and General Fund balance that would be used to fund the final 2023/24 overspend. This sum was not available to balance the 2024/25 budget.

In relation to the Council's financial recovery and resilience Executive:

1. Note the Quarter Three forecast of usable revenue reserves of £9.036m available at 1 April 2024 based on the Quarter Three forecast outturn position of £5.544m, a reduction from the already critically low level of £15.586m at 31 March 2023. These would comprise of:
  - General Fund Reserve of £9.036m.
  - Council's unrestricted usable earmarked reserves of £NIL (with the exception of a £0.055m Election Costs Reserve which whilst technically is unrestricted and usable had planned committed spend against it on election costs in future years).
2. Note that in order to set a legally balanced and robust budget whilst maintaining adequate revenue reserves for 2024/25, Executive on 17 January 2024 approved an application for Exceptional Financial Support (EFS) to the Department for Levelling Up Housing and Communities (DLUHC). The s151 Officer's advice was that without securing External Financial Support via DLUHC, it would not be possible for it to:
  - Balance the 2024/25 budget.
  - Secure financial recovery and sustainability over the medium term.
3. Note that the formal EFS application was made to DLUHC on 17 January 2024 and the result of the application was expected in the period from 26 February to 1 March 2024. Further details would be provided as part of the 2024/25 budget and Medium-Term Financial Plan (MTFP) report to Executive on 28 February 2024 and Council on 8 March 2024.
4. Note that depending on the decision taken by DLUHC in relation to the EFS application, the risk of a s114 Notice under the provisions of the Local Government Finance Act 1988 remained. Further details would be provided as

part of the 2024/25 budget and Medium-Term Financial Plan (MTFP) report to Executive on 28 February 2024 and Council on 8 March 2024.

5. Note that Statutory Officers remained in dialogue with DLUHC, the External Auditor and the Middlesbrough Independent Improvement Advisory Board (MIAB) in relation to the development and delivery of the Council's Financial Recovery and Resilience plans.

**In respect of the Capital Programme and Treasury Management Executive:**

1. Note that a full review of the Capital Programme had been undertaken since Quarter Two including a review of profiling and alignment of funding sources to optimise the use of grants and external funding and mitigate the revenue impact of debt financing upon the revenue budget position as far as possible.
2. Note the 2023/24 Capital Programme forecast outturn of £47.129m at Quarter Three, which was a reduction of £20.502m (30%) from the revised £67.631m budget for 2023/24. The forecast outturn against the revised capital programme was a favourable variance comprising:
  - An underspend of £1.611m.
  - Slippage of £18.891m into 2024/25.
3. Note the Treasury Management forecast outturn position with respect to the Council's prudential indicators as set out in paragraphs 4.73 to 4.81 of the report.

**In respect of the Dedicated Schools Grant (DSG) Executive:**

1. Note the current forecast in-year deficit of £6.644m for 2023/24 relating to the High Needs Block, which was an increase of £3.323m from the £3.321m reported at Quarter Two. The increase was mainly due to higher demand for specialist provision as inclusion of pupils within mainstream settings had remained a challenge. A range of management actions were being taken to address the increase in expenditure alongside the DBV (Delivering Best Value) programme (paragraph 4.54)
2. Note the forecast total cumulative deficit of £13.208m at 31 March 2024, including £13.665m relating to the High Needs Block, as set out in Table 7 and paragraphs 4.52 to 4.53 of the report.
3. Note that under existing government regulations this deficit cannot be funded from the General Fund, and the Council is required to deliver a recovery plan to the Department for Education (DfE). This position presents a long-term risk to the Council's financial position which is dependent upon how central government ultimately resolve the spending pressures arising in High Needs, given the nationwide financial pressures being experienced by local authorities in this area.
4. Note that the Council was part of the DfE Delivering Better Value (DBV) scheme which aimed to support financial recovery of the DSG position.

## **OPTIONS**

No other options were submitted as part of the report.

## **REASONS**

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

23/69

## **LEVELLING UP PARTNERSHIP**

The Executive Member for Regeneration submitted a report for Executive's consideration.

The purpose of the report was to seek Executive approval for Middlesbrough Council to accept £20.816 million of Levelling Up Partnership (LUP) funding and agree, as the Accountable Body, to deliver and enable local partners to deliver the package of proposed projects.

Having been identified as an area of need by Government, Middlesbrough Council had been working alongside the Department for Levelling Up Homes and Community (DLUHC) to develop a series of projects to be delivered by 31st March 2025, to address Middlesbrough's greatest areas of need. The funding would be provided under a S31 grant to the authority, and was expected to be provided in two tranches of approximately £9.900m in 2023 -2024 and £10.916 in 2024 - 2025 financial years. The first payment of £9.9m was received in December 2023.

Levelling up partnerships aimed to bring the collective power of Government to provide bespoke place-based regeneration in 20 of England's areas in greatest need of levelling up over 2023-24 and 2024-25.

Middlesbrough had been selected based on the analysis in the levelling up White Paper which considered places in England against four key metrics: the percentage of adults with Level 3+ qualifications; gross value added (GVA) per hour worked; median gross weekly pay; and healthy life expectancy.

There was up to £20.816m capital resource available for the Levelling Up Partnership in the financial years 2023 - 2024 and 2024 - 2025. Total funding allocated would depend on the policies agreed and subject to business case approvals.

Awarded capital resource could cover expenditure on assets, investment in existing assets and capital grants to third parties, with respect to this programme this would be delivered via capital grant from Central Government which would fund capital costs of delivering bespoke local programmes.

The Mayor was encouraged to see a health offering as part of the proposals and that the partnership overall was a benefit for the town.

**ORDERED that Executive:**

- 1. Approves the Levelling Up Partnership Programme as set out in appendix A;**
- 2. Approves the acceptance of funding and Council status as accountable body for the funds – on the basis that the formal grant offer letter was in the form of an un-ringfenced S31 Capital grant and funding conditions being achievable; and, formally approved by the Director of Finance (S151); and,**
- 3. Approves that the submission of any programme amendments / change control processes with DLUHC be delegated to the Director of Regeneration and Culture, and Director of Finance (S151), subject to consultation with the relevant Executive members.**

**OPTIONS**

**Do nothing - not accepting the funding would have represented a missed opportunity to provide new facilities, improve existing ones and create new opportunities for Middlesbrough residents.**

**REASONS**

**The Levelling Up Partnership funding provided the opportunity to carry out a range of interventions that would not be possible without external funding. Each project had been designed to address an evidence-based need within the town, that would benefit a wide number of residents.**

23/70

**NEWHAM HALL - DISPOSAL OPTION UPDATE**

The Executive Member for Regeneration submitted a report for Executive's consideration.

The site at Newham Hall was identified in the Local Plan (2014) for residential development. It was the Council's largest parcel of surplus land at 71ha. With 42ha of net developable land the site had capacity for approximately 1,000 dwellings (Appendix 1).

Although the land had not been marketed for sale, Middlesbrough Council had received two speculative offers for the land in the last three years. More recently, the Council received a Joint



Venture proposition from Homes England and entered into an Exclusivity Agreement with them for the period December 2022 - September 2023.

Following assessment of these offers and insights from market research the report sought approval for Middlesbrough Council to:

- progress with the disposal and marketing of the land independently rather than sell to a third-party developer or through a Joint Venture with Homes England; and
- to utilise LUF2, Towns Fund grant, Strategic Highways and S106 monies, other developer contributions and Council capital programme resources to undertake site de-risking to ensure best consideration for the site at the point of sale.

The disposal of the land was recommended in order to meet the Council's requirements to generate capital receipts, increase annually recurring revenue streams and, as the value of the individual site exceeds £250,000 it was a key decision.

The report would seek continued delegated authority to be granted for the Director of Regeneration and Director of Finance to ensure a smooth and efficient disposal and delivery process to take place.

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

The overall integrity of the Local Plan (2014) depended upon the land supply identified within it being made available. Following Executive approval in 2017 to terminate the Agricultural Tenancy, approval to dispose of the land was granted by Executive in July 2022 via the Asset Disposal Business Case process (Appendix 2 - Confidential).

Middlesbrough's housing offer needed to keep pace with the demands of the market. The release and development of this suburban site would allow that to be achieved; stemming outward migration and making Middlesbrough a more desirable place to live, with a quantity of residential properties that would address the needs of a changing, growing and evolving population.

The development of new housing was a key component of the Council being able to achieve financial sustainability through growth in its tax base which generated increased Council Tax income. In addition, the capital receipts generated from sale of land, including housing sites, would support the delivery of the Council Plan and its Medium-Term Financial Plan (MTFP).

The Executive Member commented the report was focussed on securing investment from the site rather than specific planning considerations.

**ORDERED that Executive:**

1. **Approve the approach of Middlesbrough Council acting as the master developer for the Newham Hall site - being financially responsible for bringing the site forward for phased disposal and marketing without external intervention or support from Homes England;**
2. **Approve the use of the awarded Levelling Up Fund 2 and Towns Fund grants, Strategic Highways Section 106 Funding, other developer contributions and existing Council capital funding of £4.129m dedicated to Housing Growth or other projects already contained within the current capital programme to unlock and de-risk the Newham Hall housing site;**
3. **Approve Delegated Authority for the Director of Regeneration in respect of Public Open Space and Land Appropriation process and;**
4. **Approve Delegated Authority for the Director of Regeneration and Director of Finance for further amendments to the proposed disposal route.**

**OPTIONS**

**Don't sell the land**

**This would have resulted in significant financial implications for the Council, including no capital receipt and no Council Tax revenue growth. Failure to dispose of the land would have been contrary to the Local Plan (2014). The overall integrity of the Local Plan**

depended upon the land supply identified within it being made available; the Council would be open to significant challenge from the housebuilding industry if it was seen to constrain land supply. Furthermore, this approach would have resulted in significant abortive costs for the Council resulting from the due diligence work undertaken to date and the cost of legal proceedings relating to the farming tenancy.

#### Sell the land as a whole now

Advice from Knight Frank highlighted that this approach did not demonstrate Best Value for the Council. The approach would have presented a vastly reduced land receipt and there would have been significant uncertainties around the timescales for delivery which could have negatively impacted upon Middlesbrough's housing supply and Council Tax income, especially as the land did not come with the benefit of an outline planning permission. To undertake this approach would have also negated the Council's ability to spend the grants received, which would have further reduced the Council's net receipt.

#### Sell the land without the benefit of outline planning permission or a masterplan

It was known that developers would pay for the benefit of a de-risked site. Disposal without planning consent would have proven financially and strategically detrimental to the Council and proven risky for developers, potentially leading to fewer than normal offers and at a reduced financial rate. A masterplan was a planning requirement for a site of this size. Without both the planning permission and masterplan the ability to manage development and competitively market the land would have been significantly reduced.

#### Install highways and electricity infrastructure using LUF2 and Towns Fund then sell the land as a whole

Whilst this option would have de-risked the site and provided benefit against the capital receipt it would have been less so than the preferred option, as the potential existed to achieve a greater income over time as land values increased. This option also increased the risk of land banking and stagnating the supply of available homes.

#### Enter into a JV with Homes England

Independent advice and professional analysis consistently drew the conclusion that the proposal to collaborate with Homes England on the disposal and delivery of the Newham Hall housing site did not present Best Value for Money for the Council. Under the terms of the payment mechanism proposed by Homes England, the Council would have only received a capital payment equating to 50% of the land value, further reducing the overall value of the Council's asset from the perspective of best consideration.

#### Accept Offer made by Independent Developer

Independent advice and professional analysis highlighted that both offers made did not present Best Value for Money for the Council.

#### REASONS

The report contained financial information considered to be commercially confidential. Where reference was made to these figures, which related to valuations and identifiable expenditure, specific reference would be provided to the confidential appendix – Appendix A, which accompanied the report. A series of supplementary papers supported this report as Appendices. Two had been identified as confidential, as they provided descriptive rationale for the confidential figures.

The development of Newham Hall would bring an underutilised Council held asset into far more beneficial use in the future – creating a new community and a high-quality place.

Newham Hall was critical to the supply of land for housing development and was in turn critical for supporting economic growth in the town and the delivery of Council services.

The disposal of the subject parcel of land was recommended in order to meet the Council's requirements to generate capital receipts and increase annually reoccurring Council Tax revenue streams.

The development would produce in the region of 1,000 residential dwellings which would primarily be a mix of Council Tax Bands ranging from B to F. Modelling of the site indicated that upon completion this would generate additional Council Tax income of approximately £2.5m per annum on completion, based on current Council Tax levels.

Middlesbrough Council had received three offers for the land in advance of it being marketed for disposal. It was concluded that the presented offers did not demonstrate Best Value for Money (BVM) for the Council, with advice from external, independent property consultants, Knight Frank demonstrating that the Council would likely have received a higher residual land value than those offered.

It was proposed that Middlesbrough Council acted independently of third-party involvement in disposing of the site. This approach allowed the Authority to retain the greatest level of control and independence over the delivery of the site and the procurement of the necessary consultants. It would allow the Council to control the release of development parcels in a timely manner to ensure that the site's disposal was proportionate to market demand and avoid over supply. It would also reduce the Council's reliance on third parties, protecting the Council from political or economic shocks.

Despite its size, and the presence of competing sites, professional advice provided by Knight Frank indicated that there was room in the market for the site to be brought forward at this time.

Installation of an electricity connection would allow the Council to de-risk the site through increasing the accessibility of the parcels of land available for development, which would in turn expedite the delivery of housing numbers and income. Whilst this reduced risks and upfront investment requirements for developers it placed the Council in greater control of the overall disposal allowing multiple phases and products to be developed simultaneously and preventing the site from stalling.

The commissioning of due diligence was in line with the Council's own policy to maximise capital receipts. A masterplan was a policy requirement as set out in the adopted Local Plan. It was a valuable tool in the planning and development process. The National Planning Policy Framework (NPPF) emphasised that good design was a key aspect of sustainable development, and that design guides (such as masterplans) should be prepared to provide clarity over design expectations and a framework for creating distinctive places with a consistent and high quality of design. Masterplans were used to ensure high quality schemes are delivered and in line with national planning push for developments to meet local standards of beauty, quality, and design. Poor quality and ill-thought-out developments were a real risk if there was no masterplan in place.

23/71 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

23/72 **EXCLUSION OF PRESS AND PUBLIC**

The Chair noted that information relating to the report at agenda item 8 (Newham Hall – Disposal Options Update) was deemed commercially sensitive and thereby potentially exempt from press and public view.

The Monitoring Officer advised Executive that when determining whether to pass a resolution to exclude the press and public from part of the meeting to discuss that potentially exempt information, there was a need to balance the public interest against, in this case, commercial sensitivity.

Executive were also asked by the Monitoring Officer to note that the law on access to information, which was mirrored in the council's Constitution, provided that information was not

exempt if it related to a proposed development for which the local planning authority may grant itself planning permission in principle. The meaning of this provision had been interpreted in case law. The Monitoring Officer noted that the report at agenda item 8 included a statement of intention on the part of the council to apply for planning permission in respect of the land.

A recent case had established that it was not reasonable to say that the provision only applied to decisions coming before planning committee. On the other hand, the legal provision should not be interpreted to suggest that as soon as the authority as landowner proposed development, information could not be exempt regardless of how far in the future the potential grant of planning permission. The case law underlined the need to have regard to the purpose of the law concerning exemptions, which was intended to promote public access to information but also to safeguard the financial and business interests of anyone.

In the context of the case law, the Monitoring Officer advised that it was possible in this case for Executive to consider the information in the relevant appendices as potentially exempt, and it was a matter for Executive to determine whether - in balancing commercial sensitivity and the public interest – the press and public should be excluded from discussions on that information.

An Executive member commented that while Executive wanted as much transparency as possible in decision making, there was a need to ensure certain information was protected when it was relevant to do so.

**ORDERED** that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

23/73

**NEWHAM HALL - APPENDICES A, 2 AND 3**

The Executive Member for Regeneration submitted appendices containing exempt information associated with agenda item 8 (Newham Hall – Disposal Option Update) for Executive's consideration.

**AGREED**

**That the contents of the appendices be noted.**

**REASONS**

**For reasons outlined in the report at agenda item 8.**

**All decisions will come into force after five working days following the day the decision(s) was published unless the decision becomes subject to the call in procedures.**

**MIDDLESBROUGH COUNCIL**



<b>Report of:</b>	Chief Executive
<b>Executive Member:</b>	The Mayor and Executive Member for Adult Social Care and Public Health
<b>Submitted to:</b>	Executive
<b>Date:</b>	28 February 2024
<b>Title:</b>	The Council Plan, 2024-27
<b>Report for:</b>	Decision
<b>Status:</b>	Public
<b>Strategic Priority:</b>	Not applicable. The purpose of this report is to set out the planned approach to development and delivery of the Council Plan 2024-27 and its strategic priorities and ambitions.
<b>Key decision:</b>	No
<b>Why:</b>	Not applicable
<b>Subject to call in?:</b>	No
<b>Why:</b>	The report is to seek Executive endorsement. The decision to agree a new Council Plan is reserved for full Council, as part of the Budget and Policy Framework.

**Proposed decision(s)**

That the Executive:

- Endorses the final Council Plan 2024-27 and associated strategic priorities and outcomes prior to full Council approval of the final Council Plan 2024-27 and to enable development of detailed, supporting delivery plans.

## Executive summary

This report sets out the Council Plan 2024-27, seeking Executive endorsement on its structure and content, setting out how we will work with communities, to take forward our shared priorities over the 2024 to 2027 period.

The Council Plan 2024-27 is structured around the following vision and priorities:

The vision for Middlesbrough is a thriving, healthier, safer and more ambitious place where people want to live, work, invest, and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.

**A Successful and Ambitious Town:** *Maximising economic growth, employment, and prosperity, in an inclusive and environmentally sustainable way.*

**A Healthy Place:** *Helping our residents to live longer and healthier lives, improving life chances and opportunities to thrive.*

**Safe and Resilient Communities:** *Creating a safer environment where residents can live more independent lives.*

**Delivering Best Value:** *Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.*

The final Council Plan 2024-27 will be considered by full Council on 8 March 2024, and the more detailed service and delivery plans, to the Executive in March 2024.

## Purpose

1. This report sets out the Council Plan 2024-27 and seeks Executive endorsement on its structure and content, setting out how we will work with our communities, to take forward our shared priorities over the 2024 to 2027 period.
2. The intent of the report is to provide enough information and assurance for the Executive to endorse the Council Plan 2024-27, prior to consideration by full Council on 8 March 2024, ensuring that it remains current and reflective of major developments of the past year, and those anticipated in the coming three years.

## Recommendations

That the Executive:

- Endorses the final Council Plan 2024-27 and associated strategic priorities and outcomes prior to full Council approval of the final Council Plan 2024-27 and to enable development of detailed, supporting delivery plans.

## Rationale for the recommended decision(s)

3. To enable the Executive to endorse, prior to consideration by full Council, the Council Plan 2024-27, ensuring that it is reflective of major developments of the past year, and those anticipated in the coming three years.

## **Background and relevant information**

4. The Council Plan, formerly known as the Strategic Plan, is the Council's overarching business plan for the medium-term, and is refreshed on an annual basis, setting out the priorities of the Elected Mayor of Middlesbrough, the ambitions for our communities and the ways in which we seek to achieve them.
5. Part of the Council's Policy Framework, the Council Plan requires the approval of full Council, as set out in the [Constitution](#). The Council's Budget and Policy Framework Procedure Rules provide for the Executive to draw up firm proposals on the Strategic Plan (Change Strategy) for submission to Full Council.
6. Full Council approved the previous Strategic Plan 2021-2024 on 16 February 2021, which expressed the previous Mayors' priorities for the town.
7. This report proposes a new Council Plan for the 2024-27 period articulating the aims and ambitions of Mayor Cooke elected in May 2023, which are informed by, and responsive to the views of residents and which will need to be delivered within available resources.

### ***Corporate Governance Journey***

8. The Council is currently mid-way through a corporate governance improvement journey, following the report and findings of the Council's external auditor, Ernst and Young LLP in July 2022 which reported significant areas of concerns in governance, including relations between members and officers.
9. Following communication of the findings of the external auditor, the Council brought in external support (CIPFA and the LGA) to support with the development of the corporate governance improvement plan, alongside undertaking a review of the organisation's financial resilience.
10. Despite progress made, in January 2023, the Department of Levelling Up, Housing and Communities (DLUHC), issued a Best Value Notice. To respond effectively to the wider governance challenges facing the Council, the corporate governance improvement plan was refreshed in September 2023 around two specific themes: cultural transformation and financial resilience. Simultaneously, the external auditor escalated concerns via statutory recommendations, under Section 24 of the Local Audit and Accountability Act, which the Council responded to with an action plan of improvements, aligning with the Corporate Governance Improvement Plan intentions.
11. An Independent improvement Advisory Board was established to provide expertise, challenge, and advice against delivery of the revised governance improvement plan, with the first meeting taking place in September 2023. Progress against which (and including the Section 24 improvements), is reported at these monthly Boards, as well as each meeting of full Council and Audit Committee.
12. Whilst Government has since recognised progress made, however due to the seriousness and extent of the issues identified, the Best Value Notice has been extended for a further six months.

### ***Resident and Budget Consultation impact***

13. The Council's strategies and plans must be evidence-based and financially sustainable, if they are to be effective in addressing the challenges facing Middlesbrough. To that end, the output and analysis of the recent resident survey and the Medium-Term Financial Plan (MTFP) and budget consultations have been used to shape the Council Plan and determine service priorities within the financial constraints facing the Council. Both reports will be considered at the same meeting of the Executive on 28 February 2024.

**2023 Resident Survey**

14. The detailed findings of the Resident Survey were presented to a meeting of the Executive in December 2023, though to summarise they identified a decline in satisfaction with Council services since the survey was last undertaken in 2017. These findings have shaped the priorities within the proposed Council Plan 2024-27.

15. Key headline findings were:

- 37% of residents felt that the Council provided value for money, compared to 48% in 2017 and national average, also of 48%.
- 47% of residents were satisfied with street cleaning, in comparison to 66% previously.
- 66% of residents are satisfied with the local area as a place to live, in comparison to 81% in 2017.

**2024/25 Budget Consultation**

16. The outcome of the budget consultation exercise informs the final budget proposals which will be presented as part of the final 2024/25 Budget and Medium-Term Financial Plan (MTFP) Update 2024/25 to 2026/27 report for endorsement by Executive on 28 February 2024 and approval by full Council on 8 March 2024, at the same time at this report. Furthermore, the analysis of the consultation will shape the development of detailed service plans to enable delivery of the Council Plan 2024-27.

17. A number of channels were used to promote the budget consultation to enable members of the public, Council staff and local businesses to engage and contribute. As a result:

- Over 1,100 responses to the consultation were received: the highest response rate in the last 5 years.
- Four public consultation events were held and attended by over 90 people.
- The creation of social media posts and an e-newsletter enabled more targeted consultation.

**Approach to developing Council Plan priorities and success measures**

18. The Leadership Team has worked collaboratively with the Mayor and the Executive to develop and shape the Mayor’s priorities for the town within the proposed Council Plan 2024-27, as set out below.

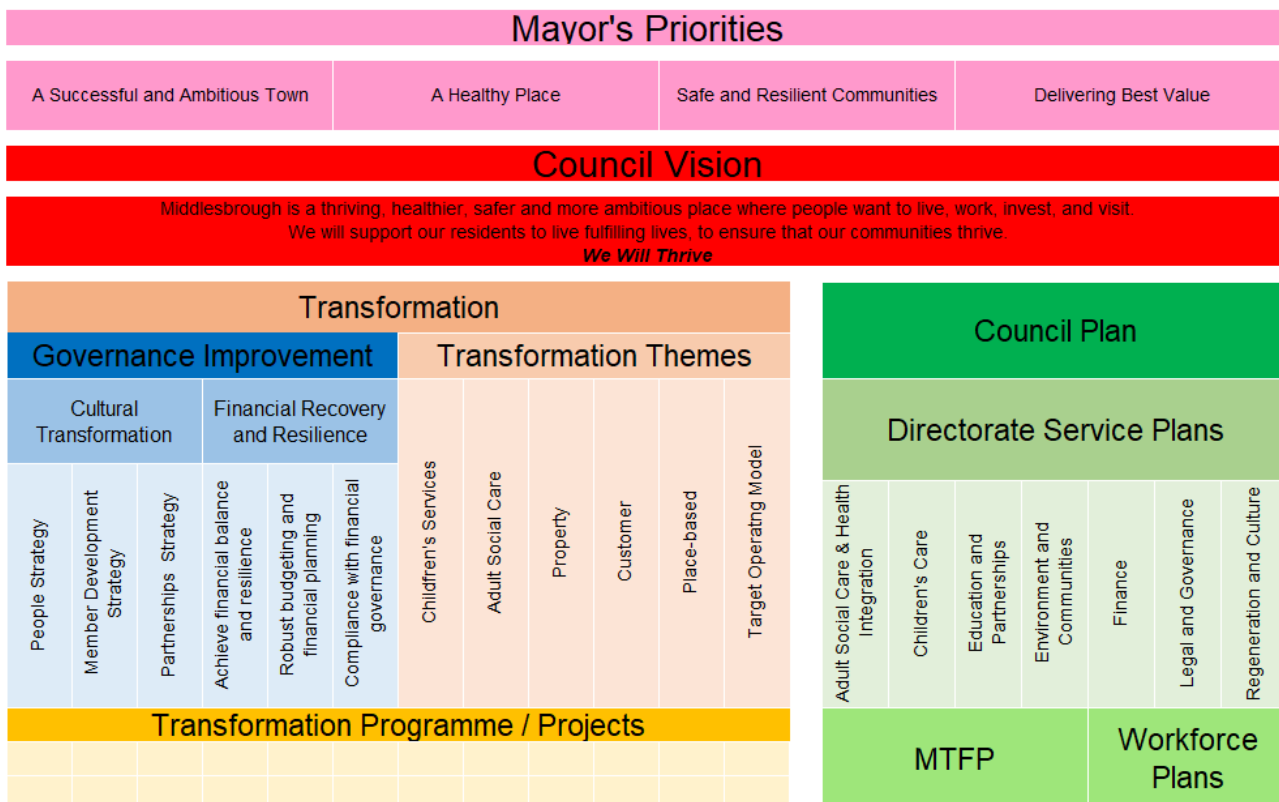
A Successful and Ambitious Town	A Healthy Place	Safe and Resilient Communities	Delivering Best Value
Maximising economic growth, employment and prosperity, in an inclusive and environmentally sustainable way.	Helping our residents to live longer and healthier lives, improving life chances and opportunities to thrive.	Creating a safer environment where residents can live more independent lives.	Changing how we operate, to deliver the best outcomes for residents and businesses.
Attract and grow local business, increasing employment opportunities  Improve attainment in education and skills  Housing provision will meet local demand and need	Improve life-chances for children and adults, to address and respond to health inequalities  Protect and improve our environment  Promote inclusivity for all  Reduce poverty	Support adults to be independent for longer  Improve connectivity, digital and transport  Promote new ideas and community initiatives  Reduce crime and anti-social behaviour	Set a balanced revenue budget and Medium Term Financial Plan, restoring financial resilience and sustainability  Demonstrate robust and effective corporate governance

19. Appendix 1 sets out the Council Plan for the 2024-27 period, which includes:

- an introduction from the Mayor of Middlesbrough and the Chief Executive
- the Mayor’s priorities
- the Council’s ambitions and priorities for 2024-27
- measures of success
- plans for transformation



20. The Council Plan will be underpinned by a performance management framework, to assess the impact of planned activities against achievement of its ambition. Progress will be reported to the Executive each quarter and will include the success measures determining the impact upon:
  - the types of businesses being established in Middlesbrough, to ensure that we attract those which will give residents access to well-paid and rewarding careers,
  - healthy life expectancy of residents of Middlesbrough, who currently experience ill-health much earlier than wealthy areas across the UK,
  - community safety, as part of our plans to reduce crime and make residents and communities feel safer,
  - progress against the Council’s governance improvement journey, to provide assurance to members of the public and our partners, that the services we are providing are value for money.
21. The performance management framework is currently being scoped and once developed, will be presented to the Executive for consideration and adoption, following agreement of the Council Plan 2024-27.
22. Supporting initiatives and workplans to support delivery of the Council Plan 2024-27 ambitions and measures of success are being developed into Service Plans, alongside the proposed performance and governance arrangements for Executive decision in March 2024.
23. The diagram below demonstrates the links between the Mayor’s Priorities, the Council Plan, the MTFP, our governance improvement journey and our intentions towards transformation.



**Transformation**

1. Successful organisation-wide transformation of the organisation is integral to delivering the Council Plan and MTFP and will see new approaches to the design of service delivery, drive improved controls and efficiencies and implement effective demand management measures to enable the Council to deliver improved outcomes for the community, from a lower cost base that

is financially sustainable. In recognising the evolving landscape, the Council is committed to adopting innovative approaches in the design and delivery of services, encompassing new strategies, partnerships and collaborative efforts with stakeholders.

2. As an authority in the midst of significant change and challenge, transformation is key to delivering services more effectively and making positive changes to improve our culture. This involves a continuous process of monitoring external factors, staying abreast of best practice and innovation, and being agile in responding to emerging challenges and opportunities. The Council sees transformation not as a one-time event but as an ongoing journey that aligns with the ever-changing landscape of public service and governance.

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

3. It is imperative that the Council effectively articulates and communicates an overarching plan to direct activity across Directorates and services, towards the achievement of its priorities and ambitions.
4. The only other realistic potential decision would be to leave the Council's strategic objectives unchanged on the assumption that they are sufficiently robust to address and achieve previously identified outcome measures. This, however, is not correct and neither would it represent an appropriate response to the needs of the town, it would detrimentally impact local communities and the business of the Council for some years ahead.
5. The only other feasible decisions therefore relate to the structure of the document, and its horizon (i.e., reverting to an annual plan). It is strongly in the Council's interest to plan over the medium-term, (between 3 – 5 years) in line with the indicative budgets over this period outlined by the Government. The proposed document achieves this whilst also providing an appropriate level of detail for all audiences on the Council's planned activity over this period.

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

#### ***Financial (including procurement and Social Value)***

6. The Council Plan 2024-27 and the Council's annual revenue and capital budgets are developed in parallel, to ensure full alignment between the Council's ambitions and spending plans. In outlining an achievable programme of work that delivers performance improvement within reduced resources, the Council Plan and its supporting Service Plans therefore demonstrate how the Council will deliver value for money in the medium-term.

#### ***Legal***

7. Implementation of the Council Plan 2024-27 will enable the Council to operate within the resources available to it, and continue to meet its various statutory duties, including the overarching Duty of Best Value.

#### ***Risk***

8. The proposed Council Plan sets out a range of activity to address the key risks within the Council's Strategic Risk Register which have the ability to impact on the Council's ability to achieve the ambitions set out in the Council Plan. As such, once the new Council Plan is agreed by full Council, a review of the current content will be completed, with any changes reported to Executive, as part of the quarterly performance management reports.

#### ***Human Rights, Public Sector Equality Duty and Community Cohesion***

9. The Council Plan 2024-27 will have a positive impact on individuals and communities. It contains within it, plans to ensure that the Council has an inclusive approach for all its residents. An impact assessment has been completed on the draft plan and is attached to this report at Appendix 2.

### **Climate Change / Environmental**

10. The proposed Council Plan will have a positive impact on climate change and the environment, with a specific priority to 'protect and improve our environment' which will focus Council activity on these areas. The Plan will set a series of measurable outcomes to be achieved against this theme.

### **Children and Young People Cared for by the Authority and Care Leavers**

11. The proposed Council Plan will have a positive impact on children and young people, with a proposed priority to 'improve education and attainment' with focused activity directed at these areas. The Plan will set a series of measurable outcomes to be achieved against this theme including a particular focus on the steps we can take to improve the educational attainment of children and young people cared for by the Authority and Care leavers.

### **Data Protection / GDPR**

12. There are no concerns that the proposed plan could impact adversely on data protection or GDPR.

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

Action	Responsible Officer	Deadline
Subject to full Council approval of Council Plan 2024-27, supporting Service Plans and associated delivery plans will be developed and presented to Executive for approval.	Head of Strategy, Business and Customer	Mar 2024

### **Appendices**

1	Council Plan 2024-27
2	Impact Assessment (screening level)

### **Background papers**

Body	Report title	Date
Executive	Strategic Plan 2021-24	16 Feb 2021
Executive	Strategic Plan 2022-24	14 Feb 2022
Executive	Refreshing the Strategic Plan workplan for the 2022-24 period	5 Apr 2022
Executive	2023 Residents Survey	20 Dec 2023
Executive	Draft Council Plan 2024-27	20 Dec 2023

**Contact:** Gemma Cooper, Head of Strategy, Business and Customer  
**Email:** gemma\_cooper@middlebrough.gov.uk

**Appendix 1: Council Plan 2024-27**

**Appendix 2: Impact Assessment Level 1 (Initial screening assessment)**

<b>Subject of assessment:</b>	Council Plan 2024-27			
<b>Coverage:</b>	Overarching / crosscutting			
<b>Decision relating to:</b>	<input checked="" 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>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><b>Key aims, objectives, and activities:</b>                      The Council Plan, formerly known as the Strategic Plan, is the Council's overarching business plan for the medium-term, and is refreshed on an annual basis, setting out the priorities of the Elected Mayor of Middlesbrough and other corporate priorities and ambitions for the Council.</p> <p><b>Statutory drivers:</b>                      Local Government Act 1999; Equality Act 2010.</p> <p><b>Differences from any previous approach:</b>                      This will result in a new Council Plan which includes new aims, priorities and ambitions.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate):</b>                      Elected members, employees of the Council, local communities and businesses, partners.</p> <p><b>Intended outcomes:</b>                      To ensure that the Council's strategic objectives are achieved, and that the Council continues to comply with the duties of the Equality Act 2010 relating to the publication and pursuit of equality objectives.</p>			

<b>Live date:</b>	February 2024			
<b>Lifespan:</b>	2024-27, though reviewed annually			
<b>Date of next review:</b>	Potential for review in 2024/25			
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"/>	No. The content of the proposed plan and delivery of it would not contravene Human Rights as identified in national legislation.
<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"/>	No. The Strategic Plan commits to reducing inequalities within Middlesbrough. It is based on a robust evidence base of needs and includes a commitment to inclusivity for all. As a result, there are no concerns that the Plan or associated activity could have a disproportionate adverse impact on groups or individuals with characteristics protected in national legislation.
<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"/>	No. The Plan commits to improving community resilience within the town, which will result in direct benefits for cohesion. As a result, there are no concerns that the proposed plan could have an adverse impact on community cohesion.
<b>Assessment completed by:</b>	Gemma Cooper. Head of Strategy, Business and Customer			
<b>Date:</b>	6 December 2023			
<b>Head of Service:</b>	Clive Heaphy, Chief Executive			
<b>Date:</b>	6 December 2023			



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# Council Plan 2024-27



'The Council's vision for Middlesbrough is a thriving, healthier, safer and more ambitious place where people want to live, work, invest, and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.'

## Foreword

### Welcome to our Council Plan for the 2024-27 period.

The Council has experienced lots of change following May 2023's elections and this plan sets out the new administration's visions and ambitions.

Like most local authorities, Middlesbrough faces lots of challenges. As a Council, we're determined to work with local people, our partners and businesses to overcome them.

We are also working closely with government and other bodies to make changes to our culture. There are problems from the past we are determined to resolve so we can look to the future with confidence.

We will recover, reset and deliver for the people of Middlesbrough.

By recovering our financial position, we will put the Council on a stronger footing for the future.

By resetting our priorities, we will ensure our attention is focused on things that matter to people and businesses.

With those foundations in place the Council will be able to put all its energy into delivering services that people value.

The Council's vision for Middlesbrough is a thriving, healthier, safer and more ambitious place where people want to live, work, invest, and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.

While acknowledging the difficulties and societal problems that people face, we must also promote Middlesbrough as an area where great things happen.

Our town centre hosts thousands of people on a regular basis whether it be for football, live music, or the various cultural festivals we're proud to play a part in.

We're home to innovative companies that do business on the world stage and we boast award-winning educational institutions preparing our young people for prosperous lives.

Middlesbrough is a brilliant town, and we must use the talent, pride and positivity of our people to make the most of the opportunities that come our way.

Clearly, there's a lot of work to get through as we set about transforming the way we do things.

We believe this Council Plan can help create a fair, welcoming, and thriving place.

**Chris Cooke**  
Elected Mayor of  
Middlesbrough

**Clive Heaphy**  
Chief Executive



**Chris Cooke**, Elected  
Mayor of Middlesbrough



**Clive Heaphy**, Interim  
Chief Executive.

# Middlesbrough's challenges and opportunities

1. Middlesbrough is a lively and exciting place with an increasingly diverse population. Approximately 18% of our people are of an ethnic minority.

We are proud that our 2023 residents' survey found increasing numbers of people think Middlesbrough is a place where people from different backgrounds get on well together



5. Our population is younger than the regional and national averages



6. We must ensure our future workforce has the right skills so we can attract investment



7. Life expectancy and healthy life expectancy for men and women are both lower than national averages



8. We must transform our services in the face of reductions in government funding and declining resident satisfaction



2. We're the heart of the Tees Valley with 800,000 people living within a 30-minute radius. We're a busy place with lots happening



3. Our population of around 144,000 lives in an area of just 35 square miles. Roughly 19 people live on each football pitch size of land making it the most densely populated part of the North East



4. Middlesbrough is a vibrant place with a strong sense of community



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Sources:  
 · Office for National Statistics 2021 Census  
 · Middlesbrough Council Resident Survey 2023  
 · Indices of Deprivation 2019

# Our vision and priorities

## We will thrive

Our vision for Middlesbrough is a thriving, healthier, safer and more ambitious place where people want to live, work, invest, and visit. We will support our residents to live fulfilling lives, to ensure that our communities thrive.



1

## A successful and ambitious town

Maximising economic growth, employment and prosperity in an inclusive and environmentally sustainable way.

2

## A healthy place

Helping our residents to live longer, healthier lives.

4

## Delivering best value

Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.

3

## Safe and resilient communities

Creating a safer environment where residents can live more independent lives.



# A successful and ambitious town

Maximising economic growth, employment and prosperity in an inclusive and environmentally sustainable way.

## Aims:

### Attract and grow businesses to increase employment opportunities

Middlesbrough is home to thriving companies in innovative industries who compete on the world stage. To ensure we continue to be an attractive place to start or build a business, we will work to grow the range of employment opportunities. We will attract new businesses and support existing ones to grow, increasing the links between employers and job seekers.

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### Improve attainment in education and skills

Our town boasts award-winning education institutions including Teesside University, Middlesbrough College and the Northern School of Art. We have dozens of wonderful schools led by inspirational teachers.

We will work alongside these organisations to ensure skills provision is focused on the future needs of the economy and that our residents are equipped for work.

### Ensure housing provision meets local demand

Our population is growing and we need to have homes that meet all types of needs and aspirations. Housing provided through the Council must promote and support independent living.

Services for homeless people will be safe and dignified, supporting access into long-term sustainable accommodation.

## How will we know we are delivering?

We need to increase the proportion of our residents that are economically active. 45.4% of residents are economically inactive compared to 39.1% nationally (ONS 2021 Census).

We track the number of businesses based here and the sectors they operate in.

Our residents need support to find work. 15.3% have either never worked or are long term unemployed, compared to 8.5% nationally (ONS 2021 Census).

We need to have more well paid, secure jobs in the town. Currently, those in employment are more likely to work in sales, care, leisure or manual jobs when compared to regional and national averages.

We need more roles in senior management positions and professional and technical occupations.

Increasing our skills base is key to attracting businesses and improving job prospects. Currently, 23.9% of residents have no qualifications, compared to 20.3% regionally and 18.1% nationally.

26.4% of residents have a Level 4 equivalent qualification or higher, compared to 28.6% regionally and 33.9% nationally.

We track the number of new homes that are delivered and the number of affordable homes. We monitor the levels of homelessness and the circumstances of people at the risk of homelessness.



# A healthy place



Helping our residents to live longer, healthier lives.

## Aims:

### Improve life chances of our residents by responding to health inequalities

Using our Family Hub model, we will support families to secure the best start in life for children.

We will improve children's readiness to learn and help them develop strong foundations for success at school.

Early intervention and support for families will prevent issues escalating and build resilience.

Through our Public Health Strategy we will work with partners to increase the prevention and early detection of disease and act on the structural factors that drive ill health.

Adult Social Care Services will further develop early intervention and prevention services to reduce the need for social care assessment.

We will consistently promote the conditions for improved health and wellbeing to users of our services and their carers.

### Protect and improve our environment

Through our Green Strategy we will continue to drive up recycling rates and encourage our residents to join with us in protecting our environment, green spaces and parks.

### Promote inclusivity for all

To ensure the principle of fairness is at the heart of everything we do, we will work together with communities and partners to develop solutions that improve outcomes for all.

We will always consider the impact our policies, strategies and decision making have on health inequalities.

### Reduce poverty

We will work with partners to support our residents out of poverty and improve community resilience to prevent people falling into poverty.

Meeting this challenge is central to all of the ambitions within the Council Plan.



## How will we know we are delivering?

We track the percentage increase of families who are engaging with the Family Hub service, the percentage of eligible families supported to take up their funded place for two year olds and the number of children reached each month via the literacy pathway.

Life expectancy at birth in Middlesbrough is 75.4 for males and 79.8 for females, compared to 79.3 and 83.1 nationally. Healthy life expectancy is also lower than national averages. We must work to close the gaps.

56.5% of over-16s in Middlesbrough are classed as 'active', taking part in sport and physical activity for over 150 minutes per week. This compares to 67.3% nationally. Obesity and

overweight rates for both children and adults are higher than the national average.

Promoting and supporting healthier lifestyles can influence these measures that impact on people's health.

We track resident satisfaction on environmental issues, including maintenance, parks and green spaces, via the Resident Survey.

We have statistics for amounts of waste sent for refuse, recycling and composting.

Based on the 2019 Indices of Deprivation, Middlesbrough is the fifth most deprived council area in England. This measure is due to be updated in 2025.

# Safe and resilient communities

Creating a safer environment where residents can live more independent lives.



## Aims:

### Support for adults to be independent for longer

We will improve access to advice and information for adults and informal carers.

We will develop and expand our use of assistive technology and reablement to minimise the need for ongoing care.

We will develop the choice of accommodation and support options for vulnerable adults to promote independent living, reducing reliance on residential care.

### Improved transport and digital connectivity

Our transport infrastructure will meet the needs of our residents and businesses and also support the town's green agenda by increasing the number of electric vehicle charging points.

We will work to improve digital connectivity, including by allowing residents to access Council services in the most convenient way.

### Promotion of new ideas and community initiatives

We will develop an approach that empowers individuals and groups to build resilient and thriving communities.

### Reducing crime and antisocial behaviour

We will work to reduce crime and antisocial behaviour across the town, allowing residents to live safer lives.

## How will we know we are delivering?

Middlesbrough has consistently had the highest crime rate in the Cleveland Police area for the past five years. We must narrow the gap between our town and the rest of the Tees Valley.

We track the number of adults whose long-term support needs are met by admission to residential and nursing care homes.

We track the number of over-65s who receive reablement/rehabilitation services after discharge from hospital.

We monitor the number of people who use public transport and the average minimum travel time to reach key services by different modes of travel.



# Delivering best value

Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.

## Aims:

### Ensuring robust and effective corporate governance

It will be a priority over the life of this plan to provide government and the Council's auditors with assurances the Council has effectively addressed concerns as set out in the Best Value notice and subsequent statutory recommendations.

### Set a balanced revenue budget and Medium Term Financial Plan to restore financial resilience and sustainability

The Council is required by law to manage its annual revenue expenditure within its available financial resources.

It also has a Best Value duty to deliver a balanced Medium Term Financial Plan over three to five years to demonstrate financial stability and sustainability in delivering its wider Council Plan objectives.

The Council faces a significant risk that it is unable to balance its revenue expenditure with its available resources in 2024/25, and over the medium term to 2026/27, without fundamental transformation and redesign of services.

The Council's financial resilience is currently weak due to its critically low level of usable revenue reserves which constrain its ability to respond effectively to unforeseen financial pressures.

The Council's Medium Term Financial Planning and annual budget setting framework provides the affordability envelope within which the Council's plans will need to be developed in order to secure financial sustainability.

This includes the requirement to plan to rebuild revenue reserves to strengthen financial resilience that will enable more stable financial planning and management in delivering wider objectives and priorities over the medium term.

## How will we know we are delivering?

By demonstrating successful cultural transformation and financial recovery and resilience, we will aim for the removal of the Best Value notice within the period of this plan.

We will deliver the action plan in response to the external auditor's statutory recommendations and move towards an unqualified set of accounts within the period of this plan.

Monthly budget monitoring takes place with Executive Member oversight.

The Section 151 officer will assess the financial health of the council, including a risk assessment

of the adequacy of reserves annually as part of medium term financial planning and budget setting.

Audits, risks to the organisation, complaints, programme and project management, health and safety and information security incidents are all tracked.

Compliance with Freedom of Information Act and Subject Access Request legislation to ensure we are demonstrating transparency and accountability by the way in which we respond to requests.



# Transformation

We are working to 'recover, reset and deliver' to ensure that we deliver modern cost-effective services, focused on the needs of residents and arranged around individuals, their families, carers and communities.

We will be an inclusive and supportive Council where staff thrive, prosper and feel valued in their work.

## Aims:

Transformation is not only a response to challenges, but a proactive strategy to shape a future-ready organisation.

It is a catalyst for positive change, driving the organisation forwards.

In embracing this ethos, the Council aspires to create a culture that thrives on adaptability and continuous improvement, ensuring its resilience in the face of ongoing challenges and changes.

Our transformation is focused on key areas and priorities:

**Service delivery:** we are committed to adopting new approaches to the design and delivery of services to better meet the needs of our residents.

**Controls and efficiencies:** our emphasis is on driving improved controls and efficiency measures across the organisation, ensuring streamlined processes and resource optimisation.

**Demand management:** through implementing effective demand management measures, we aim to optimise resource allocation and target our interventions precisely where they are needed most

**Outcomes:** ultimately, the goal of our transformation is to deliver improved outcomes for our residents, communities and businesses, elevating the overall quality of life.

## How will we know we are delivering?

In recognising the evolving landscape and dynamic nature of our operating environment, the Council is dedicated to embracing innovative approaches in the design and delivery of services.

This commitment involves new strategies, partnerships and collaborative efforts with stakeholders.

To methodically track our progress and ensure the successful delivery of our transformative vision, we will establish a comprehensive Transformation Portfolio. This portfolio will serve as a structured framework, outlining a range of projects and programmes designed to implement our initiatives effectively.

Our approach will be both strategic and adaptive, examining short and long-term transformative opportunities to ensure that our efforts align with the evolving needs of our community and the broader landscape. Through this approach, we will proactively gauge our success and respond to emerging opportunities and challenges.







  
**Middlesbrough**  
moving forward

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**PO Box 500, Middlesbrough, TS1 9FT**

Phone: **01642 245432** (Monday to  
Thursday, 8.30am to 5pm, and  
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Website: **[www.middlesbrough.gov.uk](http://www.middlesbrough.gov.uk)**

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**Appendix 2: Impact Assessment Level 1 (Initial screening assessment)**

<b>Subject of assessment:</b>	Council Plan 2024-27			
<b>Coverage:</b>	Overarching / crosscutting			
<b>Decision relating to:</b>	<input checked="" 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>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><b>Key aims, objectives, and activities:</b> The Council Plan, formerly known as the Strategic Plan, is the Council's overarching business plan for the medium-term, and is refreshed on an annual basis, setting out the priorities of the Elected Mayor of Middlesbrough and other corporate priorities and ambitions for the Council.</p> <p><b>Statutory drivers:</b> Local Government Act 1999; Equality Act 2010.</p> <p><b>Differences from any previous approach:</b> This will result in a new Council Plan which includes new aims, priorities and ambitions.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate):</b> Elected members, employees of the Council, local communities and businesses, partners.</p> <p><b>Intended outcomes:</b> To ensure that the Council's strategic objectives are achieved, and that the Council continues to comply with the duties of the Equality Act 2010 relating to the publication and pursuit of equality objectives.</p>			

<b>Live date:</b>	February 2024			
<b>Lifespan:</b>	2024-27, though reviewed annually			
<b>Date of next review:</b>	Potential for review in 2024/25			
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"/>	No. The content of the proposed plan and delivery of it would not contravene Human Rights as identified in national legislation.
<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"/>	No. The Strategic Plan commits to reducing inequalities within Middlesbrough. It is based on a robust evidence base of needs and includes a commitment to inclusivity for all. As a result, there are no concerns that the Plan or associated activity could have a disproportionate adverse impact on groups or individuals with characteristics protected in national legislation.
<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"/>	No. The Plan commits to improving community resilience within the town, which will result in direct benefits for cohesion. As a result, there are no concerns that the proposed plan could have an adverse impact on community cohesion.
<b>Assessment completed by:</b>	Gemma Cooper. Head of Strategy, Business and Customer			
<b>Date:</b>	6 December 2023			
<b>Head of Service:</b>	Clive Heaphy, Chief Executive			
<b>Date:</b>	6 December 2023			

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance (s151 Officer)
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<b>Relevant Executive Member:</b>	The Mayor and Executive Member for Adult Social Care and Public Health
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<b>Submitted to:</b>	Executive
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<b>Date:</b>	28 February 2024
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<b>Title:</b>	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting
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<b>Report for:</b>	Decision
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<b>Status:</b>	Public
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<b>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 £250,000 and have a significant impact in two or more wards
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<b>Subject to call in?:</b>	No
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<b>Why:</b>	The approval of the budget and MTFP will be taken by Council on 8 March 2024
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<b>Proposed decision(s)</b>
<p>The annual budget report and MTFP is by its nature a detailed and complex report which forms the basis of the Budget and Policy Framework. Members need to have regard to all information presented in the main report which highlights the key issues for consideration and provides substantial detail in the supporting appendices.</p> <p>This report contains the following documents for noting and endorsement by the Executive before referring for consideration and approval by Council at its budget setting meeting. Recommendations are detailed in section 2.</p> <p>The report incorporates the following sections following the conclusion of the recent budget consultation and the Final Local Government Finance Settlement for 2024/25:</p>

- Report of the Director of Finance (s151 Officer's) in relation to the robustness of budget estimates and the adequacy of financial reserves under s25 of the Local Government Finance Act 2003.
- Proposed 2024/25 Net Revenue Budget of £143.190m
- Council Tax increase of 4.99% for 2024/25
- Medium Term Financial Plan (MTFP) 2024/25 to 2026/27
- Budget Consultation feedback
- Reserves Policy
- Fees and Charges Policy
- Proposed Capital Programme and Capital Strategy Report for 2024/25 to 2026/27 totalling £174.980m and the associated financing
- Schools Budgets

## Executive summary

The Council's financial position is critical, given that it is unable to set a robust and balanced revenue budget for 2024/25 and due to its critically low level of revenue reserves, without recourse to Exceptional Financial Support (EFS) approved by Government.

Following confirmation of the Local Government Finance Settlement announced on 5 February 2024, the Council is dependent upon the approval and receipt of EFS by the Department of Levelling Up Housing and Communities (DLUHC) of up to £13.4m to set a lawful and balanced budget for 2024/25.

The decision from DLUHC regarding EFS is expected to be made for all local authorities at the same time by 1 March 2024, although this is not guaranteed. If the requested amount is not approved by DLUHC, the Council will be unable to set a lawful and balanced budget at its meeting on 8 March and the s151 Officer would be required by statute to issue a s114 Notice under s114(3) of the Local Government Finance Act 1988.

This report is presented to the Executive on the fundamental assumption that the amount of £13.4m is approved by DLUHC and the terms are subsequently agreed as acceptable to the Council. If the recommendations in this report are agreed by the Executive, this report as presented will be referred to Council for consideration and approval on 8 March 2024.

On 8 March 2024 the Council will be required to consider and accept the sum and terms imposed by DLUHC to enable it then to progress to consider the Mayor's proposed budget as set out in this report. It is the responsibility of each Council member to agree a balanced budget and set the level of Council Tax by the statutory deadline each financial year.

Council approval of the 2024/25 budget and proposed Council Tax will therefore be required at the Council meeting on 8 March 2024 in order to comply with the statutory deadline of 11 March 2024 and to enable the billing of Council Tax to Middlesbrough households to be undertaken.

In the event that the Council does not:

- accept the amount and terms of the EFS offered by DLUHC; or
- reach agreement on the Mayor's proposed budget and level of Council Tax

at its meeting on 8 March, it will be unable to set a lawful and balanced budget by 11 March 2024 which has the following profound adverse implications:

- the s151 Officer will be required by law to issue a s114 Notice under s114(3) of the Local Government Finance Act 1988. This will result in a significant adverse impact upon the provision of non-statutory services whilst the Council develops and approves an alternative plan to balance the budget. Statutory services would be required to be delivered at the minimum standard.
- It would not be possible for the Council to set the Council Tax and bill households for the Council Tax Requirement of £71.438m, which would have

catastrophic cashflow implications for the organisation, putting its ability to deliver all services to the community and to pay suppliers and its staff in jeopardy.

This report provides information and advice to the Executive in terms of the proposed budget for 2024/25 and MTFP to 2026/27. It makes recommendations in relation to the matters in the following sections:

- **Report of the Director of Finance (s151 Officer's) s25 of the Local Government Finance Act 2003. (Appendix 1)**
  - An assessment of the robustness of budget estimates and the adequacy of financial reserves in relation to the Council's operating environment for 2024/25.
  - Members are required by law to have due regard to this report when making decisions on agreeing the budget and setting Council Tax for the financial year 2024/25.
  - A summary of the risks and issues that need to be addressed as a priority in order to strengthen the Council's grip on its financial management arrangements to deliver financial recovery and achieve financial resilience over the period of the MTFP.
  - Sets out the accountabilities and responsibilities of all members and officers in relation to delivering in accordance with the 2024/25 Budget and MTFP in order to secure the financial future of the organisation.
  
- **Medium Term Financial Plan (MTFP) 2024/25 to 2026/27 (Appendix 2)**
  - An update on the changes in financial planning assumptions since the report to Executive on 20 December 2023 following the Final Local Government Finance Settlement announcement.
  - Confirmation of the financial impact of proposed savings following the budget consultation exercise, which total £13.910m in 2024/25 rising to £21.028m by 2026/27
  - Movement in the budget gap from £6.3 to £4.7m as a result of finalised financial planning assumptions, confirmation of income sources, planned expenditure and savings and an increase in funding via the final settlement.
  - The consequent reduction in the EFS required from £15m to £13.4m.
  - Proposes the 2024/25 Net Revenue Budget of £143.190m
  - Proposes a Council Tax increase of 4.99% for 2024/25 comprising 2% ASC Precept and 2.99% Core Council Tax.
  
- **Budget Consultation feedback (Appendix 3)**
  - Provides a summary of consultation activity and responses.
  - Provides an update on the proposed revisions to some savings in light of the consultation responses.
  - Provides an explanation of the consideration of reasons for not revising some proposed savings plans in light of consultation responses.
  
- **Reserves Policy (Appendix 4)**
  - Provides an overview of the Council's reserves and the planned replenishment of the usable revenue reserves over the term of the MTFP in order to achieve financial resilience.
  - Sets out the governance arrangements for use of reserves.



- **Fees and Charges Policy (Appendix 5)**
  - Proposes a new fees and charges policy to be adopted by the Council with effect from 2024/25 to provide a framework within which to review and set discretionary charges for services for the future.
  - Provides a new centralised schedule of fees and charges that will be maintained and published annually on the Council’s website.
  
- **Capital Programme and Capital Strategy Report for 2024/25 to 2026/27 (Appendix 6)**
  - Sets out the proposed capital programme for the period of the MTFP together with the financing statement showing use of external funding and Council resources in the form of capital receipts and borrowing.
  - Includes EFS budget of £13.4m and funding from borrowing.
  - Includes a cash limited budget allocation within which the transformation programme will need to be developed and delivered and funded within planned capital receipts subject to further approval of the Transformation Programme and Flexible Use of Receipts Strategy by Executive and Council on 28 March.
  - Capital strategy sets out the Council’s approach to capital investment, the revenue consequences of borrowing and affordability of borrowing in the context of the net revenue budget.
  - Sets out the Minimum Revenue Provision (MRP) policy in accordance with statutory capital financing regulations which govern how the Council will plan and account for the repayment of the principal element of its borrowing over the long term.
  
- **Council Tax Setting (Appendix 7)**
  - Sets out the Council Tax base, Council Tax increase, and detailed calculations required by statute to determine the Council tax applicable to each Council Tax band.
  
- **Schools Budgets (Appendix 8)**
  - Summarises the Dedicated Schools Grant (DSG) funding allocations for schools and the local authority budget as determined by the National Funding Formula as submitted and considered and approved by the Schools Management Forum on 17 January 2024.
  - Provides an analysis of DSG in relation to the funding blocks
  - Provides a summary of funding allocation on the High Needs Block and the forecast deficit together with a summary of work being undertaken as part of the Delivering Better Value (DBV) Programme with the Department for Education (DfE).
  -

The report should be read in conjunction with the Prudential Indicators and Treasury Management Strategy (TM) 2024/25 report elsewhere on this agenda. The TM Strategy report translates the Council’s revenue income and expenditure plans and capital investment plans for the purpose of the council’s cash flow management together with setting the framework within which the Council’s investment and borrowing activity is governed.

## 1. Purpose

- 1.1 This report proposes a 2024/25 net revenue budget of £143.190m, and Medium Term Financial Plan (MTFP) for the period 2024/25 to 2026/27 following the confirmation of the Local Government Finance Settlement and sets out the financial planning assumptions applicable to the budget based upon the best information available at this time.
- 1.2 A Council tax increase for 2024/25 of 4.99% is proposed, comprising 2% Adult Social Care Precept and 2.99% Core Council tax which is within the referendum limits set by Government.
- 1.3 The report proposes a Capital Programme of £88.549m for 2024/25 and totalling £174.980m over the period from 2024/25 to 2026/27 together with a financing statement comprising a combination of external funding and council resources. In addition, the proposed capital strategy sets out the Council's approach to capital investment and financing, including the forecast levels of borrowing and the Minimum Revenue Provision (MRP) Policy which governs how the Council accounts for debt repayment in accordance with statutory regulations. The Capital programme provides for EFS of £13.4m to be financed from borrowing over a period of up to 20 years whilst the actual amount and terms will be determined by the s151 Officer, based upon the actual requirements, borrowing rates and an assessment of revenue affordability at the appropriate time during the 2024/25 financial year.
- 1.4 A summary of the Schools' Budget and allocation of the Dedicated Schools Grant (DSG) as determined under the Department for Education's (DfE's) National Funding Formula, together with an overview of the financial pressures on the DSG High Needs Block and forecast deficit which is being addressed under the Delivering Better Value (DBV) Programme.
- 1.5 The s151 Officer's recommended Reserves Policy for 2024/25 sets out the plan for replenishing and maintaining usable revenue reserves over the period of the MTFP in order to achieve financial recovery and re-establish the Council's financial resilience.
- 1.6 The s151 Officer's recommended Fees and Charges Policy sets out the proposed framework within which discretionary charged for services will be reviewed and fees and charges set in the future in order to ensure financial viability of discretionary services.
- 1.7 The report is underpinned by the Section 151 Officer's report in accordance with s25 of the Local Government Act 2003 which assesses the robustness of budget estimates and the adequacy of financial reserves in the context of the known financial risks that exist in the Council's operating environment. The report sets out the responsibilities of all officers and members to work collaboratively together in order to enable the Council to successfully navigate the complex and challenging path to recover its financial position and achieve financial sustainability over the medium term. Under s31A of the Local Government Finance Act 1992, the Council is required to have regard to this report when making decisions on agreeing the budget and setting the Council Tax.

## 2 Recommendations

That Executive makes the following decisions:

### 2.1 Robustness of the Medium-Term Financial Plan (Appendix 1)

- a) Note the statutory s25 report of the Council's Section 151 Officer in respect of the robustness of the estimates within the budget and the adequacy of reserves.

### 2.2 Revenue Medium Term Financial Plan 2024/25 to 2026/27 (Appendix 2)

- a) Note the updated financial planning assumptions following the Final Local Government Finance Settlement, together with confirmed government income sources, expenditure plans and local income budgets.
- b) Recommend to Council budget proposals for savings and income generation of £13.910m in 2024/25 rising to £21.028m in 2026/27, which incorporates the revisions to savings in light of the consultation response as set out in Appendix 3.
- c) Recommend to Council an increase in Council Tax of 4.99% resulting in a Council Tax level (Band D) of £1,975.76 excluding parish, Fire, and Police precepts (detailed in Appendix 7).
- d) Note that after all available measures have been taken in relation to budget proposals, a budget gap of £4.7m exists representing a shortfall of annual income compared to net expenditure plans. Therefore, the Council is dependent upon approval by DLUHC to capitalise this expenditure and finance it from Council borrowing under the provisions of Exceptional Financial Support (EFS) in order to set a balanced budget for 2024/25.
- e) Recommend to Council the approval of the proposed General Fund revenue budget for 2024/25 with a net budget requirement of £143.190m after adjusting for the capitalisation of £4.7m of revenue expenditure relating to EFS;
- f) Note whilst the budget gap for 2024/25 has been addressed by the EFS, there will still be a budget gap of £7.474m in 2025/26 and £0.491m in 2026/27 resulting in a cumulative budget gap over the MTFP period of £7.965m. Further savings proposals arising from the Transformation Programme will be required as a minimum to meet these budget gaps.
- g) Note that in assessing the adequacy of reserves in the context of financial risks within the Council's operating environment, the s151 Officer has determined that financial provision for:
  - the sum of £3.5m in relation to savings delivery risk
  - the sum of £4.6m in relation to the timing of realisation of capital receipts to fund Transformation expenditure

are required in the form of capitalisation of expenditure to be funded from

Council borrowing under the provisions of EFS to provide assurance on the adequacy of reserves, should those risks crystallise.

- h) Note that the recommended budget is dependent upon DLUHC approval of EFS in the sum of £13.4m in order for it to be considered and approved by Council as a robust and deliverable balanced budget.
- i) Note that in the event of DLUHC not approving EFS totaling £13.4m, the s151 Officer will have no option but to issue a s114 Notice under s14(3) of the Local Government Finance Act 1988 with the implications as set out in paragraph 4.11 of Appendix 2.

### **2.3 Budget Consultation (Appendix 3)**

- a) Note the feedback of the budget consultation exercise, and submissions from Overview and Scrutiny Board.
- b) Approve the recommended response to the consultation as set out in Appendix 3

### **2.4 Financial Reserves Policy (Appendix 4)**

- a) Recommend to Council the approval of the Financial Reserves Policy for 2024/25 which proposes:
  - o A minimum General Fund Balance of 7.5% of the Net Revenue Budget (£147.890m before EFS temporary adjustment), equivalent to £11.1m for 2024/25
  - o That the Council builds a Financial Resilience Reserve Balance of between £8m and £10m over the term of the MTFP to 2026/27 to strengthen its financial resilience
- b) Note that the reserves policy will be subject to an annual review and Council approval at annual budget setting and will be revised to reflect changes in risk and/or external factors that the Council needs to address in order to secure its financial resilience over the medium to long term.
- c) Note the estimated balances on usable revenue reserves as at 1 April 2024 of:
  - o General Fund balance - £11.1m
  - o Earmarked reserves – unrestricted £6.3m
  - o Earmarked reserves – restricted £4.7m

### **2.5 Fees & Charges (Appendix 5)**

- a) Recommend to Council the approval of the proposed Fees & Charges Policy for 2024/25
- b) Recommend to Council the approval of the schedule of fees and charges arising from the application of the approved policy for 2024/25

## 2.6 **Capital Programme 2024/25 to 2026/27 and Capital Strategy 2024/25 (Appendix 6)**

- a) Recommend to Council the approval of the proposed 2024/25 – 2026/27 Capital Programme totalling £174.980m and the associated financing statement as shown in Appendix 6.
- b) Recommend to Council the approval of the Capital Strategy and endorse the recommendations included in it as shown in para. 4.20 of this report and detailed in Appendix 6.
- c) Note the Council's revenue cost of borrowing for 2024/25 is £11.154m which is equivalent to 7.8% of the Net Revenue Budget and is approaching the maximum affordable level, therefore future capital investment will need to rely more heavily on external funding and capital receipts in order to maintain borrowing at affordable levels.
- d) Note that the high level estimate of Transformation and Redundancy Expenditure totalling up to £13.7m in 2024/25, £7.7m 2025/26 and £5.2m in 2026/27 is required to be approved within this report to set the capital expenditure and financing limits, together with prudential indicators for borrowing within the Treasury Management Report elsewhere on this agenda.
- e) Note that the detailed development of the Transformation Programme governance, investment plans and funding through the Flexible Use of Capital Receipts Strategy, will be the subject of further reports to the Executive and Council in March 2024 to incorporate into the Budget and Policy framework for 2024/25.

## 2.7 **Schools Budget (Appendix 8)**

- a) Note details of the Dedicated Schools Grant (DSG) Grant for 2024/25 and the allocation to schools as detailed in Appendix 8.
- b) Note the forecast pressures upon the High Needs block of £6.644m in 2024/25 and the resulting cumulative deficit on the DSG account of £13.208m at 31 March 2025.
- c) Note that the Council is part of the Delivering Better Value (DBV) scheme operated by the Department for Education (DfE) to support local authorities to manage and control the deficit.
- d) Note that a statutory override is in place which prevents the DSG deficit from being met from General Fund resources and the Government's plan to deliver a funding solution is awaited. This presents a potential significant medium term financial risk to the Council in the event that the statutory override is removed without a suitable funding solution.

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

- 3.1 All Council members have a legal obligation to agree a balanced budget and set the Council Tax by 11 March 2024. In addition, the Council has a Best Value duty to demonstrate financial sustainability through the delivery of a balanced Medium Term Financial Plan (MTFP) over a period of at least 3 years. The setting of the budget is part of the budget and policy framework and therefore requires Full Council approval.
- 3.2 The recommendations enable the Council to progress towards meeting its statutory responsibility to set a balanced revenue budget in 2024/25 and the requirement to secure financial sustainability of the period of the MTFP.
- 3.3 The Council is required to take a systematic, coherent, and controlled approach to addressing its ongoing financial challenges over the medium-term, while enabling the delivery of the Mayor's vision and priorities for Middlesbrough through delivery of the wider Council Plan.

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

#### **s151 Officer s25 Report (Appendix 1)**

- 4.1. Section 25 of The Local Government Act 2003 requires the Chief Financial Officer (CFO) to report to the Council on:
  - the robustness of the estimates made for the purpose of the budget calculations;
  - the adequacy of the proposed financial reserves.
- 4.2. The Council is required to take this report into account when making its decisions in relation to setting the annual budget and setting the Council Tax.
- 4.3. Section 26 of the Local Government Act 2002 places an onus on the CFO (The Corporate Director of Finance and Resources and s151 Officer) to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.
- 4.4. The s151 Officer's report is extremely important and sets the context within which the 2024/25 budget and MTFP report and the Treasury Management Strategy reports should be considered. The s25 report is detailed in Appendix 1 and includes the following sections:
  - Legal Framework
  - Chief Finance Officer Overall Opinion
  - Current context and financial standing of the Council
  - Best Value Notice and External Auditor's Statutory Recommendations in relation to financial recovery and resilience
  - Robustness of Estimates
  - Governance
  - Accounting Practice

- Budget Savings Delivery
- Key Risks impacting Budget Delivery
- Adequacy of Reserves

### **Revenue Medium Term Financial Plan 2024/25 to 2026/27 (Appendix 2)**

4.5. This section of the report includes:

- The finalisation of financial planning assumptions following the final local government finance settlement
- Special Interest Group of Municipal Treasurers (SIGOMA) undertook a piece of work to understand the 'real terms' effect of Core Spending Power, to note the research shows that whilst Middlesbrough has had a cash increase from 2010/11 to 2024/25, there is a cumulative 'real terms' cut, £62.1m (25.6%) based on 2023/24 prices, equating to a 'real term cut' of £958.5 per dwelling. This is both more than the national average and the SIGOMA average.
- Confirmation of the financial impact of proposed savings following the budget consultation exercise
- Summarises the profiled savings of £13.910m in 2024/25 rising to £21.028m in 26/27
- Movement in the budget gap from £6.3m to £4.7m as a result of finalised financial planning assumptions, confirmation of income sources, planned expenditure and savings
- Summarises the Council's reliance on EFS totalling £13.4m
- Proposes the 2024/25 Net Revenue Budget of £143.190m after adjusting for the capitalisation of £4.7m of revenue expenditure relating to EFS on a one-off basis;
- Proposes a Council Tax increase of 4.99% for 2024/25 comprising 2% ASC Precept and 2.99% Core Council Tax.

### **Budget Consultation Feedback 2024/25 (Appendix 3)**

4.6. The Mayor has considered the feedback from the recent Residents' Survey, and prioritised service areas to protect them from further cuts. As a result, a number of services were not included in the new budget proposals for 2024/25 and therefore were part of the wider consultation. A 'growth' adjustment for savings from 2023/24 for delivery in 2024/25 is proposed to ensure these services are retained at their current level.

- Area Care e.g., grass cutting, street cleaning and general maintenance
- Community Safety e.g. Street wardens and Neighbourhood safety officers and their running costs
- Street Lighting, noting a required £0.081m of capital investment will be saved as a result. This was to install the technology to enable selective reduction of street lighting overnight, the maintenance of lighting levels at night supports the strategy to increase the perception of safety of residents of Middlesbrough and the reduction in crime and anti-social behaviour.

- Welfare Rights Service - previously activity was supported through central government grant, and this funding is no longer available so in order to continue services Council resource is required.
- Although, there are no specific financial proposals relating to School Crossing Patrols and Youth Clubs, these services also form part of Mayor's Priorities.

4.7. A 4 week public consultation on the 2024/25 MTFP proposals opened on 21 December and concluded on 18 January 2024 with consultation taking place via on-line survey and a range of targeted and general engagement events in person and on line. Following this consultation period, the recommendations are set in detail on how to proceed in light of the consultation and are set out in Appendix 3.

Consultation received the views of range of people through diverse channels of engagement, below is a summary of consultation activity:

- 1,171 people responded to the questionnaire, The highest response rate the Council has had to a consultation in the last 5 years.
- 50 people sent emails or completed a webform in order to comment on the consultation.
- 4 consultation in person events were attended by approximately 90 people
- 10 social media posts with estimated total reach of 36,525 people
- Councillors were provided with details of the budget consultation to enable them to share with residents in their ward
- An email newsletter was sent to 44,390 people and 12,792 opened.
- Member briefings on budget proposals
- Attendance of Mayor and Executive Member for Finance at Overview and Scrutiny Board, and individual scrutiny panels considering budget proposals with relevant Executive Members invited to attend.
- Formal consultation with the North East Chamber of Commerce

4.8. The on-line survey invited respondents to tell us about their views on the 20 budget proposals that were deemed to be subject to public consultation. While councillors are not obliged to change their budget proposals in light of the outcome of the consultation, they are required to have due regard to it in making their decisions around the Council's Council Tax levels and the Medium-Term Financial Plan.

4.9. Following consultation, the recommendation is to proceed with savings and income assumptions presented in the December Executive Board MTFP report, apart from a number of the proposals which have been amended and one withdrawn, as set out in Appendix 3.

4.9.1. Outline of the Mayor's changes on proposals are listed below:

- **ECS09** – Having listened to feedback from People across the town the proposal 'ECS09 – Car Parking Charge at Stewart Park, £0.060m to be delivered in 2025/26' has been removed.



- **REG03 Captain Cook Birthplace Museum** - In recognition of the wealth of feeling in the community and the suggestions forthcoming from the consultation, together with the helpful attitudes of both ward councillors and the Captain Cook Birthplace Trust, the Mayor has been assured that there are more and better options than closure. Therefore, the decision on the future of the Captain Cook Birthplace Museum will be deferred until 30 September 2024 to provide time for other alternative options which avoid closure to be explored more fully. A decision will be taken by the Executive and will be subject to further consultation as required. As a result, the proposed budget savings have been reprofiled resulting in a reduction in 2024/25 by £0.100m and an equivalent increase in 2025/26.
- **FIN08 Reduction in the allocation of resource for voluntary and community sector grants from the local authority.** Following consultation feedback from the Overview and Scrutiny Board (OSB) the savings proposal 'FIN08 Reduction in Voluntary and Community Sector grants' has been amended. The proposed savings will still include ceasing the small grants programme saving £0.127m in 24/25, but following the OSB proposal, a provision for one-off grants for residents and small community groups will be incorporated in a merged Community Chest and Development Grants budget for which criteria will be reviewed and revised. These two merged budgets will, as previously proposed, see a 20% reduction in 24/25 a saving of £0.011m, leaving £0.042m. Support will be offered to enable organisations to access external grant funding opportunities, and a business case to access some Better Care Fund monies to support grants for vulnerable people in the communities will be developed.  
As the core grants are under a contractual service level agreement the 20%, or £0.028m saving, on this part of the budget will be deferred to 25/26 to allow for revised negotiations and service level agreements to be developed following the final year of a 3-year agreement.

4.9.2 While there was engagement and concern on other savings proposals, they are recommended for implementation given the Council's inability to balance the budget which has resulted in the submission of an application for Exceptional Financial Support, as reflected in the s151 Officer's statutory report at Appendix 1 and detailed in Appendix 3.

Below is a summary of the considerations and rationale for those proposals where there was a higher negative response than positive response from the public, excluding those amended or withdrawn and the proposals on Council Tax increase are listed below:

- **ECS08: Resident Parking Scheme** – These schemes relate to a small part of the town that requires additional Council action to support resident parking and enforce compliance with it in order to ensure residents are able to park near their home and other car users are diverted to more appropriate locations. That activity and enforcement comes at a cost. The proposed charge contributes towards the cost of administration and enforcement,

many other councils already have such a charge, and many have a higher charge. By also attaching a charge we aim to limit the number of passes that are misused by non-residents to utilise parking closest to the town centre. An element of the proposal is that the current £10 for care professionals visiting the area, payable by their employer, is not amended.

- **ECS01 Fortnightly Residual Waste Collections** -The proposal will bring Middlesbrough Council practice into line with most other councils and will support efforts to also improve recycling rates. The Waste Service has experienced significant budget pressures in 2023/24, (£1.0m Quarter 3 forecast Outturn), this is primarily due to a combination of household behaviour with regards to recycling and the cost of disposal. It is important to note that there is a significant cost to disposing of waste incorrectly The cost of disposing of recycled waste (average disposal rate is £53.01 per tonne) is much lower than the cost of residual waste (disposal rate is £72.56 per tonne). Residual waste that is put in the recycling bin causes contamination to the recycled waste stream and is rejected by waste operators and diverted to the residual waste stream for which the Council has to pay to process twice, (average residual waste disposal rate of £173.78 per tonne). This additional cost is avoidable if the residents work with the Council and comply with guidance on segregating their household waste.

The implementation of this proposal will go alongside significant communication and education plan to ensure residents are supported in their move to the new system. Based on the experiences of other authorities, it is not expected that this proposal will result in a significant increase on fly-tipping.

Following consultation, the proposed implementation plan has been amended to include adjustments for those households who require a larger waste bin:

- families of 3 or more rather than 4 or more, will be able to request a 240 Ltr wheel bin,
- Following a proposal from back-bench councillors, families of 2 will be able to purchase an additional 140 Ltr wheel bin, the cost will be a one-off fee of £40.

The Council will continue to provide assisted bin collections for those who meet the thresholds for that support, and areas with communal bins or residents who are only served by black sack collection as they are not accessible for wheelie bins, will continue on weekly collections. When comparing to neighbouring authorities this proposal brings us in line with residual waste collection proposals.

- **ECS02 Green Waste Charges** - This is a discretionary service which many councils already charge for and only benefits households in those parts of the town who have gardens. It will be optional, with an opt in process, and the new green bins will only be supplied and charged for as when requested. Free disposal will continue to be available to those who wish to use the Household Waste and Recycling Centre. This proposal is an enhanced service than current, and collections will run from first week of April until end of November on a fortnightly basis. The proposal is in line with green waste services compared to neighbouring authorities. See comparative table for Tees Area in Appendix 3.
- **ECS04 Charges for Bins** - This charge is planned to be introduced in 2025/26, enabling the Council to put other measures in place first in response to concerns about potential bin theft and to allow the roll out of the new bins associated for some households with green waste and/or fortnightly refuse collections. The Council will continue to replace bins at no cost where they have been damaged by Council operatives.

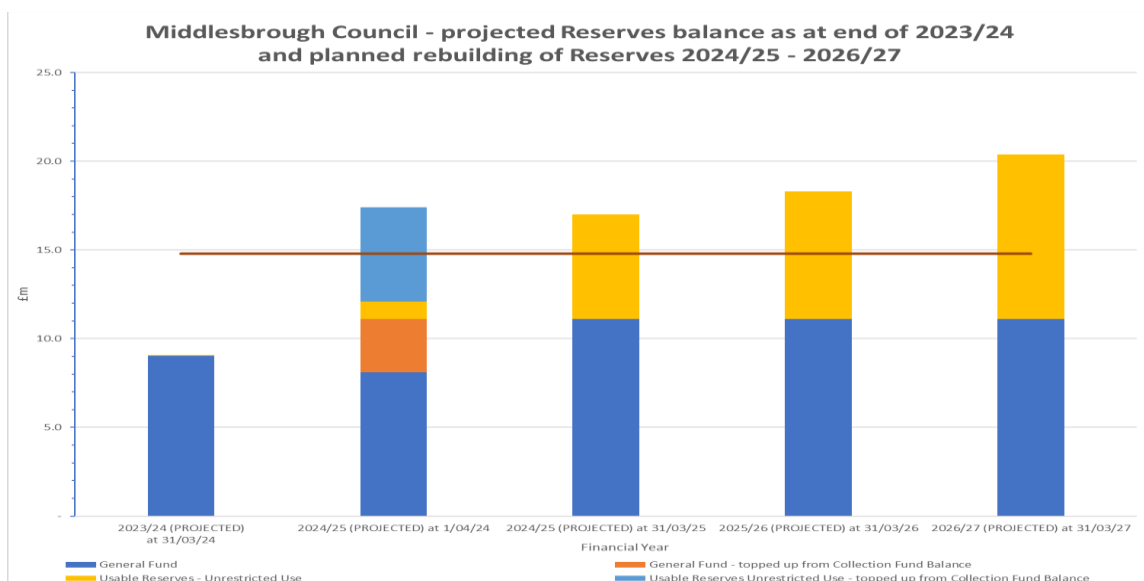
4.10. Responses to the budget consultation survey were analysed to assess whether there were any concerns about impacts from proposals that varied by protected characteristic, which could give an indication of an unintended impact or a concern that there would be a disproportionate adverse impact on individuals or groups because they held one or more protected characteristics. This analysis is set out in the Human Rights, Equality and Data Protection section (section 6.4) of this report. Impact assessments for the budget proposals that were subject to public consultation and an overall impact assessment are set out in Appendix 3 and Appendix 3 – Annex 1 and Annex 2.

#### **Financial Reserves Policy (Appendix 4)**

- 4.11. The Financial Reserves policy at Appendix 4 provides an overview of the Council's Reserves and set out the principles governing their use. The Policy will be reviewed and updated annually as part of the annual budget setting cycle going forward.
- 4.12. The recommended minimum balance on the General Fund Reserve is recommended to be 7.5% of the Net Revenue budget, (excluding EFS adjustment) equivalent to £11.1m in 2024/25. In addition, the s151 Officer recommends the replenishment of the Financial Resilience Reserve to between £8m to £10m by the end of 2026/27.
- 4.13. The summary forecast of all usable reserves and the General Fund balance is set out in the table below:

Earmarked Reserves Projections over MTFP period 2024/25 to 2026/27										
	2024/25			2025/26			2026/27			
	Opening Balance	Projected Additions	Projected Drawdowns	Closing Balance	Projected Additions	Projected Drawdowns	Closing Balance	Projected Additions	Projected Drawdowns	Closing Balance
	01/04/24			31/03/25			31/03/26			31/03/27
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Usable</b>										
General Fund Reserve	11.1	-	-	11.1	-	-	11.1			11.1
Unrestricted Use	6.3	1.3	(1.7)	5.9	2.1	(0.7)	7.2	2.8	(0.7)	9.3
<b>Total Unrestricted Use</b>	<b>17.4</b>	<b>1.3</b>	<b>(1.7)</b>	<b>17.0</b>	<b>2.1</b>	<b>(0.7)</b>	<b>18.3</b>	<b>2.8</b>	<b>(0.7)</b>	<b>20.4</b>
<b>Total Restricted Use</b>	<b>4.7</b>	<b>0.6</b>	<b>(0.1)</b>	<b>5.2</b>	<b>0.5</b>	<b>-</b>	<b>5.7</b>	<b>0.5</b>		<b>6.2</b>
<b>Usable total</b>	<b>22.2</b>	<b>1.9</b>	<b>(1.8)</b>	<b>22.2</b>	<b>2.6</b>	<b>(0.7)</b>	<b>24.0</b>	<b>3.3</b>	<b>(0.7)</b>	<b>26.6</b>

4.14. The planned replenishment of usable revenue reserves is illustrated in the graph below.



### Fees and Charges Policy (Appendix 5)

4.15. The Council has undertaken an organisation wide review to develop a consistent approach to the levying of fees and charges across the organisation that will be reviewed and updated as part of the annual budget cycle going forward for 2024/25 and future years. Appendix 5 Section A provides an overview of the scope, approach, learning and key outcomes from the review. The review has recognised a range of different factors in setting a price including legislative requirements and constraints, the full cost of delivering services, benchmarking with other organisations and the impact upon other policy objectives.

4.16. Appendix 5 Section B details the proposed Fees and Charges policy developed as part of the review, which applies sector wide good practice on the levying of fees and charges into Middlesbrough's context.

4.17. Appendix 5 Annex 1 provides a Schedule of proposed Fees and Charges for 2024/25 for services provided by the Council, arising from the application of the proposed policy for 2024/25.

### Capital Programme 2024/25 to 2026/27 & Capital Strategy 2024/25 (Appendix 6)

4.18. The summary proposed General Fund capital programme totalling £174.980m for the period 2024/25 to 2026/27 is set out in **Table 1** below. Further detail is included in Appendix 6.

**Table 1: Summary of Capital Programme 2024/25 to 2026/27**

Summary of Capital Programme 2024/25 to 2026/27							
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL		Council Funding £m	External Funding £m
Directorates	61.449	65.518	7.913	134.880		70.959	63.921
Transformation Programme	5.500	4.800	3.300	13.600		13.600	-
Redundancies	6.500	-	-	6.500		6.500	-
Contingencies	1.700	2.900	2.000	6.600		6.600	-
Exceptional Financial Support (EFS)	13.400	-	-	13.400		13.400	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>		<b>111.059</b>	<b>63.921</b>
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL		Council Funding £m	External Funding £m
<b>FUNDED BY</b>							
Prudential Borrowing	23.037	28.009	1.913	52.959		52.959	-
EFS Borrowing	13.400	-	-	13.400		13.400	-
Capital Receipts	6.000	6.000	6.000	18.000		18.000	-
Flexible Receipts	13.700	7.700	5.300	26.700		26.700	-
Grants	29.897	27.931	-	57.828		-	57.828
Contributions	2.515	3.578	-	6.093		-	6.093
<b>TOTAL FUNDING</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>		<b>111.059</b>	<b>63.921</b>

4.19. The Council operates a strict approach to considering and prioritising schemes for inclusion in the capital programme set against available resources including a technical review process, as set out in the Capital Strategy in Appendix 6.

4.20. It is recommended that the Executive endorse the following recommendations to Council arising from the Capital Strategy:

- Notes the review of the capital programme undertaken in January 2024 and prior to setting the budget.
- Approves the total capital expenditure over the MTFP period from 2024/25 to 2026/27 of £174.980m, with a programme of £88.549m for 2024/25.
- Notes the inclusion of transformation and redundancy expenditure which can be capitalised under the flexible use of capital receipts strategy (FUoCR) of £13.7m in 2024/25 and then this will be determined in detail through development of transformation programme business cases increasing to up to £26.7m, plus an

expected amount of £13.400m for Exceptional Financial Support which will be funded by additional borrowing.

- Approves the funding of the capital programme, by a combination of external borrowing, grants and contributions, capital receipts and flexible capital receipts for transformation purposes, as shown in **Table 1** and Appendix 6
- Notes that any further capital receipts produced by the asset review will be carried forward for future year's transformation costs.
- Notes that the capital financing requirement (need to borrow) will need to increase to £334.188m and external debt will increase to £310.535m to support these plans.
- Notes that a capital financing cost expected to be £11.194m or 7.8% of the revenue budget being proposed of £143.290m. This £0.200m less than the revenue budget allocated for the financial year.

4.21. Although the proportion of the net revenue budget being spent is increasing as shown in **Table 2** below, this has been fully funded by additional budget allocations. The level is now very close to the 10% threshold which was indicated by CIPFA as an upper limit for debt financing costs when the prudential code was introduced in 2007. The Council needs to rationalise its spending plans over the medium to long term and seek to fund expenditure via external fundings sources or capital receipts from asset sales rather than borrowing which needs to be rationed going forward in order to maintain affordability. The overall capital financing position makes it more important that the Council controls its revenue expenditure within budget, delivering its savings plans in full and realises the planned capital receipts to fund transformation and future capital investment.

**Table 2: Prudential Indicators**

<b><u>Prudential Indicator</u></b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>	<b>2026/27 (£m)</b>
<b>Capital Financing Requirement (underlying need to borrow)</b>	<b>299.928</b>	<b>331.863</b>	<b>355.426</b>	<b>352.332</b>
External Borrowing	259.498	310.535	333.294	329.910
Internal Borrowing	40.430	21.328	22.132	22.422
<b>Authorised limit for External Debt</b>	<b>328.000</b>	<b>372.000</b>	<b>396.000</b>	<b>393.000</b>
Annual Capital Financing Cost	9.376	11.154	12.814	14.496
% of Net Revenue Budget on debt costs	7.4%	7.8%	8.6%	9.8%

**Council Tax Setting 2024/25 (Appendix 7)**

4.22 Appendix 7 sets out the Council tax base, proposed Council tax increase and detailed calculations required by statute to determine the Council Tax applicable to each Council tax band.

4.23 It shows that if the final budget proposed in this report is approved by Council the Net Revenue Budget requirement for 2024/25 will be £143.190m (after adjusting for the £4.7m EFS) with a Council Tax Requirement of £71.438m, equating to a Council Tax (Band D) for non-parish areas (Middlesbrough Council only element) of £1,975.76 and Band A of £1,317.17. This represents a total increase in Council Tax of 4.99% for 2024/25 comprising of a general increase of 2.99% and an adult social care precept of 2.00%.

### Schools Budget 2024/25 (Appendix 8)

4.24 Appendix 8 provides details of the Dedicated Schools Grant for 2024/25 totalling £189.360m after deductions for national non domestic rates and direct funding of high needs by Education & Skills Funding Agency (EFSA).

4.25 This budget has 4 elements - budgets delegated to individual schools, support to high needs pupils, provision for early years expenditure and support for central services.

4.26 The key points relating to the Schools budgets are:

- Total indicative grant funding for Middlesbrough is **£189.360m** for 2024/25;
- This is made up of the following four blocks of funding:

DSG Block	2023/24 £m	2024/25 £m	Increase £m	Increase %
Schools Block	131.071	139.332	8.261	6.3
Central School Services Block	1.043	1.046	0.003	0.3
High Needs Block	29.978	31.045	1.067	3.6
Early Years Block	12.121	17.937	5.816	48.0
<b>TOTAL DSG AFTER DEDUCTIONS</b>	<b>174.213</b>	<b>189.360</b>	<b>15.147</b>	<b>8.7</b>

- This is an increase of **£15.147m (8.7%)** from the 2023/24 indicative budget after deductions
- The figures currently are indicative and the grant will be amended throughout the year as the Schools Block includes amounts which are passported straight to academies
- The DSG deficit is predicted to increase by £6.644m during 2023/24 and it is currently forecast that there will be a total cumulative DSG deficit of £13.208m at 31 March 2024, including £13.665m relating to the High Needs Block which is partly offset by £0.457m of surplus forecast across the other blocks. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing from 2022 to 2023 by over 27% (up from 1370 to 1743) and the service has faced the full year effect of this increase along with continued increasing numbers in the past 12 months, and increasing exclusions. The position will be closely monitored during 2024/25 and reported through the quarterly budget monitoring.

- Middlesbrough are signed up to the Delivering Better Value (DBV) programme that invests £1m over an approximate 18-month period ending 31 March 2025 which aims to deliver cost efficiencies.
- A range of management actions are being taken alongside the DBV programme and the initiatives are detailed in paragraph 1.6 of Appendix 8.

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

Not applicable.

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

### 6.1 *Financial (including procurement and Social Value)*

6.1.1 The detailed financial implications are set out throughout the report.

6.1.2 The Council is required by law to set a legally balanced budget by 11 March 2024. Failure to do so will result in the statutory requirement for the s151 Officer to issue a s114 Notice under s114(3) of the Local Government Finance Act 1988.

The Council is dependent upon the approval of its EFS application to DLUHC to set a lawful and balanced budget at its meeting on 8 March 2024. The EFS application has been revised from £15m to £13.4m as a result of the increased funding received in the final local government finance settlement. The result of the application is expected to be received by 1 March 2024 and an update will be provided as part of the budget report to Council on 8 March 2024.

6.1.3 Council approval of the 2024/25 budget and proposed Council Tax will therefore be required at the Council meeting on 8 March 2024 in order to comply with the statutory deadline of 11 March 2024 and to enable the billing of Council Tax to Middlesbrough households to be undertaken.

6.1.4 In the event that the Council does not:

- accept the amount and terms of the EFS offered by DLUHC; or
- reach agreement on the Mayor's proposed budget and level of Council Tax at its meeting on 8 March

it will be unable to set a lawful and balanced budget by 11 March 2024 which has the following profound adverse implications:

- the s151 Officer will be required by law to issue a s114 Notice under s114(3) of the Local Government Finance Act 1988. This will result in a significant adverse impact upon the provision of non-statutory services whilst the Council develops and approves an alternative plan to balance the budget. Statutory services would be required to be delivered at the minimum standard.



- It will not be possible for the Council to set a the Council Tax and bill households for the Council Tax Requirement of £71.438m, which would have catastrophic cashflow implications for the organisation, putting its ability to deliver all services to the community and to pay suppliers and its staff in jeopardy.

## **6.2 Legal**

- 6.2.1 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.
- 6.2.2 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.

## **6.3 Risk**

- 6.3.1 The revision of the Council's Medium Term Financial Plan for 2024/25 to 2026/27 plays a fundamental role in ensuring that the Strategic Plan is delivered effectively.
- 6.3.2 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.
- 6.3.3 There is a risk that the financial position of the Council will be adversely affected by any non-achievement of the proposed budget savings and other proposals for 2024/25 outlined in the report.

## **6.4 Human Rights, Public Sector Equality Duty and Community Cohesion**

- 6.4.1 Budget savings proposals for 2024/25 and beyond were initially assessed and categorised in Appendices 1 and 2 of the report to Executive on 20 December 2023 and then were subject to public consultation starting on 21 December 2023 and ending on 18 January 2024.
- 6.4.2 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 Annex 1 and Annex 2 of

Appendix 3 of this report. The completed impact assessments are appended to this report, along with an overall impact assessment at Appendix 3.

6.4.3 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.

6.4.4 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.

6.4.5 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.

6.4.6 As a result of the above, the 20 proposals set out at Appendix 2 of the December report have been subject to a screening impact assessment. Following the consultation process, one proposal was withdrawn and two of the proposals have moved to an 'in year decision' in order to allow for further consultation to be undertaken and / or to further develop proposed implementation plans. Should those proposals no longer be viable following that process, alternative savings proposals will be identified. In year decisions will be taken on the proposals and they will follow an appropriate governance route to ensure ongoing compliance with the Public Sector Equality Duty.

Of the 17 remaining 16 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.

6.4.7 Two 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.

6.4.8 It was determined that these two proposals had impacts that could not be fully mitigated but that they were justified in terms of impact. The impact assessment findings for the two proposals are summarised in the table below:

Proposal	Impact Assessment
FIN08: Reduction in grants to the Voluntary and Community Sector.	The impact assessment found that the proposed reduction would have an adverse impact on all equality characteristics, concerns about impacts on the vulnerable and community spirit which in turn could have an adverse impact on community cohesion. The completed impact assessment found that while the impact could be partially mitigated by the continuing of some funding, it could not be fully mitigated. It found there was a justified adverse impact on all protected characteristics and community cohesion in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations
ECS 03 Junk Job Chargeable Collections	The impact assessment found that the proposal would have a disproportionate adverse impact on disability and age protected characteristics. Although there are some mitigations possible by signposting to charities who could assist, however it could not be fully mitigated. The completed impact assessment found that there was a justified adverse impact on the Disability and age protected characteristics in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.

6.4.9 As a result of the above, the overall impact assessment has found that the impact of these two proposals on the protected characteristics cannot be fully mitigated. The complete overall impact assessment included in Appendix 3, along with all the individual impact assessments 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.

## 6.5 *Climate Change / Environmental*

6.5.1 A number of the proposals within the proposed budget are relevant to this theme. The proposals to make changes to waste and recycling services and

cessation of financial support for Environment City in particular. The impact of this has been assessed with the results and the supporting Impact Assessment included in this report.

## **6.6 Children and Young People Cared for by the Authority and Care Leavers**

6.6.1 A number of the proposals within the 2024/25 proposed budget are relevant to these groups. The proposals will ensure that service provision is reviewed to ensure it is fit for purpose. The proposal in relation to the Special Guardianship Order Payment review will be particularly relevant, the proposal is to review policy and practice to bring it into line with regulations, the impact of this has been assessed during the consultation period and this is set out within this report and the report to Council in March 2024 along with the supporting Impact Assessment.

## **6.7 Data Protection / GDPR**

6.7.1 There are no concerns that the proposals within the report will impact negatively on data protection or GDPR.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
That this report is presented to Full Council on 8 March 2024 for approval of the Revenue Budget and Council Tax for 2024/25, the updated Capital Programme for the period to 2026/27, and the Capital Strategy 2024/25. Council will also be requested to approve the MTFP for 2024/25 to 2026/27.	Head of Financial Planning & Support	8/3/24
If approved by Council on 8 March 2024, the proposals set out in this report will form the basis of the 2024/25 revenue budget of the Council	Head of Financial Planning & Support	8/3/24

### **Appendices**

1	s151 Officer Statement on Robustness of the budget and adequacy of reserves, required under s25 of The Local Government Act 2003 (Pt I)
2	Revenue Medium Term Financial Plan 2024/25 to 2026/27
3	Budget Consultation feedback 2024/25
4	Financial Reserves Policy
5	Fees and Charges Policy
6	Capital Programme 2024/25 to 2026/27 and Capital Strategy 2024/25
7	Council Tax Setting 2024/25
8	Schools Budget 2024/25

## Background papers

Body	Report title	Date
Executive	Children's Service Financial Improvement Plan	14/2/23
Council	Budget 2023/24 -S25 Report of the Chief Finance Officer	27/2/23
Council	Revenue Budget, Council Tax, Medium Term Financial Plan and Capital Strategy 2023/24	27/2/23
Executive	Revenue and Capital Budget – Forecast Outturn position at Quarter One 2023/24	23/8/23
Executive	MTFP Update	23/8/23
Executive	Revenue and Capital Budget – Forecast Outturn position at Quarter Two 2023/24	21/11/23
Executive	Asset Review	21/11/23
Executive	Fees and Charges Review 2023/24	21/11/23
Government (Chancellor)	Autumn Spending Review 2023	22/11/23
Department for Levelling Up, Housing & Communities (DLUHC)	Local Government Finance Policy Statement 2024/25	5/12/23
Department for Levelling Up, Housing & Communities (DLUHC)	Provisional Local Government Finance Settlement	18/12/23
Executive	The Council Plan, 2024-27	20/12/23
Executive	Draft 2024/25 Budget and MTFP Refresh	20/12/23
Executive	2024/25 Budget and MTFP – Application for Exceptional Financial Support	17/1/24
Department for Levelling Up, Housing & Communities (DLUHC)	Final Local Government Finance Settlement	5/2/24
Executive	Revenue and Capital Budget – Forecast Outturn position at Quarter Three 2023/24	14/2/24
Executive	Prudential Indicators and Treasury Management Strategy Report – 2024/25	28/2/24

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## **Appendix 1 - S151 Officer Section 25 Report**

### **The robustness of the 2024/25 budget and adequacy of reserves**

#### **1 Purpose of the report**

- 1.1 This is an important report which provides the context within which the entire suite of the 2024/25 budget and MTFP and Treasury Management Strategy Reports on this agenda must be considered when making decisions in relation to setting the annual budget and council tax.
- 1.2 The report advises members of the Council of the Director of Finance's (s151 Officer) report on the robustness of estimates made for the purposes of the budget calculations and the adequacy of proposed financial reserves as required by statute.

#### **2 Legal Framework**

- 2.1 Section 25 of The Local Government Act 2003 (the Act) includes the following statutory duty in respect of the budget report to Council:

*'the Chief Financial Officer (CFO) of the authority must report to it on the following matters:*

- a) the robustness of the estimates made for the purpose of the calculations;  
and  
b) the adequacy of the proposed financial reserves.'*

- 2.2 The Act also requires the Authority to which the report is made to have regard to the report when taking decisions about the budget and setting the council tax. The Chief Finance Officer is as defined in Section 151 of the Local Government Act 1972 and is fulfilled by the Director of Finance.
- 2.3 Section 26 of the Local Government Act 2003 places an onus on the CFO (The Director of Finance and s151 Officer) to ensure the Council has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget. For the purpose of the Act 'reserves' include the 'General Fund Balance.
- 2.4 This report has been prepared by the CFO to fulfil this duty and gives the required advice relating to the 2024/25 financial year. This includes a consideration of the budget proposals as a whole and the key financial risks facing the Council.
- 2.5 In accordance with s31A of the Local Government Finance Act 1992, the Council is required to have regard to this report when making decisions on agreeing the budget and setting the council tax for the financial year 2024/25.

### **3 Chief Finance Officer Overall Opinion**

- 3.1 The Council's financial position is critical, given its inability to set a balanced revenue budget for 2024/25 without recourse to Exceptional Financial Support (EFS), for which a decision from Department for Levelling Up, Housing and Communities (DLUHC) is expected during the week commencing 26 February 2024. The Council will be required to accept the terms of any agreed amount of EFS to then progress to consider and set a balanced budget at its meeting on 8 March 2024 in order to avoid a s114 Notice being issued under s114(3) of the Local Government Act 2988 in relation to the 2024/25 budget. The implications of issuing a s114 notice are set out in the summary report and Appendix 2 – 2024/25 Revenue Budget and MTFP
- 3.2 The Council has been unable to fully mitigate its financial pressures during 2023/24 in relation to adults and children's social care, SEND transport and waste disposal expenditure and as a result the level of revenue reserves required to finance the forecast overspend of £5.544m (at Quarter Three / period 9) will reduce the level of the General Fund Balance and unrestricted usable earmarked reserves to £9.091m which is considered to be inadequate.
- 3.3 The critically low level of revenue reserves advised to the Council at budget setting in March 2023 have been further depleted as a result of the continued expenditure pressures which Service Directors have been unable to control whilst operating under their current arrangements. The forecast level of reserves of £9.091m at 31 March are insufficient and would have resulted in the s151 Officer needing to issue a s114 Notice in 2023/24 if it had not been possible to identify a solution set out in 3.4.
- 3.4 The detailed review of the balance sheet identified the need to review and apply a one off and exceptional adjustment of £8.3m to the Collection Fund Bad Debt provision resulting from the application of the accounting methodology to comply with accounting standard IAS37. This provides a solution to restore unrestricted usable revenue balances to the level of £17.4m at 1 April 2024. Revenue reserves will be replenished by the application of the forecast Collection Fund surplus of c£8.3m on 1 April 2024.
- 3.5 As a result of these actions and a review of the Reserves Policy (Appendix 3), the minimum level of the General Fund Balance will be set at a minimum of 7.5% of the Net Revenue Budget on 1 April 2024 which is £11.1m
- 3.6 The Council must aim to rebuild its unrestricted revenue reserves over the period of the MTFP. The balance on earmarked unrestricted reserves at 1 April 2024 is planned to be £6.3m.
- 3.7 Within unrestricted revenue reserves, the Financial Resilience Reserve (FRR) will operate as a budget smoothing reserve to meet unanticipated financial



pressures subject to recommendation by the s151 Officer to the Executive. The FRR is required to be rebuilt and maintained at between £8m to £10m by 2026/27 to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the period.

3.8 On the basis of the risks and issues set out in this report, in my opinion as Director of Finance (s151 Officer), the budget estimate of £143.190m (after adjusting for EFS) and a council tax requirement of £71.438m to be presented for approval by Council is robust on the basis that:

- a) All Members and Officers will work collaboratively together with an unrelenting focus and priority placed upon:
  - a. controlling costs within cash limited budgets without exception.
  - b. Delivery of all £13.9m of planned new savings for 2024/25 on an ongoing basis
  - c. Identify and develop further transformational savings to enable implementation to secure delivery of a minimum of £7.475m further savings from 2025/26.
  - d. Noting that the failure to deliver planned savings in any financial year will add to the budget gap in the following financial year
  - e. Following extensive training in the new Financial and Contract Procedure Rules, Directors will ensure full staff compliance across their respective service areas.

These control measures will serve to preserve and rebuild the Council's revenue reserves to strengthen the Council's financial resilience over the medium term as required by the external auditor's statutory recommendations and DLUHC requirements in relation to recent revision to the Council's Best Value Notice.

- b) DLUHC agrees to the Council's request for Exceptional Financial Support in the form of a capitalisation direction up to £13.4m for 2024/25 to meet the budget gap of up to £4.7m and contingency sums of £8.7m in respect of potential savings delivery slippage and delays in realisation of capital receipts required to fund transformation thereby supporting the Council's financial recovery plans.
- c) The Council takes all necessary measures to realise the delivery of £24m of planned asset sales in 2024/25 which are critical to fund transformation investment over the MTFP.
- d) That transformation and savings delivery plans are developed at pace and appropriate temporary resources are secured across Service Directorates to ensure delivery in line with programme delivery profiles. Each Director will need to ensure that they secure the necessary resources to deliver within available transformation financial resources given the risks to delivery noted in section 5.3 below.

- e) That sufficient senior and specialist capacity of the Finance Team is secured to be able to service the organisational requirements associated with delivering transformation alongside its normal duties in upholding the s151 officer statutory responsibilities to the required standard. The resources within the substantive team are currently insufficient to deliver at the extent of improvements in financial management required to meet statutory s24 audit recommendations, support the delivery of transformation, and uphold the business-as-usual statutory duties of the s151 officer.

S114 (7) of the Local Government Finance Act 1988 requires that the Council provide the s151 Officer with sufficient resources as the s151 Officer considers necessary to fulfil their statutory duties under the Act.

The Finance Team will therefore be dependent upon a level of temporary professional senior resource over the course of 2024/25, and this will be addressed within the development of the transformation programme delivery and resource plans. The operating model and structure of the Finance Function will be reviewed during the year as part of the financial management improvement plan to ensure that it is adequate to meet the longer term needs of the Council.

- 3.9 The forecast level of Council reserves remains critically low but are adequate to support the budget for 2024/25 having regard to the assessment of current financial and other risks and the implementation of recommended management control measures as set out in this report. Provided these assessed risks do not increase substantially and beyond those that have been reasonably assumed in developing the budget; together with a successful EFS application to cover identified risks as noted, the Council is capable of delivering an increase in its financial resilience over the MTFP period.
- 3.10 The Council must continue to proactively address the areas for improvement set out in the Culture and Governance Improvement Plan and External Auditor's s24 Recommendations Action Plan. In particular, embedding improvements to budget modelling and forecasting within the operational management of services underpinned by effective systems and processes will deliver improved and embedded financial management practices across all directorates.

#### **4. Current Context and Financial Standing of the Council**

##### **2023/24 Financial Position**

- 4.1 The Council approved a balanced budget for 2023/24 in February 2023. Whilst the budget was assessed as robust by the former s151 Officer at that time, usable earmarked revenue reserves were noted to be at a critically low level of £2.788m together with a General Fund Balance of £12.041m at 31 March 2023. The need for strict cost control and delivery of savings during 2023/24 was emphasised within the s151 Officer's 2023/24 s25 report.

- 4.2 However, at period 2 (31 May 2023) financial monitoring, the current Interim Director of Finance (151 officer) identified a substantial forecast overspend and implemented immediate monthly monitoring and control measures across the organisation advising the Leadership Team, Elected Mayor and Executive of the potential seriousness of the Council's financial position in early June and calling for prompt management action to address the situation.
- 4.3 On 23 August 2023, the Quarter 1 (Period 3 to 30 June 2023) revenue and capital budget monitoring report forecast an overspend of £11.563m (9.2%) on the approved £126.354m. In view of the critically low revenue reserves position of £14.8m including the General Fund Reserve of £12.041m and unrestricted revenue reserves of £2.788m, it was noted that the Council was at risk of a s114 Notice being issued during 2023/24. In July 2023, the s151 Officer introduced a range of management and control measures to restrict expenditure as set out in the Q1 report. These arrangements have continued through the course of the 2023/24 financial year and will remain in place until further notice.
- 4.4 At Quarter 3 (Period 9 to 31 December 2023), the forecast outturn has been reduced to an overspend of £5.544m (4.4%) as reported to the Executive on 14 February 2024. Throughout the year, cost control measures have been deployed and an assessment made of the pressures in terms of their on-going vs one off nature. A large proportion of management actions taken have been one-off in nature and therefore whilst they have reduced the extent of the in-year overspend, they have not provided solutions to move the Council to a financially sustainable position to enable a balanced budget in 2024/25.
- 4.5 The Council's approach to financial management and control must be revised and strengthened through 2024/25 to establish a firm grip on financial management and embed this in the strategic and operational management of the organisation. This is essential to achieve and sustain financial recovery. The summary forecast outturn at Quarter 3 is set out below.

All Directorates	Original Budget Full Year	Current Budget Full Year	Forecast Outturn	Forecast Variance	Forecast Variance as % of Current Budget	Movement from Quarter Two (Forecast Variance)	
	£m	£m	£m	£m	%	£m	
				Adv / (Fav)		Adv / (Fav)	
Adult Social Care	49.808	51.692	53.050	1.358	2.6	(0.405)	↑
Public Health	(3.280)	(3.095)	(3.095)	0.000	0.0	0.000	↔
Children's Care	54.649	55.692	58.576	2.884	5.2	(0.289)	↑
Education & Partnerships	5.494	5.737	7.180	1.443	25.2	(0.500)	↑
Regeneration	(1.987)	1.010	0.675	(0.335)	(33.2)	0.179	↓
Environment & Communities	20.228	19.533	20.476	0.943	4.8	0.175	↓
Legal & Governance	10.245	10.780	10.834	0.054	0.5	0.050	↓
Chief Executive	0.000	0.234	0.234	(0.000)	(0.1)	0.012	↓
Finance	4.429	5.181	4.846	(0.335)	(6.5)	(0.187)	↑
<b>Total Directorates</b>	<b>139.586</b>	<b>146.764</b>	<b>152.776</b>	<b>6.012</b>	<b>4.1</b>	<b>(0.965)</b>	↑
Central Budgets	(13.232)	(20.411)	(20.878)	(0.467)	2.3	(2.047)	↑
<b>Total Budget</b>	<b>126.354</b>	<b>126.354</b>	<b>131.898</b>	<b>5.544</b>	<b>4.4</b>	<b>(3.012)</b>	↑

4.6 There has been an unrelenting focus by the Leadership and Management Team and Executive Members upon managing and tracking the delivery of approved savings over the course of the year. Where original plans have proved difficult or not possible to deliver within the year, alternative mitigations have been deployed as far as possible by Directors through the development and implementation of Financial Recovery Plans. The Quarter 3 position on savings delivery is summarised below by Directorate.

Directorate	23/24 RED (£000s)	23/24 AMBER (£000s)	23/24 GREEN (£000s)	23/24 BLUE (£000s)	TOTAL (£000s)
Regeneration	0	0	300	296	596
Environment and Commercial Services	0	0	1,261	782	2,043
Legal and Governance	0	0	120	121	241
Adult Social Care and Health Integration	0	0	416	86	502
Public Health	0	0	0	296	296
Education and Partnerships	0	0	0	313	313
Children's Care	56	0	0	698	754
Central	0	0	0	543	543
Finance	0	0	0	130	130
Fees and Charges	0	0	1,111	0	1,111
Children's Services Financial Improvement Plan	1513	0	174	1167	2,854
<b>TOTAL (000s)</b>	<b>1569</b>	<b>0</b>	<b>3382</b>	<b>4432</b>	<b>9,383</b>
<b>Overall Percentages</b>	<b>17%</b>	<b>0.00%</b>	<b>36.04%</b>	<b>47.23%</b>	

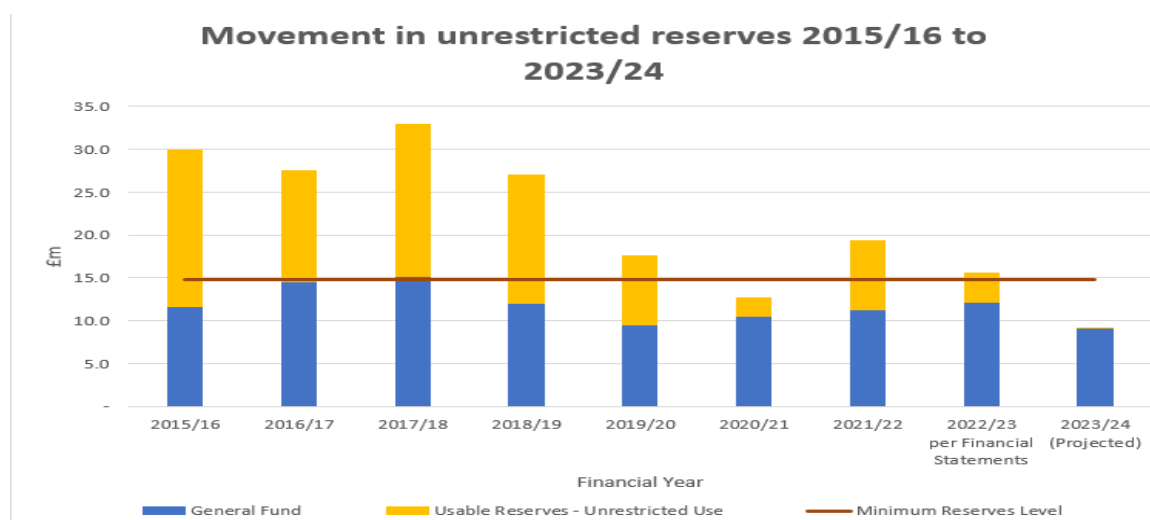
4.7 Undeliverable savings RAG rated red are factored into the 2023/24 forecast overspend of £5.544m and have been revised and replacement savings proposed in the 2024/25 budget. The table below summarises the main variances within the organisation which have proven difficult to mitigate fully due to a combination of:

- The demand led and statutory nature of the services which have experienced increased demand and complexity of need beyond those anticipated.
- Inflationary pressures continuing to impact the supply chain for goods, works and services.
- The nature of current operating models which need to be modernised to realise efficiencies.
- The requirement for more effective demand management to support and enable communities to become more resilient and self-reliant.

2023/24 Financial Forecast Outturn Quarter 3	£m
Adult Social Care	1.358
Children's Social care	2.884
Education & Partnerships	1.443
Environment and Community Services	0.943
Other variances (Regeneration, Legal and Governance, Finance and Central)	(1.084)
<b>Total</b>	<b>5.544</b>

- 4.8 It is essential that robust measures are taken in 2024/25 to manage demand more effectively, deliver efficiencies and develop longer term transformation to control costs, particularly in the areas of Adult Social Care, Children’s Care, Education and Partnerships (SEND transport), Homelessness and Environment and Communities (Waste Disposal).
- 4.9 The forecast overspending at period 9 will result in earmarked revenue reserves and the General Fund balance being reduced to £9.091m at 31 March 2024 against the minimum balance of £14.829m advised at 31 March 2023.
- 4.10 The reduction in usable unrestricted reserves and the General Fund Balance over the period 2015/16 to 2023/24 is illustrated in **Figure 1** below. The Council must now take firm and unwavering action in 2024/25 in order to control expenditure within its annual income sources without exception in order to protect and rebuild reserves to a sufficient level over the medium term 2024/25 to 2025/26.

**Figure 1: Movement in unrestricted reserves 2015/16 to 2023/24**

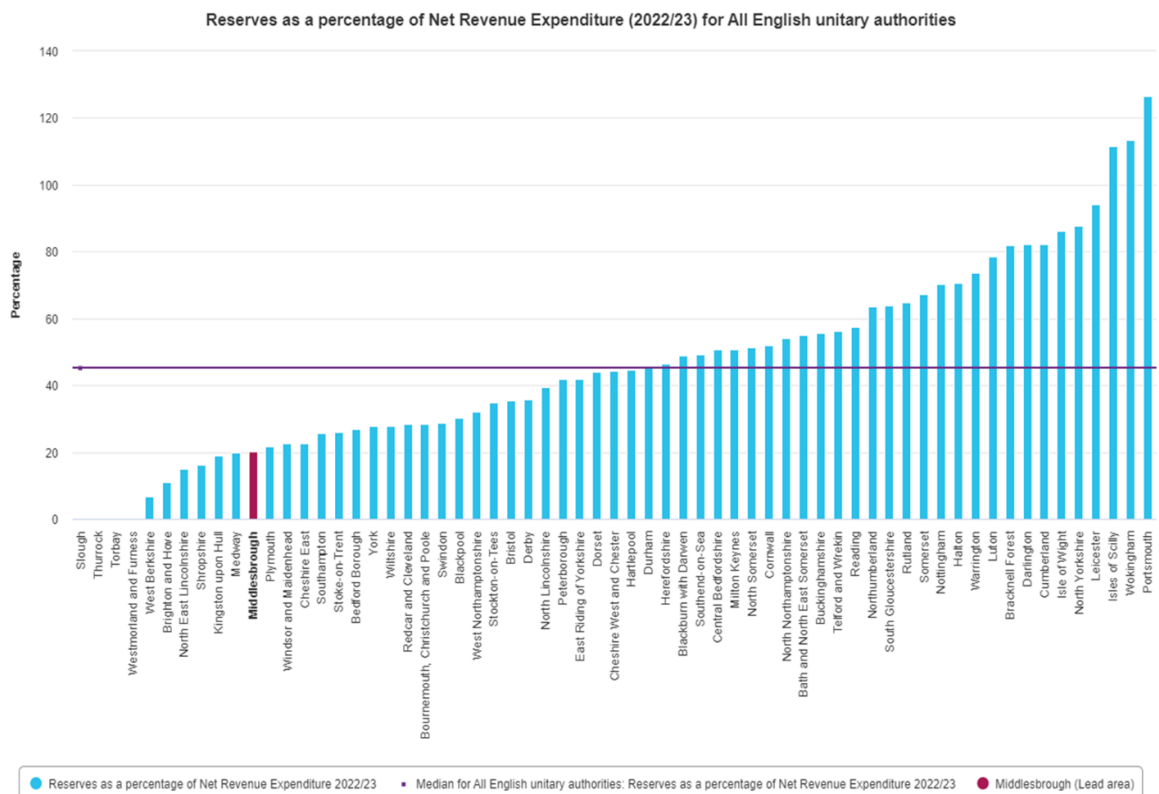


- 4.11 The Director of Finance initiated a detailed review of the balance sheet during the 2023/24 in response to the identified risk to reserves and as a result:
- has identified a number of reclassifications in General Fund Reserves at 31 March 2023.
  - review of the methodology to calculate the bad debt provision in line with International Accounting Standard IAS37 within the Collection Fund has been undertaken. This has identified a favourable adjustment in 2021/22 accounts which remain subject to audit. This adjustment has been reflected in 2022/23 and 2023/24 accounts and has resulted in a cumulative forecast surplus on the Collection Fund at 31 March 2024.
  - The Collection Fund is a legally separate account from the General Fund and surpluses and deficits are taken into account at annual budget setting.

Therefore, a cumulative surplus of c£8.3m is available to the General Fund from 1 April 2024. This surplus must be used to replenish revenue reserves to an acceptable minimum and will not be available to balance the 2024/25 budget.

- 4.12 The combined actions of reducing overspending and revising the Collection Fund Bad Debt provision have served to enable the Council to avoid a s114 Notice during 2023/24.
- 4.13 However, the Council still has a very low level of financial resilience as a result of the weaknesses in its financial management practices over a number of years. The need to exercise financial grip on operational expenditure and achieve transformation of its service delivery models and financial management practices at pace through 2024/25 is critical to stabilise the financial position.
- 4.14 The Council has one of the lowest levels of total reserves as a proportion of its net revenue expenditure when compared to all unitary councils in England as illustrated in Figure 2 below:

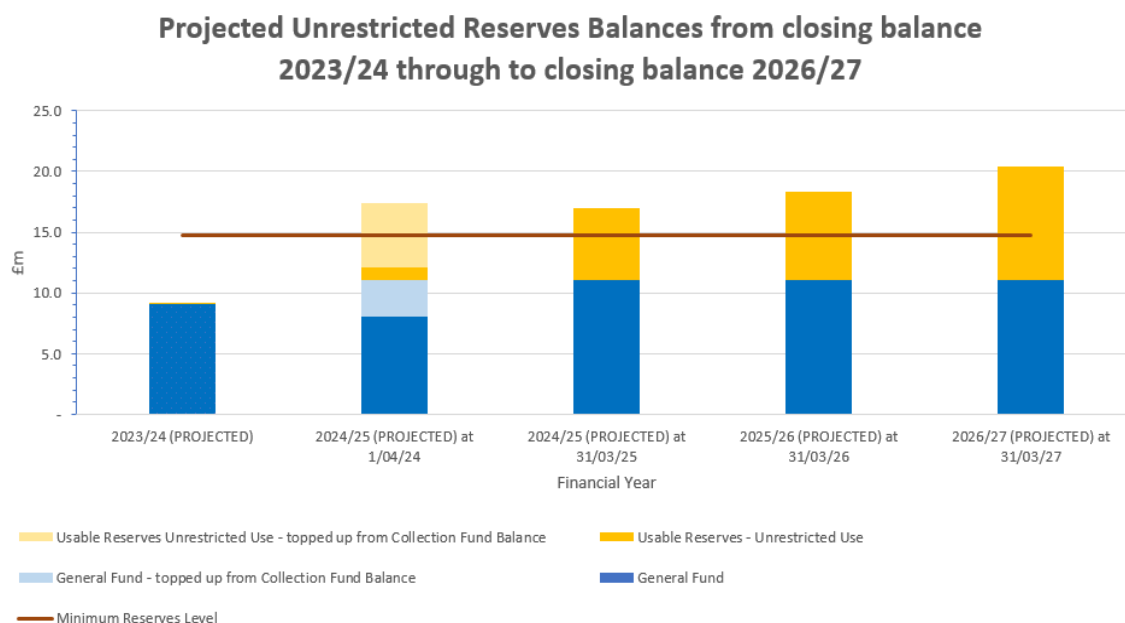
**Figure 2: Reserves as a percentage of Net Revenue Expenditure 2022/23 for all English Unitary Authorities**



Source: LG Inform

4.15 The Financial Reserves Policy at Appendix 4 sets out the plans to rebuild and maintain the level of reserves over the 2024/25 to 2026/27 period of the MTFP as reflected in Figure 3 below:

**Figure 3: Projected Unrestricted Reserves Balances from closing balance 2023/24 through to closing balance 2026/27**



## 5 Best Value Notice and External Auditor’s Statutory Recommendations in relation to financial recovery and resilience

5.1 In January 2023 the Department for Levelling Up Housing and Communities issued a Best Value Notice in relation to the Council’s failings in culture and governance for an initial period of 12 months. The notice was extended by the Minister for Local Government, Simon Hoare in January 2024, who acknowledged the Council’s progress on a range of improvement measures over the course of the 12-month period. However, it was stressed that much more work is required to embed improvements in relation to securing financial sustainability and delivery of transformation, whilst effectively implementing new strategies to embed positive cultures. The Minister will reassess the Council’s progress in July 2024, when possible, outcomes will range from the removal of the Council from DLUHC intervention, through to an escalation of intervention if sufficient progress and improvement is not demonstrated.

5.2 In short, the Council is at a crossroads on its improvement journey and must seize opportunities to deliver modernisation and efficiency in its operations and embed more robust financial management practices at pace in order to protect its financial position and succeed in the medium term.

5.3 The Council currently lacks sufficient capacity within its permanent staffing establishment across service directorates and enabling services such as HR, Legal, IT and Finance in order to achieve the level of change required at the

pace expected and this presents a significant risk which needs to be addressed through the resource planning for transformation that is currently underway. This risk has been highlighted by the Middlesbrough Independent Improvement and Advisory Board (MIAB) and also Inner Circle Consulting who have been engaged to help develop the Council's Transformation Programme. Ensuring that the Council has the appropriate skills, knowledge and capacity in place across service directorates and enabling services such as finance, HR, ITC and legal services is critical to the Council's success. This will be addressed within the development of the transformation programme resource plans.

- 5.4 In August 2023 the External Auditor, EY LLP issued eleven statutory recommendations under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 in relation to the Council's failures to meet its Best Value Duties. Recommendations 4 to 6 specifically relate to the significant weaknesses in arrangements for securing the Council's financial sustainability as quoted below:

4	<i>We recommend that the Council builds upon the steps already taken to control its expenditure to identify specific deliverable savings over the short term (next 12 months) and protect its limited remaining reserves. Where appropriate, this may need to include the Council changing how it meets its statutory responsibilities and the extent to which it delivers services which are not required to discharge its statutory responsibilities.</i>
5	<i>We recommend that the Council reviews its service delivery models to ensure that they are efficient, represent value for money and achieve the outcomes required for the resources invested. Where opportunities to improve service delivery models are identified, the Council should develop detailed plans for implementation of service delivery transformation and how the upfront transformation costs will be funded</i>
6	<i>We recommend that the Council reviews its financial forecasting processes to understand why significant financial pressures, over and above those anticipated and reflected in the Council's annual budget, have emerged within the first half of both the 2022/23 and 2023/24 financial years and ensure future forecasting reflects those lessons learned.</i>

- 5.5 These recommendations are being addressed through the establishment and delivery of the Corporate Governance Improvement Plan and S24 Action Plan



for which the latest update on progress is set out in a report to Council on 17 January 2024<sup>1</sup>.

- 5.6 Alongside the need to redesign and transform service delivery, there is a requirement to fundamentally change and strengthen the financial management arrangements within service directorates, including the adoption of a corporate standard approach to demand and cost modelling, forecasting and reporting, improved financial management skills amongst budget holders, upskilling the finance team and ensuring underlying IT systems, business processes and procedures are in place to establish 'one version of the financial truth' for Middlesbrough Council to support its financial planning and strategic and operational decision making.
- 5.7 The nature of the demand pressures in adult and children's social care, SEND transport, homelessness, and Waste Disposal have proved difficult to control and mitigate during 2023/24 and are key themes within the transformation and savings programmes proposed for 2024/25 and over the medium term and in turn are critical to securing financial sustainability of the Council.
- 5.8 Service Directors will be required to deliver fully on their savings plans during 2024/25 whilst proactively managing operational income and expenditure to remain within the budget allocations for which they are responsible and accountable without exception.
- 5.9 In addition to ensuring appropriate resources within the service areas, this work will need appropriate engagement of the Finance Business Partnering function. The Finance service is currently depleted in terms of its capacity to meet the needs of the organisation at this time and presents a specific risk to the Council's ability to deliver on transformation and meet the statutory responsibilities of the s151 Officer. Resources need strengthening in terms of the input of senior professional capability in the short term in order to achieve this objective, given that there is unsustainable pressure on a small number of key finance officers within the permanent finance team which is untenable.
- 5.10 A significant amount of work has been undertaken by the Finance Team to develop the Council's approach to demand and cost modelling which is the foundation of robust financial management. This has been achieved with the support of senior interim resources during 2023/24 as the capacity and capability of the permanent Finance Team is limited due to historical budget reductions. Further work will be required during 2024/25 and will build upon the foundations laid during 2023/24 and will require the integration of operational and financial management through activity-based costing at the most basic level of operational management and decision making across all directorates. In particular, senior finance input will be required to be embedded in transformation programme multi-disciplinary teams to ensure that effective and robust financial management systems and processes are

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<sup>1</sup> [Report.pdf \(middlesbrough.gov.uk\)](#)

established and embedded in the redesigned and transformed service models.

- 5.11 Budget holders and decision makers within service areas must become more proficient in understanding and managing the financial consequences of their decisions and training will be provided throughout 2024/25.
- 5.12 The standard of Finance Business Partnering needs to be developed to provide forward looking, proactive analysis, information, advice and constructive challenge to Directorate Management Teams. The Finance Business Partner is the s151 Officer's representative and should be positioned as a full and equal member of the Directorate DMT, representing and advising Service Directors on behalf of the s151 Officer and upholding the statutory responsibilities of the s151 Officer. The s151 Officer will seek to modernise the traditional approach to delivering accountancy support and financial reporting that is currently the norm across the organisation. This is necessary in order to establish a firm grip upon the financial management of Service Directorates and embed a strong financial management culture.
- 5.13 There is a fundamental risk to achieving this requirement given there is insufficient capacity of appropriately skilled and experienced staff within the permanent Accountancy function as outlined above. Section 114(7) of the Local Government Finance Act 1988 requires the local authority to provide its Chief Finance Officer with such staff, accommodation and other resources as are in his/her opinion sufficient to allow his/her duties under the Act to be performed. This risk will be addressed as set out above in relation to the transformation programme and s24 recommendation resource requirements.

## **6. Robustness of Estimates**

- 6.1 Budget estimates are based upon a combination of known data and assumptions of which some are within the organisation's control, and some are outside of its control. Therefore, it is not possible to predict the future with certainty and so the statement on robustness of estimates cannot give a 100% guarantee that expenditure and income will be incurred as expected in developing those budget estimates. The financial planning environment is particularly uncertain as the impact of the Covid19 pandemic upon demand upon business and communities continues to evolve combined with volatility in the global economy.
- 6.2 Work has commenced to establish a standardised approach to demand and cost modelling in the areas of adult social care, children's social care and the Integrated Transport Unit given the scale of the expenditure and financial pressures being experienced in order to improve the Council's approach to budget setting, monitoring and forecasting as required by the external auditor's statutory recommendations.

- 6.3 Models are assessed as adequate, but work will need to continue through 2024/25 to improve the Council's financial planning and forecasting capability through more focus upon data and forecasting techniques to strengthen the links between service and financial planning for the future.
- 6.4 The s151 Officer has relied upon the following measures in order to meet the requirements for assessing the robustness of estimates:
- Budgets have been aligned to the identified spending needs of the Council through the assessment of demand, pay inflation, non pay inflation, contractual inflation and assessment of income sources as set out in the detailed Budget and MTFP at Appendix 2.
  - Compliance by all Directors in the use of budget development guidance issued to support the development of budget saving proposals, including the use of standardised summary business case templates (R2 forms) which capture the costs, benefits, risks, impact of proposals together with a high level profile of delivery timescales.
  - A review of income from fees and charges for discretionary services has been undertaken and a new Fees and Charges policy is proposed for 2024/25 and future years to provide a framework within which fees and charges should be managed going forwards.
  - A review of savings proposals and their achievability by the Executive, LMT, Departmental Management Teams and an independent due diligence review by Inner Circle Consulting to assess the robustness and deliverability of proposals.
  - The Overview and Scrutiny Board and individual Service Scrutiny Panels have been engaged in the review and challenge of budget proposals during the consultation period and a series of all member briefings and consultation events have been held to help shape budget proposals.
  - Budget proposals have been subject to public and staff consultation where appropriate and feedback has been factored into the finalisation of proposals.
  - Directors have taken responsibility and accountability for the delivery of their budget proposals and have formally signed them off as deliverable.
  - The use of in-year budget monitoring by Directors and engagement through monthly budget challenge sessions to understand and address the underlying drivers of cost and the recurrent vs non recurrent nature of pressures being experienced in year.
  - Director's assessment of expected demand for service provision over the term of the MTFP and testing this in order to assess the credibility of future growth pressures.
  - Sensitivity analysis on the assessment of service demand for the demand led statutory service areas to assess the adequacy of reserves.
  - The capital programme has been extensively reviewed and reprioritised to minimise and focus expenditure funded from Council resources within affordable limits, reducing the planned 2024/25 programme from £110m to

£61m, and planned borrowing from £53m to £29m (before the effects of EFS).

- The Treasury Management position reflects the annual budget to meet capital financing costs of £11.154m in 2024/25 which is equivalent to 7.8% of the Net Revenue Budget.

## **7 Governance**

- 7.1 The Budget has been prepared with the full involvement of the Leadership Management Team led by the Chief Executive and has engaged fully the Elected Mayor and the Executive over many months and iterations of budget proposals.
- 7.2 Under the Council's Constitution, financial management is delegated to each Director, and they are required to manage expenditure within approved resources allocated to their control.
- 7.3 Following the revision of the Constitution and Contract and Financial Procedure rules in September 2023, all senior officers have received relevant training and are required to comply fully with these procedures.
- 7.4 Enhanced monthly budget monitoring, forecasting and reporting arrangements will continue throughout 2024/25 and essential spending controls including vacancy management and contract compliance will remain indefinitely.
- 7.5 Monthly tracking of savings delivery will be reported by the Programme Management Office engaging fully with Finance Officers to ensure savings delivery and overall cost control remain on track.
- 7.6 An enhanced transformation and programme management framework will operate in relation to the delivery of proposed savings and the development of new transformational projects throughout 2024/25 and over the period of the medium-term financial plan.
- 7.7 Realisation of capital receipts from asset sales is critical to funding investment in transformation and therefore will be managed as a workstream within the programme management framework to provide assurance of delivery.

## **8 Accounting Practice**

- 8.1 The 2022/23 annual audit report by the Head of Internal Audit (Veritau) gave a Limited Assurance conclusion in July 2023 in relation to the framework for governance, risk management and control operating in the Council, which was primarily due to the wider context of officer, member relationships and separation of duties between their roles; governance arrangements for Middlesbrough Development Company.
- 8.2 However, it is noted that within that assessment, the conclusion of the most recent internal audit reports relating to core financial systems has given substantial assurance on the audit of the main accounting system, debtors and payroll, and reasonable assurance for creditors, which gives the s151 officer some degree of assurance over the control environment and completeness and accuracy of financial reporting arrangements for core financial systems that impact upon budgeting and financial reporting. Issues identified in relation to use of Purchase Cards in Children's services in

2022/23 has resulted in a revision and strengthening of policies and procedures for the use of purchase cards across the wider organisation.

- 8.3 Due diligence has been undertaken by the s151 Officer and Director of Public Health during the 2023/24 financial year to assure the eligible use of Public Health Grant in accordance with regulations (Public Health Ring Fenced Grant Determination 2023 to 2024: NO 31/6550) which was found to be acceptable.
- 8.4 Further due diligence will be undertaken in relation to accounting practice including Dedicated Schools Grant and capitalisation of expenditure through 2024/25 and so it is possible that new issues may emerge as this work is delivered.

## **9 Budget Savings Delivery**

- 9.1 The budget development process for 2024/25 has introduced the requirement to produce a summary business case as a minimum standard (referred to as R2 form) in relation to every budget proposal which captures key financial information around investment, income, expenditure reduction (staff and non staff), impact upon service users, equality impact assessment, risks and dependencies and high level delivery timescale, together with a RAG rating on the risks associated with delivery of planned savings.
- 9.2 More complex and transformational savings initiatives will be subject to enhanced programme and project management in accordance with the new Transformation Programme governance arrangements to provide assurance of delivery.
- 9.3 Given the significant scale of the savings programme for 2024/25 valued at c£14m, the Council has engaged external consultants Inner Circle Consulting, to support the Council in:
- Assessing deliverability of savings and establishing appropriate resources and delivery plans within directorates to assure the s151 Officer of the robustness and deliverability of savings for the purpose of budget setting.
  - establishing appropriate Programme management arrangements to secure delivery during the year.
  - Establish a Transformation Programme to identify further savings opportunities to deliver in excess of the remaining £7.5m to be delivered during 2025/26.

This investment is considered essential to ensure the successful delivery of planned and further savings which are critical to achieving financial stability of the organisation.

- 9.4 It is critical that the Leadership Management Team and Executive have an unwavering focus upon ensuring the following during 2024/25:

- delivery of planned savings
  - development and implementation of further transformation, efficiency and demand management plans.
  - Strict cost control including on vacancies, other staff costs and expenses,
  - Compliance with Contract Procedure Rules to ensure expenditure is 'on-contract' and appropriate use and control of purchase card expenditure.
  - Continuation of monthly budget monitoring, forecasting and challenge sessions to ensure that proactive arrangements are in place to address adverse variances as they emerge.
  - Continuation of quarterly member led budget challenge and review sessions with full engagement of portfolio holders in overseeing financial performance on a monthly basis.
  - Integration of operational and financial management processes that enable the development of more robust data driven demand and cost models which are the foundation for effective financial planning, forecasting, monitoring and control.
- 9.5 The Inner Circle assessment of deliverability of the savings concludes that savings of c£14m are achievable and ideas for further savings are credible, requiring development of further business cases. However, they have highlighted that there is a real risk to successful delivery due to the Council's current lack of capable staff capacity which is in the process of being addressed by the LMT and will be critical to successful implementation.
- 9.6 The s151 Officer has made financial provision of delivery slippage of on average one financial quarter, due to the following factors:
- the challenging nature of the savings programme which is predicated heavily upon new transformation, redesign and demand management measures
  - the fact that programmes of this magnitude are normally planned and developed for implementation over 3-6 months. Work with Inner Circle Consulting commenced in earnest during mid December 2023 and so has been conducted in less than 3 months.
  - The council's current lack of sufficient resources to ensure delivery at pace which requires prompt action to secure temporary resources to enable delivery.
- 9.7 Given the critically low level of revenue reserves are insufficient to cover this delivery risk, a capitalisation direction of £3.5m (25% of £14m planned savings) has been included in the EFS requested from DLUHC.
- 9.8 The Council's investment in transformation and programme management expenditure is estimated to be £5.5m (does not include Contingency) in 2024/25, together with estimated redundancy costs up to £6.5m which is to be funded by Flexible use of Capital Receipts which are estimated to total £24m during the year, although are mostly profiled to be received from Quarter 3 onwards. It is essential that at least £12m of capital receipts are received

during the year. A capitalisation direction funded by borrowing for £4.6m has been requested from DLUHC in order to fund transformation expenditure through to Q2 given that the Council will hold minimal or no capital receipts on 1 April 2024 that are necessary to ensure expenditure is financed.

- 9.9 Provided sufficient capital receipts are realised by 31 March 2025, it is expected that this capitalisation direction will not be required. However, in order to provide assurance to the adequacy of the 2024/25 revenue budget which is dependent upon transformation and programme activity, this is considered necessary.

## **10 Key Risks impacting Budget Delivery**

- 10.1 **Demand for Children's Social Care** - As described in the MTFP at Appendix 2, the Council continues to experience exceptionally high levels of demand, complexity, and cost of children's social care, particularly in relation to its reliance upon external residential provision to meet the needs of children in its care. The budget has increased from £33m in 2012/13 to £55.7m in 2023/24, with a further increase of £4.7m for demand in 2024/25 based upon further expected pressures.
- 10.2 **Demand and cost of Adult Social Care** – Costs are increasing due to increased demographic demand pressures, together with higher care fees to providers to offset their rising costs and capacity constraints due to labour shortages. The Adult Social Care service is also experiencing challenges in recruitment and retention of staff of which pay is a driving factor.
- 10.3 **SEND Transport** – The budget for the Integrated Transport Unit which provides transport services has been reviewed in detail and rebased during 2023 in order to address the increasing numbers and complexity of SEND pupils requiring transport. The budget has been increased by £2.9m to £6.6m for 2024/25. Further work is required to establish more robust demand and cost modelling to support financial planning and budgetary control.
- 10.4 **Homelessness** - In line with the national issue affecting many local authorities across the country, the Council is experiencing an increase in the number and complexity of homelessness cases and a need for temporary accommodation, This is coupled with an increase in the cost of provision, especially in relation to bed and breakfast accommodation. The Local Housing Allowance (LHA) within Housing Benefit Subsidy is proving to be insufficient to meet these costs resulting cost pressure to the General Fund budget.
- 10.5 **Waste Disposal Costs** – Inflationary provisions have been built into the budget for waste disposal given that the Council is nearing the end of its existing contractual arrangements for residual waste disposal, and it is necessary to reflect the expected uplift in market prices that is likely to result from replacement provision. This, combined with budget proposals aimed to



increase recycling rates and reduce the proportion of residual waste, aims to deliver cost efficiencies in 2024/25 and future years. This is dependent upon changing the behaviours of households across the town to dispose of waste more responsibly and has potential to achieve significant cost savings / cost avoidance if implemented effectively.

- 10.6 **Delivery of Savings** – The budget for 2024/25 is predicated on £13.910m of new savings being delivered in addition to £1.392m of savings approved in 2023/24. As set out in section 9, enhanced transformation and programme management governance arrangements are being established with the support of external expertise from Inner Circle Consulting to provide assurance on delivery over the course of the year. In addition, a further £4.7m+ of ongoing savings are to be identified during 2024/25 through additional transformation themes over the course of the year, as well as a further £3.3m ongoing to address the budget gap over the MTFP planning period.
- 10.7 **Outcome of OFSTED inspection** – Members will be aware that the ILACS inspection conducted in March 2023 concluded that the Children’s service had improved from ‘inadequate’ to ‘requires improvement’. The Council continues to engage with OFSTED and the DfE on its improvement journey through a formal statutory board which is continuing to oversee the delivery of service improvements. The Executive Director of Children’s Services is devising a range of transformational plans that aim to improve outcomes for children from a lower cost base which are integral to the 2024/25 budget proposals.
- 10.8 **Insured and uninsured risks** – During 2022/23 the Council’s Insurance Actuary undertook a review of the insurance arrangements and as a result the Council set aside £7m for known and future insurance claims that are likely to be settled. Of this, £3.33m was set aside as a provision in 2020/21 Statement of Accounts for claims received but not yet paid. With effect from the 2023/24 budget, an annual contribution of £0.5m is made over future years to address the remaining £3.7m of potential claims that may be received in the longer term.
- 10.9 **Internal Borrowing** – The Council adopts a policy of optimising its treasury management activities to utilise internal borrowing from its cash balances where it is prudent to do so. This is expected to be around £21.328m in 2024/25. Much of this relates to revenue and capital reserves held on the balance sheet that are expected to be used over the MTFP period. This and the associated costs of external borrowing are factored into the capital financing budget of £11.154m for 2024/25.
- 10.10 **Finalisation of prior year Statement of Accounts 2021/22 and 2022/23** – The Council currently has prior years Statements of Account that remain subject to the completion of the external audit, with the delay due largely to the impact of the national reset of the local authority audit market by DLUHC. DLUHC is currently consulting between 8 February and 7 March 2024 in relation to arrangements for re-setting the local authority audit market and the

prospect of local authority accounts being subject to qualification or disclaiming (not being audited) by the external auditor as part of the approach to clear the backlog of legacy accounts up to 2022/23 by 30 September 2024. Officers will discuss with the auditor once they set out their proposals for concluding the 2021/22 and 2022/23 audit for Middlesbrough in light of the consultation. An earmarked reserve of £1m has been set aside to provide for unforeseen adverse audit adjustments that may arise from the conclusion of these legacy audits in future periods.

10.11 **DSG deficits** - Whilst Middlesbrough received approximately £30m for DSG High Needs, the Council are forecasting spending an estimated £36.6m expenditure in 2023/24, an in year pressure of £6.6m which would double the Council's overall DSG deficit position to £13.2m at 31 March 2024. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing from 2022 to 2023 by over 27% (up from 1370 to 1743) and the service has faced the full year effect of this increase along with continued increasing numbers in the past 12 months, and also increasing exclusions. 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 will continue to 31 March 2026. However, no further information in relation to a Government funding solution or the continuation of the statutory override beyond that date has yet been received and therefore this presents a significant financial risk to the Council in the future. Middlesbrough participates in the Delivering Better Value (DBV) programme that invests £1m over an approximate 18-month period ending 31 March 2025, and a range of management actions are being taken alongside the DBV programme to try to reduce this deficit. Further focus in this area is required during 2024/25.

10.12 **Utilisation of Reserves** – Whilst the proposed budget for 2024/25 relies upon Exceptional Financial Support in order to achieve a balanced revenue position, it does not place any requirement or reliance upon the use of revenue reserves in order to balance the revenue budget position and this principle will be upheld over the term of the MTFP.

## 11 Adequacy of Reserves

11.1 The Council's General Fund balance is forecast to be £9.0m at 31 March 2024 which is below the level considered adequate at £9.5m (7.5% of the Net Revenue Budget). Usable unrestricted revenue reserves will be depleted to zero and therefore the reserves position at 31 March 2024 is considered to be inadequate.

11.2 However, mitigating actions have been taken by the s151 Officer during the 2023/24 financial year in order to avoid a s114 position evolving in year. In addition to financial recovery measures to reduce the level of the 2023/24 overspend, a detailed review of the balance sheet has been undertaken as

detailed within the Reserves Policy. As a result, adjustments to the Collection Fund Bad Debt provision have been made as a result of that review there is an anticipated surplus on the Collection Fund at 31 March 2024 of £8.3m. This sum must be used to replenish the General Fund Balance and unrestricted revenue reserves, in particular the Financial Resilience Reserve to preserve balances at a level considered to be the minimum adequate to support the Council's 2024/25 budget in the context of the range of risks set out in section 10.

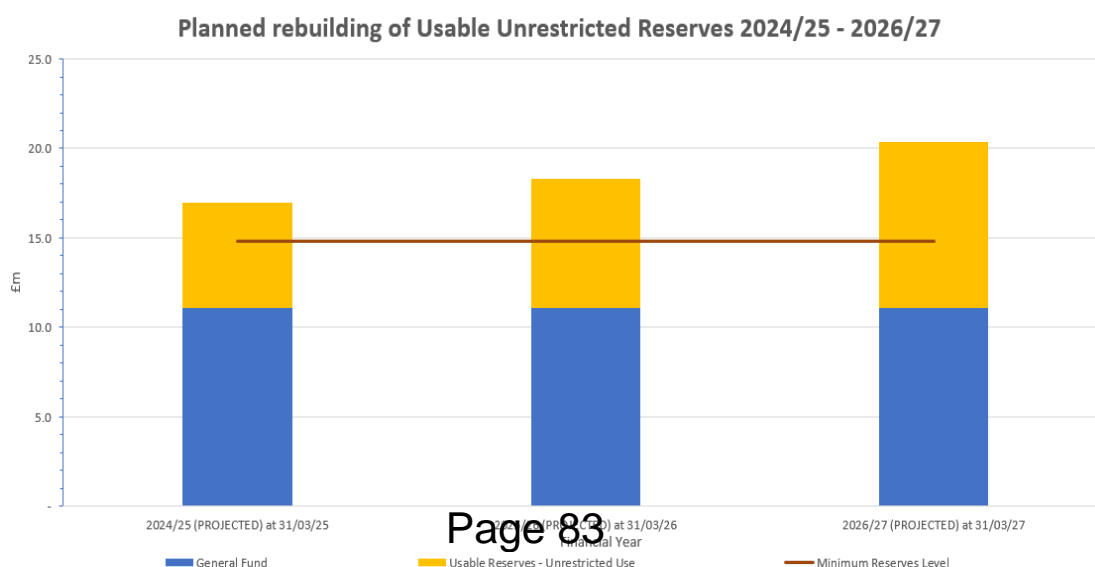
- 11.3 The Financial Reserves Policy sets out the proposed approach to rebuilding and maintaining revenue reserves over the period of the MTFP to 2026/27 as required by external auditor's statutory recommendations to recover the Council's financial position and rebuild its financial resilience. It is essential that Directorates exercise strict management of expenditure within approved budgets in 2024/25 with no overspending, which will detract from achieving the planned rebuilding of reserves. A summary of the forecast reserves is set out in **Table 1** below:

**Table 1: Earmarked Reserves Projections over MTFP period 2024/25 to 2026/27**

Earmarked Reserves Projections over MTFP period 2024/25 to 2026/27										
	2024/25			Closing Balance 31/03/25 £m	2025/26		Closing Balance 31/03/26 £m	2026/27		
	Opening Balance 01/04/24 £m	Projected Additions £m	Projected Drawdowns £m		Projected Additions £m	Projected Drawdowns £m		Projected Additions £m	Projected Drawdowns £m	Closing Balance 31/03/27 £m
<b>Usable</b>										
General Fund Reserve	11.1	-	-	11.1	-	-	11.1			11.1
Unrestricted Use	6.3	1.3	(1.7)	5.9	2.1	(0.7)	7.2	2.8	(0.7)	9.3
<b>Total Unrestricted Use</b>	<b>17.4</b>	<b>1.3</b>	<b>(1.7)</b>	<b>17.0</b>	<b>2.1</b>	<b>(0.7)</b>	<b>18.3</b>	<b>2.8</b>	<b>(0.7)</b>	<b>20.4</b>
<b>Total Restricted Use</b>	<b>4.7</b>	<b>0.6</b>	<b>(0.1)</b>	<b>5.2</b>	<b>0.5</b>	<b>-</b>	<b>5.7</b>	<b>0.5</b>		<b>6.2</b>
<b>Usable total</b>	<b>22.2</b>	<b>1.9</b>	<b>(1.8)</b>	<b>22.2</b>	<b>2.6</b>	<b>(0.7)</b>	<b>24.0</b>	<b>3.3</b>	<b>(0.7)</b>	<b>26.6</b>

- 11.4 **Figure 4** below sets out the planned replenishment of useable unrestricted reserves over the period:

**Figure 4: Projected Unrestricted Reserves Balances replenishment from 2024/25 to 2026/27**



- 11.5 The minimum General Fund Balance is recommended to be no less than 7.5% of the Net Revenue Budget each financial year (equivalent to £11.1m in 2024/25), whilst a balance of between £8m to £10m should be accumulated within the Financial Resilience Reserve (FRR) to provide sufficient resilience to manage the risk of unforeseen pressures upon service budgets without recourse to the General Fund Balance by 31 March 2027. The forecast balance on the FRR at 31/3/25 is £4.8m.
- 11.6 The Council has made an application for Exceptional Financial Support of up to £15m. Following the Final Local Government Finance Settlement, DLUHC have indicated that additional funding provided of £1.6m, which reduces the £6.3m budget gap to £4.7m is expected to reduce the EFS requirement. This is reflected below.

<b>Request for Exceptional Financial Support</b>	<b>£m</b>	<b>£m</b>
Budget Gap 2024/25	4.7	
Contingency	0.6	
<b>Firm Request</b>		<b>5.3</b>
Savings Delivery Slippage Risk	3.5	
Funding of transformation and redundancy expenditure pending realisation of capital receipts	4.6	
<b>Contingency Request if Risks crystalise</b>		<b>8.1</b>
<b>Total Request for EFS</b>		<b>13.4</b>

# Appendix 2

## Medium Term Financial Plan (MTFP)

### Introduction

- 1.1. The Council maintains a MTFP which sets out the financial envelope that is available within which the aims of the Council Plan are to be achieved. It is integrated with the Transformation Programme that will deliver the business change required to establish services from a lower cost within a financially sustainable cost envelope. A further report will be submitted to Executive and Council in March 2024 detailing the Transformation Programme together with the Flexible Use of Capital Receipts Strategy which will then be referred to Council for consideration and approval and incorporation into the Budget and Policy Framework.
- 1.2. The Council is committed to making the changes needed to secure its long term financial stability whilst maintaining and improving services to residents. This will be achieved by the prudent management of the Council's finances and the strengthening of its financial resilience through enhanced budget monitoring controls, more effective financial forecasting, minimising new borrowing, and the effective management of reserves.
- 1.3. The MTFP Update 2024/25 to 2026/27 report to Executive on 20 December 2023 set out the financial challenges facing the Council. This was based upon a number of key assumptions in relation to the wider economic environment and local challenges faced by the Council in meeting the needs of the community. Cost pressures are driven largely by persistently high inflation and increased demand and complexity of need in adult social care, children's social care and SEND transport particularly. In addition, the Council is experiencing increased demand and cost of homelessness, and market driven increases in the cost of waste disposal. This report confirms the financial planning assumptions following the announcement of the Final Local Government Finance Settlement announced on 5 February 2024 upon which the 2024/25 budget and MTFP to 2026/27 is based.
- 1.4. The revenue element of the MTFP is set out in the context of:
  - a period of persistently high inflation
  - a cost of living crisis impacting on citizens;
  - a challenging employment market, with recruitment and retention issues internally within the Council and generally across the wider public sector;
  - increased demand for services, in particular those relating to Adults Social Care and Children's Social Care, Home to School Transport, and Homelessness which is expected to continue over the life of the plan;
  - the need to secure financial recovery by protecting the current level of revenue reserves and rebuilding them to strengthen the Council's financial resilience.
  - continued lack of certainty over future Government funding that impacts adversely upon the Council's ability to carry out effective long term financial planning.

## Constructing the Medium Term Financial Plan (MTFP)

- 2.1 The development of the MTFP has identified a range of financial pressures including inflation on pay, energy and contracts, together with increased service demand across statutory services like adult social care, children’s social care, homelessness, home to school transport and waste disposal (details of drivers behind these pressures were provided in the December report to Executive). These have been offset by identifying deliverable expenditure reductions and income growth through a range of budget proposals that are programmed to deliver significant cost efficiency and/or demand reduction whilst delivering improved outcomes for citizens, thereby improving value for money.
- 2.2 The revenue budget and the capital programme are intrinsically linked By the Treasury Management Strategy and MRP Policy which determines how the Council accounts for the revenue cost of borrowing The Council’s investment in its capital programme is reliant upon borrowing, external grants, contributions and the generation of capital receipts that are realised from the sale of its fixed assets. The Council is in the process of fundamentally reviewing and rationalising its asset portfolio to realise a substantial pipeline of capital receipts that is required to fund its transformation programme, future capital investment and/or repayment of borrowing to reduce the revenue costs of borrowing (as detailed in the Asset Review report to Executive in November 2023) <sup>1</sup>.
- 2.3 Given the Council’s critical level of financial revenue reserves and the lack of capital receipts in the bank at the start of 2024/25, the successful delivery of capital receipts arising from the future planned asset disposals in 2024/25 is critical to funding the delivery of the Transformation Programme and realising the savings that are due to be delivered in 2024/25 and are further required over the period of the MTFP to return to financial sustainability.
- 2.4 The aim is to achieve a financially balanced and sustainable General Fund revenue budget, and Capital Programme that support the delivery of the Council’s priorities, meets statutory requirements and delivers value for money services to citizens over the MTFP period.
- 2.5 The profile of capital receipts during 2024/25 to 2026/27 is summarised below:

<b>Planned capital receipts</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Receipts from approved asset disposals	8.0	4.2	9.7	21.9
Additional Receipts proposed in Asset Review report (latest profile)	16.5	9.0	-	25.5
<b>Total Planned Receipts</b>	<b>24.5</b>	<b>13.2</b>	<b>9.7</b>	<b>47.4</b>

<sup>1</sup> Asset Review

## Funding Overview

- 3.1 The Government allocates grant funding to local authorities in a process called the 'local government finance settlement'. These can be multi-year settlements but since 2015 they have been single year settlements which creates undue risk and uncertainty for local authorities in their medium term business and financial planning.
- 3.2 The Local Government Finance Settlement (LGFS) confirms funding for 2024/25 only and therefore significant uncertainty remains with regard to the Council's resources for 2025/26 and beyond. The long delayed 'Fair Funding' review and the reform of business rates which seek to change the way that government funding is allocated to local authorities, have been delayed for a number of years. It is not expected to be addressed until after the next General Election and will require substantial consultation before changes are implemented therefore is unlikely before 2026/27. Middlesbrough as an area of very high deprivation, would expect to benefit more from these, based upon our analysis of national work undertaken during the 2010's. The prolonged delay in completing the review therefore disadvantages local authorities like Middlesbrough.

### Local Government Finance Settlement (LGFS) Funding

- 3.3 In the provisional LGFS published on 18 December 2023 the Government outlined 2024/25 grant funding for local authorities. This was issued prior to the publication of the report to Executive in December 2023.
- 3.4 The final LGFS was published on 5 February 2024, with the major change from the provisional LGFS being the announcement of additional Social Care Grant funding of £1.579m for Middlesbrough as detailed in paragraph 3.25). This settlement announcement, alongside other changes since the December report are reflected in this report.
- 3.5 Settlement Funding is the amount of funding assumed by the Department for Levelling Up, Housing and Communities (DLUHC) to be available to an authority through the estimated business rates share and general grant funding.

**Table 1** summarises the total amount of funding assumed by DLUHC to be available to the Council through an estimated business rates share and general grant funding (including previous specific grants which have been rolled into it).

**Table 1: Final Local Government Finance Settlement 2024/25**

Main Element of Settlement	Final Settlement 2024/25 £m
Revenue Support Grant	15.122
Business Rates Baseline	19.173
Business Rates Top Up	30.486
Business Rates Top Up 23/24 reconciliation	(0.025)
	<b>64.756</b>

3.6 The Government has assumed a level of retained business rates for Middlesbrough based on their own projections drawing from the new 2023 business rates revaluation. The baseline figure used in the settlement calculations and included in **Table 1** is **£1.329m** higher than the forecast of retained business rates income of **£17.844m** as reported to DLUHC in the NNDR1 return and included in the proposed budget. This DLUHC estimate is based on the original 2013/14 level assumed when the local retained scheme was introduced, uplifted by multiplier inflation and revaluations. It does not take account of local changes in the underlying tax base.

3.7 In the absence of any Government exemplifications of the likely impact of any 'Fair Funding' policy and business rates reforms the future settlement funding, included in the MTFP from 2025/26 onwards, assumes an unchanged underlying system with projected inflationary increases. Where increases are expected for specific grants listed in **Table 2** these have been projected on the best available data, and a summary of the amounts assumed is provided in **Table 12**.

### Core Spending Power

3.8 Core Spending Power is the Government calculation used to illustrate the overall impact of local authority funding. This includes the Settlement funding, their assessment of Council Tax income and various specific grants. This measure attempts to assess the total resources over which the Council can exercise discretion on how it can spend its funding.

3.9 The Government has published that in their assessment Middlesbrough's overall core spending power for 2024/25 is **£2,733** per dwelling. This represents an assumed annual increase in core spending power of **7.3%** or **£186** per dwelling in 2024/25 as set out in **Table 2**. This is below the England total percentage change in core spending power of 7.5%.

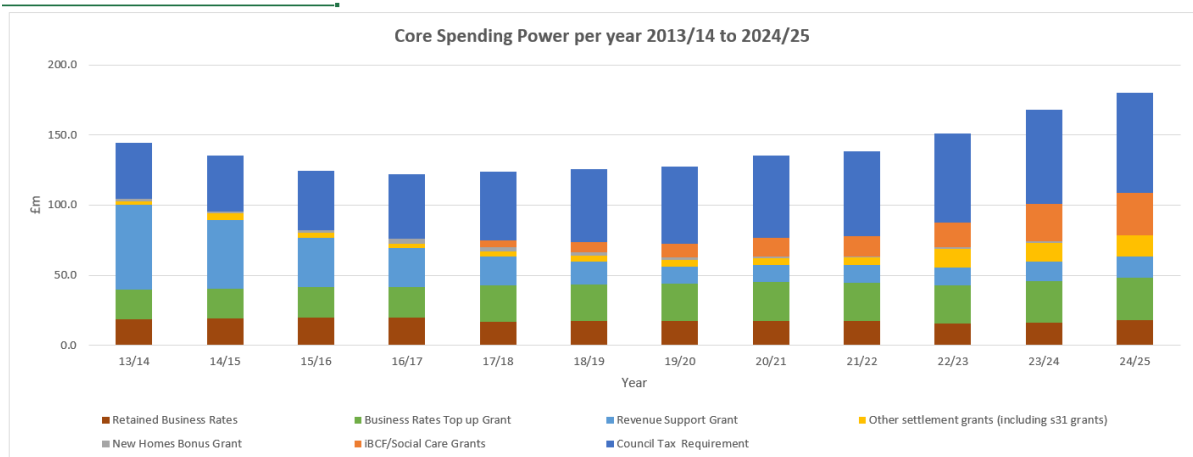
**Table 2: Core Spending Power (CSP)**

Elements of DLUHC Core Spending Power	DLUHC estimates	
	Revised 2023/24 £m	Final 2024/25 £m
Settlement Funding Assessment	61.922	64.756
Compensations for lower BR multiplier ( <i>DLUHC estimate</i> )	8.132	9.845
Council Tax Requirement ( <i>DLUHC estimate</i> )	67.275	71.737
Improved Better Care Fund	8.646	8.646
New Homes Bonus Grant	1.102	0.499
Social Care Grant	15.017	19.202
ASC Market Sustainability & Improvement Fund	1.775	3.316
ASC Discharge Fund	1.212	2.020
Services Grant	1.861	0.321
Grants rolled in	1.153	0.000
Funding Guarantee	0.000	0.000
<b>Total</b>	<b>168.095</b>	<b>180.343</b>
Increase in CSP		£12.248m
Annual % change in CSP		7.3%
CSP per dwelling (£)	£2,547	£2,733
Increase in CSP by dwelling (£)		£186



3.10 The source of local authority funding has altered in recent years with a greater proportion of overall funding coming from Council Tax and less from Revenue Support Grant (RSG). **Figure 1** below shows the Council's Core Spending Power for 2013/14 to 2024/25 with **Table 3** showing the absolute figures used for the chart to provide detail on the individual components. This shows a change in the mix of funding over the years including increasing percentage of overall funding from Council Tax and a reducing percentage from RSG. As shown in **Table 3** above, Middlesbrough Council has suffered a significant reduction in general Government funding in the form of RSG and Business Rates Top Up Grant with a reduction of £35.6m (44%) from £81.2m received in 2013/14 to £45.6m in 2024/25. This does not take into account inflation. It should be noted that some of this reduction has been offset by growth in service specific grants, such as iBCF, Social Care grant as illustrated in **Figure 1**. Given the mix of government funding has altered substantially over the period, some widely used comparisons that focus upon RSG and Business Rates top up need to be interpreted with great care.

**Figure 1: Core Spending Power per year 2013/14 to 2024/25**



**Table 3: Core Spending Power per year 2013/14 to 2024/25**

Core Spending Power												
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Retained Business Rates	18.9	19.1	20.0	19.9	16.9	17.4	17.5	17.7	17.6	15.5	16.4	17.8
Business Rates Top up Grant	20.8	21.2	21.6	21.8	25.7	26.0	26.9	27.3	27.3	27.3	29.3	30.5
Revenue Support Grant	60.4	49.1	34.9	27.6	21.1	16.5	12.0	12.2	12.2	12.6	14.2	15.1
Other settlement grants (including s31 grant)	2.5	4.6	3.6	3.3	3.3	4.1	4.6	5.0	6.0	13.6	13.2	14.9
New Homes Bonus Grant	1.6	1.7	2.1	3.3	3.0	2.3	2.0	1.3	0.2	0.9	1.1	0.5
iBCF/Social Care Grants	0.0	0.0	0.0	0.0	5.1	7.3	9.7	13.2	14.7	17.7	26.7	29.8
Council Tax Requirement	40.2	40.0	42.6	46.2	49.1	51.9	55.3	58.7	60.6	63.8	67.3	71.7
<b>Core Spending Power</b>	<b>144.5</b>	<b>135.7</b>	<b>124.8</b>	<b>122.1</b>	<b>124.1</b>	<b>125.5</b>	<b>127.8</b>	<b>135.4</b>	<b>138.6</b>	<b>151.2</b>	<b>168.1</b>	<b>180.3</b>
<b>% Annual change</b>		<b>-6.1%</b>	<b>-8.0%</b>	<b>-2.1%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>1.8%</b>	<b>6.0%</b>	<b>2.4%</b>	<b>9.1%</b>	<b>11.2%</b>	<b>7.2%</b>

Note – above does not factor in inflation

3.11 The Special Interest Group of Municipal Treasurers (SIGOMA) has undertaken some research to understand the 'real terms' effect of the Core Spending Power changes from 2010/11 to 2024/25. They have done this by determining a 2010/11 Core Spending Power notional figure which allows direct comparison to reflect the rolling out of grants and changes to the composition of Core Spending Power and by using the GDP deflator produced in the Autumn Statement each year. **Table 3a**

below shows that whilst Middlesbrough has had a cash increase in Core Spending Power from 2010/11 to 2024/25 it has actually suffered a £62.1m (25.6%) cumulative 'real terms' cut in Core Spending Power from 2010/11 to 2024/25 based on 2023/24 prices, equating to a 'real term cut' of £958.5 per dwelling. This is both more than the national average and the SIGOMA average.

**Table 3a: Core Spending Power Changes 2010/11 to 2024/25 (SIGOMA)**

Local authority	Real terms cuts			Cash terms cuts		
	Cum. Cut 14 years 10-11 to 24-25 at 2023-24 prices	Percentage real term cut	£ per dwelling real term cut	Cash increase/cut 14 years 10-11 to 24-25	Percentage cash term increase/ cut	Cash Increase/ Cut 10-11 to 24-25 Per dwelling
	£m	%	£ pd	£m	%	£ pd
England	-13,902.2	-18.1%	-556.4	8,723.6	15.7%	349.1
<b>Middlesbrough</b>	<b>-62.1</b>	<b>-25.6%</b>	<b>-958.5</b>	<b>8.6</b>	<b>4.7%</b>	<b>132.4</b>
SIGOMA	-4,765.0	-23.3%	-756.3	1,193.7	7.9%	189.46

- 3.12 It is important to note that the Government's calculation of Core Spending Power assumes that the local authority increases the Council Tax by the maximum permitted. Therefore, the extent to which the Council has determined Council Tax increases below the maximum permitted, results in a level of funding below the assessed Core Spending Power.

### Council Tax income

- 3.13 The final LGFS confirmed that local authorities can increase Council Tax up to a maximum of 3% plus 2% Adult Social Care precept (a total of up to 5%) without the requirement for a referendum for 2024/25. The increases in Council Tax being proposed for 2024/25 is 2.99% and 2% respectively and is therefore within the maximum permissible increase and these are detailed in Appendix 7 with a summary of the Middlesbrough element of the Council Tax (excluding parishes, Police and Fire) being shown in **Table 13** in paragraph 4.57.
- 3.14 As detailed above Council Tax income has increased as a proportion of total Council income over the last 10 years as the level of RSG has reduced. This presents a particular financial challenge for the Council given it has a particularly low Council Tax base with 50.3% of dwellings in Band A, and 17.4% in Band B. This is a higher proportion than the national Band A and B percentage and means that a greater proportion of our residents pay a Band A and B than comparable Councils. Every 1% of Council tax raises approximately £0.675m of income per year. This means that a higher rate of Council Tax is needed to derive the same income yield compared with many other councils.
- 3.15 Details of the number and percentage of dwellings by Council Tax Band in September 2023, a comparison to other local authorities average Band D Council Tax, average council tax bill per dwelling for 2023/24, and details of Council Tax increases since 2023/24 were provided in paragraphs 4.58 to 4.63 of the December Executive report.

### Retained Business Rates

- 3.16 With the localisation of Business Rates, it is necessary for each authority to estimate the amount of business rates to be collected in 2024/25. The locally retained element of business rates is 50%, of which the Council retains **49%** and

1% is received by Cleveland Fire and Rescue Authority. The monitoring and estimating of Business Rates is a local responsibility and the financial risk due to the volatility within Business Rates (including outstanding valuation appeals) has an impact on the Council's overall funding.

- 3.17 Business Rates are now based on a new 2023 valuation list with the total rateable value of businesses in Middlesbrough assessed as **£101.820m** at 3 January 2024 (NNDR1 February 2024). There are currently numerous rating appeals lodged with the Government's Valuation Office in respect of rateable values. Not all of these will be successful either in full or part. The cost of any successful appeals will be met from the monies received, and hence will impact the Council's overall funding. The Council holds an earmarked provision to secure a degree of protection against such appeals which could otherwise cause in-year budget management issues.

### **Business Rates Top-Up Payment**

- 3.18 Under the retained Business Rates system any local authority, whose Business Rates income is less than their initial baseline funding level, as is the case for Middlesbrough, will receive the balance as a 'top-up' grant. The Council will receive **£30.486m** for 2024/25, however it will receive a negative adjustment of **(£0.025m)** due to a 2023/24 tariff and top-up reconciliation to reflect the adjustment for the 2023/24 business rate revaluation. Other authorities, whose Business Rates income is greater than their initial baseline funding level, pay a 'tariff'. It is the combination of 'tariffs' and 'top-ups' that balances the system nationally.

### **Revenue Support Grant (RSG)**

- 3.19 Most authorities currently continue to receive RSG from the Government in addition to their retained business rates. The Council will receive **£15.122m** in 2024/25 representing an increase of 6.62% or £0.939m reflecting a CPI inflationary increase based on September 2023 CPI rate.

### **Improved Better Care Fund (iBCF)**

- 3.20 This grant was initially awarded in 2017/18 with the purpose of driving health and social care integration and contributing towards the increased pressure of Adult Social Care needs aiming to reduce pressures in Health and ensure the Social Care market is provided for. The allocation for 2024/25 remains unchanged at **£8.646m**.

### **New Homes Bonus (NHB)**

- 3.21 The NHB rewards local authorities for increasing the number of new, occupied and affordable homes. The allocation is **£0.499m** for 2024/25 with no legacy payments as was the case also in 2023/24. This is a reduction from the £1.101m received in 2023/24 but broadly in line with estimates assumed in earlier versions of the MTFP.
- 3.22 The LGFS did not provide any clarity on the future of the NHB, and this prevents effective planning beyond next year over the medium term. It is assumed in the MTFP that there will be a similar one-off allocation in 2025/26 before the NHB system is discontinued and replaced by a new policy, as previously proposed but as yet, still not detailed by the Government.

### **Social Care Grant**

- 3.23 This grant, which covers both children's and adult's social care, was initially awarded in 2020/21 to upper tier authorities with social care responsibilities. The allocation methodology uses a combination of the Adults Relative Needs Formula (RNF) and an assessment of each Council's ability to raise funds via the social care precept. Once received, authorities have flexibility to apportion this grant between its children's and adult's social care according to local need.
- 3.24 The announced grant for 2024/25 in the provisional LGFS was £17.623m and reflected a £2.606m increase from that received in 2023/24 in line with previous announcements and therefore anticipated in our financial modelling.
- 3.25 A further announcement was made by the Government on 24 January 2024 that an additional £600m of funding would be provided to local authorities in addition to that outlined in the provisional LGFS, including £500m being added to the Social Care Grant to bolster social care budgets, which was a key concern raised by local authorities during the consultation period. This was confirmed in the final LGFS announced on 5 February 2024 with Middlesbrough receiving an additional £1.579m of Social Care Grant, making a total of **£19.202m** for 2024/25, reflecting an increase of **£4.185m** from that received in 2023/24. This change accounts for the overall favourable movement in the budget gap from £6.3m to £4.7m. It has been currently assumed that this funding will continue in future years, but this will be reviewed in future MTFP updates.
- 3.26 The Government rolled-in the previous Independent Living Fund into the Social Care Grant from 2023/24 – for Middlesbrough this totalled £1.828m for 2023/24. There is therefore an expectation that an element of Social Care Grant is used to support disabled people with high support needs and enable individuals to live independently.
- 3.27 Within the MTFP the Social Care Grant has been allocated between the significantly increased children in care pressures seen in recent years, and to adult social care to help fund fee rate increases paid to providers and other cost pressures.

### **ASC Market Sustainability & Improvement Fund**

- 3.28 This grant was introduced in 2023/24 and replaced the previous 'Market Sustainability & Fair Cost of Care Fund' grant. It is for local authorities to improve adult social care market sustainability and drive wider improvements in their areas. The allocation for Middlesbrough in 2024/25 is **£3.316m**. This is an increase of £1.541m from that received in 2023/24, however the Market Sustainability and Improvement Fund, Workforce Fund totalling £0.647m for Middlesbrough for 2024/25, has been included in the ASC Market Sustainability and Improvement Fund from 2024/25.
- 3.29 The Government expects the funding will enable local authorities to make tangible improvements to adult social care and in particular, to address discharge delays, social care waiting times, low fee rates, workforce pressures, and to promote technological innovation in the sector. It also helps to support the progress local authorities and providers have made to date on fees and cost of care exercises.

## **Discharge Fund**

- 3.30 This grant was introduced in 2023/24 and is to be used to maximise access to social care and drive down discharge delays, including fast access to domiciliary care and home-based reablement.
- 3.31 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. £500m is available nationally in 2024/25, with Middlesbrough being allocated **£2.020m** of grant funding for 2024/25 in line with that announced previously.

## **Services Grant**

- 3.32 This grant was introduced in 2022/23 for all tiers of local government in recognition of the vital services delivered and the cost pressures being faced. It was reduced in 2023/24 reflecting cancellation of the Government's National Insurance (NI) levy and repurposing within the settlement system and has also been further reduced in 2024/25 with Middlesbrough's allocation being **£0.293m**, a reduction of £1.568m from the £1.861m received in 2023/24. The MTFP currently makes a working assumption that this level of funding will continue into 2025/26 and beyond, however this will be reviewed and updated in future MTFPs.

## **Significant Specific Grants outside the Settlement**

- 3.33 A number of other grants are received outside of the key settlement figures. The basis of distribution varies from grant to grant. This budget has again been constructed on the established basis that if specific grant funding reduces then the associated expenditure and activity will reduce accordingly.

## **Public Health**

- 3.34 Whilst not part of the final LGFS, details of the Public Health Grant allocations for 2024/25 were also announced on 5 February 2024. Middlesbrough will receive an increase of 1.6% with **£18.609m** of grant to be received in 2024/25. The national increase in the Public Health Grant for 2024/25 was 2.06%. Public Health Grant must be fully spent on public health activities as per the conditions of the ring-fenced grant.

## **Local Council Tax Support & Housing Benefit Administration Subsidy Grant**

- 3.35 The 'Local Council Tax Support Subsidy Admin Grant' was discontinued from 2023/24 with £0.303m rolled into the Revenue Support Grant from 2023/24.
- 3.36 The MTFP assumes the Council will continue to receive 'Housing Benefit Administration Subsidy Grant' in 2024/25 to fund the Council's statutory duty to administer and process Housing Benefit and directly related enquiries. The 2024/25 allocation has not yet been announced and currently the same level of grant as received in 2023/24 of **£0.594m** has been assumed.

## **Dedicated Schools Grant (DSG)**

- 3.37 Details of the DSG to be received in 2024/25 are provided in **Appendix 8**.
- 3.38 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 will continue to 31 March 2026. However, no further information in relation to a Government funding solution or the continuation of the statutory override beyond that date has yet been received.

- 3.39 This presents a significant financial risk to many local authorities and for Middlesbrough, the current forecast total cumulative deficit of £13.208m at 31 March 2024 (as reported in the Quarter Three budget monitoring report to Executive on 14 February 2024) is not specifically addressed within this MTFP. The Council is participating in the Delivering Better Value Programme with the Department for Education (DfE) in relation to measures to mitigate future pressures.
- 3.40 Local government is lobbying central government for a long term funding solution to these pressures.

## Medium Term Financial Plan (MTFP)

- 4.1 This section provides an update to the MTFP report presented to December 2023 Executive to reflect latest assumptions, Government announcements and the final local government finance settlement (LGFS).
- 4.2 The December Executive MTFP report was produced prior to the announcement of the financial settlement and included an outstanding 2024/25 budget gap of **£6.279m**, with a cumulative projected deficit of **£8.180m** by 2026/27, assuming all budget savings proposed were approved.
- 4.3 Public consultation commenced on the 21 December 2023 and closed on 18 January 2024. The updated MTFP reflects the provisional financial settlement and updates following the Council's public consultation (detailed in **Appendix 3**).

### 2024/25 Budget Overview and Headlines

- 4.4 The MTFP has been constructed in accordance with all relevant corporate financial protocols, policy-led, risk assessed and reflecting current Council Plan priorities. The key headlines from the 2024/25 budget are:
- 2024/25 net General Fund revenue budget (budget requirement) of **£143.190m** after adjusting for the capitalisation of £4.7m of revenue expenditure relating to Exceptional Financial Support (EFS) (**see Annex 4 for the detailed calculation and summary by Directorate**)
  - Council Tax requirement of **£71.438m**
  - Council Tax increase of **4.99%** for Middlesbrough Council element which includes basic Council Tax increase of **2.99%** and an additional **2.00%** increase for the Adult Social Care precept.
  - Total new 2024/25 budget saving proposals of **£13.910m** rising to **£21.028m in 2026/27**
  - Assumed pay inflation of **4.00%** in 2024/25 and a total increase on **£4.597m** in 2024/25 to include additional funding required for the 2023/24 pay award
  - Assumed contractual inflation of **£1.550m** in 2024/25 – predominately driven by fee rates paid to Adult and Children Social Care providers
  - Assumed additional income of **£1.853m** from a review of Fees and Charges and inflationary uplift of 4.6%
  - Assumed service pressures of **£20.764m** in 2024/25 – predominately driven by homelessness, home to school transport, waste disposal, and adult social care and children in care demographics, and including the effect of National Living Wage of **£3.362m** in 2024/25 on services commissioned from external adult social care providers
  - Assumed budget growth totaling **£1.114m** to revise 2023/24 approved savings in 2024/25 to reflect the Elected Mayors' priorities and these are now recommended by Executive for approval by Council – details are provided in **Annex 3**
  - Assumed budget growth of **£1.105m** to address delayed and changes in assumptions to previously approved savings in 2024/25, predominately in Children's Services, and these are now recommended by Executive for approval by Council - details are provided in **Annex 3**
  - Base budget contribution to the Financial Resilience Reserve of **£0.5m** in

2024/25, to build financial resilience to manage future risks

- Additional funding of **£1.579m** representing Middlesbrough Council's share of the £500m additional funding for Social Care Grant confirmed in the final LGFS

### Changes to budget gap since December 2023 report

- 4.5 The updated MTFP reflects the final LGFS and updates following the Council's public consultation and a further review of the main cost drivers of demand. **Table 4** summarises the movement in the budget gap since the report to Executive in December 2023.

**Table 4: movement in budget gap since December 2023 report**

Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
<b>Original Budget Gap as at December 2023 - after previous years' budget savings removed and new savings proposals added in</b>	<b>6.279</b>	<b>1.596</b>	<b>0.305</b>	<b>8.181</b>
Additional Social Care Grant - announced in final LGFS	(1.579)	-	-	(1.579)
Additional s31 Business Rates Grant	(1.700)	-	-	(1.700)
Other Grant Funding changes	1.095	-	-	1.095
Precepts & Levies changes	0.006	-	-	0.006
Demand Changes - Education (ITU)	(0.924)	-	-	(0.924)
Demand Changes - Environment & Community Services	0.350	-	-	0.350
Demand Changes - Legal & Governance Services	0.089	-	-	0.089
Demand changes - Regeneration (Property R&M / running costs)	0.500	-	-	0.500
Commercial Income assumptions changes	(0.500)	-	-	(0.500)
Capital Financing changes to support Capital Programme	0.834	-	-	0.834
Capital Financing changes to support Exceptional Financial Support application	0.200	1.088	-	1.288
Estimated Collection Fund Surplus 2023/24 used to replenish Reserves	8.325	-	-	8.325
Changes to savings proposals 2024/25	0.128	(0.068)	-	0.060
Changes to inflation assumptions	0.005	0.336	0.212	0.554
Other minor changes	(0.519)	0.300	0.503	0.284
<b>Net Budget movements</b>	<b>6.312</b>	<b>1.656</b>	<b>0.715</b>	<b>8.683</b>
Council Tax - changes to Housing Growth assumptions	(0.036)	(0.074)	(0.114)	(0.224)
Revenue Support Grant changes	0.010	-	-	0.010
Business Rates changes	0.460	(0.403)	(0.416)	(0.359)
Estimated Collection Fund 2023/24 Surplus	(8.325)	-	-	(8.325)
<b>Funding movements</b>	<b>(7.891)</b>	<b>(0.477)</b>	<b>(0.530)</b>	<b>(8.898)</b>
<b>GAP BEFORE EXCEPTIONAL FINANCIAL SUPPORT</b>	<b>4.700</b>	<b>2.775</b>	<b>0.491</b>	<b>7.966</b>
Exceptional Financial Support	(4.700)	4.700	-	-
<b>GAP AFTER EXCEPTIONAL FINANCIAL SUPPORT</b>	<b>-</b>	<b>7.475</b>	<b>0.491</b>	<b>7.966</b>

- 4.6 **Table 4** illustrates that a budget gap of £4.7m remains in 2024/25 after all possible measures have been taken. Despite the best endeavours of officers and Executive members, It has not been possible to identify further robust and assured budget savings proposals to enable a legally balanced budget to be set for 2024/25.
- 4.7 In order to avoid a s114 Notice being issued by the s151 Officer in relation to the 2024/25 budget, the Executive approved that an application for Exceptional Financial Support (EFS) for up to £15m be made to DLUHC on 17 January 2024. This application was to meet the calculated £6.3m budget gap in 2024/25 prior to the LGFS and to provide £8.7m of contingency funding to cover financial risks associated with delivering the Council's ambitious planned savings programme, redundancies, and realisation of capital receipts to fund planned transformation expenditure in the absence of a bank of capital receipts in the first part of 2024/25.
- 4.8 As detailed in paragraphs 3.4 and 3.25 an additional £600m funding was provided to local authorities in the Final LGFS above that received in the Provisional LGFS, with Middlesbrough receiving £1.579m of additional funding in the form of additional Social Care Grant. This has reduced the budget gap to £4.7m and the amount required from EFS reducing accordingly by this amount.



- 4.9 It is expected that a formal response to the EFS application will be received from DLUHC by 1 March 2024. This report is based upon the fundamental assumption that the application will be approved to enable the recommendation of a robust and balanced budget to be recommended for approval by Council on 8 March 2024.
- 4.10 If the EFS application is not approved in full, or the Council do not accept the terms of any approved offer by DLUHC, then the Council's s151 Officer will have no choice but to issue a s114 notice in accordance with s114(3) of the Local Government Finance Act 1988.
- 4.11 The s114 process and implications for the Council are summarised below
- Since 2020 the government has agreed to provide Exceptional Financial Support to a small number of authorities that have requested assistance to manage financial pressures that they considered to be unmanageable. It is conditional upon:
    - External assurance on their financial position
    - Submission and oversight of financial recovery plans
    - Other conditions specific to the local authority which may be onerous including an escalation of intervention in the running of the Council operations. At the extreme, and most likely when it has become necessary to issue a s114 notice, government intervention may result in the appointment of independent commissioners and a suspension of democratic decision making but will depend on DLUHC's assessment of the Council's recovery actions
  - An application for Exceptional Financial Support will be in the form of a 'capitalisation direction'. This is permission for the Council to treat revenue expenditure as capital and to fund from capital receipts or to borrow and repay this amount at a premium rate over Public Works Loans Board (PWLB) borrowing over a period of up to 20 years. It is a one-off solution in order to finance the capitalisation of revenue expenditure in a particular year to provide breathing space for the Council to implement plans to recover its financial position. It is not a grant and is not free money. It is however a solution that helps to avoid the draconian measures that would accompany a s114 Notice.
  - Outcomes of EFS have varied from such applications with :
    - Some authorities have not ultimately needed to draw upon the capitalisation direction and have managed to achieve financial turnaround within their own resources (LB Bexley)
    - Some authorities have drawn on the capitalisation direction and then delivered recovery (Peterborough)
    - Other authorities have needed to issue s114 notice as well as drawing on the capitalisation direction (Slough)
    - Varying degrees of DLUHC intervention ranging from advisory Improvement Boards, statutory Improvement boards through to Commissioners
  - If the Council cannot set a legally balanced budget, then there is a requirement for a s114 notice being issued under the provisions of the Local Government Act 1988 Section 114 (3) which states that:

*“The chief finance officer of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure”.*

- Councillors have 21 days from the issue of a Section 114 notice to discuss the implications at a Full Council meeting.
- The issue of s114 notice means that:
  - no new expenditure is permitted, with the exception of that funding statutory services, including safeguarding vulnerable people, at minimum level
  - existing commitments and contracts will continue to be honoured.
  - Council officers must therefore carry out their duties in line with contractual obligations and to acceptable standards, while being aware of the financial situation.
  - any spending that is not essential or which can be postponed should not take place and essential spend will be monitored.
- The only allowable expenditure permitted under an emergency protocol would include the following categories:
  - existing staff payroll and pension costs
  - expenditure on goods and services which have already been received
  - expenditure required to deliver the council’s provision of statutory responsibilities at a minimum possible level
  - urgent expenditure required to safeguard vulnerable citizens
  - expenditure required through existing legal agreements and contracts
  - expenditure funded through ring-fenced grants
  - expenditure necessary to achieve value for money and / or mitigate additional in year costs

4.12 The following provides further detail of the main changes made since the December 2023 Executive report:

- The effects of the Exceptional Financial Support (EFS) application have been built into the MTFP. **(£4.700m)** has been built in for 2024/25 which represents the amount of EFS required to enable a balanced budget to be set for 2024/25. As this only covers 2024/25, the reversal of that effect **£4.700m** is included in the MTFP in 2025/26 as this amount will still need to be covered on an ongoing basis from 2025/26 onwards.
- Grant funding has been updated following the final Local Government Finance Settlement, including an additional **£1.579m** Social Care Grant allocation from 2024/25 in the final LGFS as previously detailed.
- Demand requirements have been reviewed and updated accordingly for Education (Integrated Transport Unit) **(£0.924m)**, Environment & Community Services **£0.350m**, and Legal and Governance Services **£0.089m**
- Capital financing requirements have been updated for the revenue cost associated with financing both the revised Capital Programme **£0.300m** in 2024/25, and the additional borrowing costs for the anticipated capitalisation directive following the Exceptional Financial Support application **£0.200m** in 2024/25 and a further **£1.088m** from 2025/26

- New savings proposals have been revised and updated to reflect changes following consultation resulting in changes of **£0.128m** in 2024/25 and **(£0.068m)** in 2025/26 (**Annex 3**)
- Funding assumptions (including Housing Growth assumptions) have been updated following the Final Local Government Finance Settlement and updated data from the NNDR1 Business Rates government return
- The estimated Collection Fund Surplus from 2023/24 of **(£8.325m)** has been built into the MTFP – this will be used in full to provide some financial resilience by replenishing Reserves which are projected to be at a critically low level at the end of the 2023/24

4.13 The major components of the revised budget gap are detailed in the following paragraphs and are summarised in **Table 14**.

### Pay Inflation

4.14 Middlesbrough Council is part of the national pay bargaining framework and is bound by national agreements. **Table 5** below summarises the pay and pension items included in the MTFP. These form a significant driver to the increased MTFP gaps.

**Table 5: Pay and pension inflation**

<b>Pay model / pension (incremental increases to existing pay model resources)</b>				
<b>Item</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>Cumulative</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
2024/25 Pay award	3.556	2.667	1.778	8.001
Additional required for 2023/24 Pay Award (over & above previous amount provided in MTFP which was insufficient)	1.041	-	-	1.041
<b>Pay Model</b>	<b>4.597</b>	<b>2.667</b>	<b>1.778</b>	<b>9.042</b>
Increase in employers pension contributions following actuarial review	0.454	0.908	-	1.362
<b>Pension</b>	<b>0.454</b>	<b>0.908</b>	<b>-</b>	<b>1.362</b>
<b>Pay/Pension</b>	<b>5.051</b>	<b>3.575</b>	<b>1.778</b>	<b>10.404</b>

4.15 As outlined in the December report, following finalisation of the 2023/24 pay award of £1,925 p.a. plus on-costs, the cost of the 2023/24 pay award has been revised and **£1.041m** will now be required in the 2024/25 base for this.

4.16 Informed by latest inflation forecasts and other information provided by organisations such as the Special Interest Group of Municipal Authorities (SIGOMA) the assumption of the 2024/25 pay award remains at 4% which is estimated to cost £3.556m p.a. Assumptions of pay awards for 2025/26 and 2026/27 have also been kept the same with £2.667m p.a. (3%) being assumed for 2025/26 and £1.778m p.a. (2%) being assumed for 2026/27.

4.17 This MTFP therefore assumes pay inflation of:

- 2024/25 **4.0%**
- 2025/26 **3.0%**
- 2026/27 **2.0%**

- 4.18 Pay inflation budgets will be held corporately until final agreements have been made at which point updated budgets will be allocated to departmental budgets, this is done to aid in year budget monitoring. Any variations in the final pay award compared to the MTFP assumptions will need to be managed as part of the in-year budget monitoring process.

### **Non-Pay Inflation**

- 4.19 Contractual inflation has been provided for in the MTFP period, with **£1.550m** being provided for in 2024/25 in relation to specific contracts, mainly around Adult Social Care purchasing budgets and Children's Care external residential and fostering contracts. These will initially be held centrally with budgets being transferred to the relevant service budgets when need has been fully assessed. £1m was previously provided for from 2024/25 in the updated MTFP approved in February 2023 for the potential effects of additional inflation in a wide range of areas, including energy costs, and this will also be held centrally. Also **£0.223m** p.a. of inflation for a number of other areas, including the increased cost of external audit fees, has been provided for from 2024/25.

### **Risk Management**

- 4.20 Inflation totaling **£1.864m** from 2024/25 has been provided for the effects of risk around potential additional inflation across a wide range of areas due to uncertainty around levels of inflation, including the cost of energy. This will initially be held centrally. Also an amount of **£0.500m in 2024/25 and a total of £1.250m in 2025/26 and £2m in 2026/27** has been provided for, to top up the Financial Resilience Reserve to meet unforeseen financial pressures that cannot ultimately be managed within directorate budgets.

### **Income Policy and Fees and Charges**

- 4.21 The Council has undertaken an organisation wide review of Fees and Charges to embed a consistent methodology for reviewing and setting discretionary fees and charges across the organisation. As part of the review a Fees and Charges policy (included at Appendix 5) has been developed that recognises a range of different factors in setting a price including legislative requirements and constraints, the cost of delivering a service, benchmarking with other organisations and achieving policy objectives.
- 4.22 The review focused on discretionary services to residents and businesses and has initially focused on the areas with the highest level of income from Fees and Charges which are incorporated into Directorate budget proposals. A composite Fees and Charges booklet, comprising prices across the Council's services, has been produced as part of the final budget proposals to Council and is included in Annex 1 of Appendix 5.
- 4.23 Under the Income Policy, the Director of Finance has determined the minimum percentage increase in fees that will apply as part of the annual budget process unless separately addressed in a specific budget proposal. The current proposed inflationary increase that will apply for 2024/25 is 4.6% in line with the rate of CPI in October 2023, which it is estimated will produce **£1.853m** of additional income in 2024/25.

### **Commercial Income**

- 4.24 The Council receives income from a number of Commercial developments. The

assumptions made relating to these have been reviewed and it is now assumed that an additional **£0.536m** will be made from these in 2024/25. The assumptions are being constantly reviewed in light of the effect of the current economic climate in particular on town centre retail. These have also been examined as part of the fees and charges review mentioned in paragraph 4.21. It should be noted that the commercial developments have provided substantial additional income to the Council, in excess of the cost, both in previous years and in the future, which has helped to meet other spending pressures within the MTFP.

- 4.25 Income the Council receives from commercial developments has been amended to reflect the revenue costs arising from lost income less running costs from the sale of assets approved by Executive on 21 November 2023 as part of the Asset Review report. This totals **£1.527m** in 2024/25 and a further **£0.188m** in 2025/26.

### **Living Wage**

- 4.26 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.
- 4.27 In Spending Review 2021 (SR21) the Government announced that it remains committed to raising the National Living Wage in order so that it reaches two-thirds of median earnings. The Chancellor's Autumn Statement 2023 reiterated this commitment and confirmed that the National Living Wage (NLW) will increase to £11.44 from £10.42 per hour (a 9.8% increase) for 2024/25. The amounts that are allocated in the MTFP to cover the increases in cost expected as a result of this have been revised in line with current available information, and an amount of **£3.362m** has been allocated for this within Adult Social Care in 2024/25 and **£8.687m** over the MTFP period.
- 4.28 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 this will be reviewed again future updates of the MTFP.
- 4.29 A number of years ago, the Council made a commitment to align to the Living Wage Foundation recommended levels for pay which aim to provide a real living wage based on the cost of living. Given the Council's current financial position this commitment will be reviewed during 2024/25 and updates will be provided to Executive and Council once further detailed work has been undertaken.

### **Spending pressures**

- 4.30 As reported in quarterly monitoring reports during 2023/24, the Council has faced significant spending pressures in a number of areas and these are expected to continue in 2024/25 and future years. **Table 6** summarises the budgetary pressures arising from forecast overspends in 2023/24 and ongoing pressures in these areas and these form a significant driver to the MTFP gaps.

**Table 6: Spending Pressures**

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Adult Social Care Increased demand	3.559	1.100	1.100	5.759
Adult Social Care Increases in grant expenditure (offset by corresponding increased grant income)	1.702	-	-	1.702
Adult Social Care - Living Wage	3.362	2.594	2.731	8.687
Children's Care - demand	4.672	1.500	1.500	7.672
Education & Partnerships - Integrated Transport Unit (ITU)	2.919	-	-	2.919
Environment & Community Services - mainly Waste Disposal	2.230	1.450	-	3.680
Regeneration - income reductions from Asset Review	1.527	0.188	-	1.715
Regeneration - changes to Commercial income	(0.536)	0.402	-	(0.134)
Regeneration - Property R&M/running costs budgets uplift	0.500	-	-	0.500
Increased homelessness costs/effect on Housing Subsidy	0.600	-	-	0.600
Other	0.229	0.127	-	0.356
<b>Spending Pressures</b>	<b>20.764</b>	<b>7.361</b>	<b>5.331</b>	<b>33.456</b>

4.31 Details of the spending pressures in the following key areas which are of statutory service provision are provided below:

- Children's Care - this area is experiencing increased demand for care and cost increases due to provider rates and complexity of cases and in the updated MTFP an amount of **£4.672m** has been included for this in 2024/25 and a further £1.5m p.a. for 2025/26 and 2026/27.
- Adult Social Care – there is an increased cost due to increased demographic demand pressures and higher care fees to providers to offset their rising costs and capacity constraints due to labour shortages. The service is also experiencing challenges in recruitment and retention of staff of which pay is a driving factor. Table 6 above shows that due to a number of potential pressures an additional **£5.261m** has been included in the updated MTFP for 2024/25 and a further **£1.1m p.a.** for 2025/26 and 2026/27.
- Integrated Transport Unit (Home to School and Adults Transport) - the service is experiencing increased cost of transport from local suppliers and high levels of demand for service, and therefore based on the forecast overspend in 2023/24 and predicted growth in 2024/25 an amount of **£2.919m** has been built into the updated MTFP from 2024/25. This is a decrease from the £3.843m included in the December report, following further work on the complex demand and cost modelling in this area.
- Waste Disposal - is incurring inflationary increases on the unit cost of waste disposal and increased demand beyond budgetary provision and therefore **£1.793m** has been included from 2024/25. Also, there will be further increased costs from 2025/26 due to the extension of the current contract for a further year until the new Energy from Waste Site is complete, which is currently expected in 2026/27. A further £1.500m has been built into the updated MTFP from 2025/26 in order to accommodate expected increases in the price of residual waste disposal under the new contract.
- Homelessness Pressures and effect on Housing Benefit Subsidy - the Council is experiencing an increase homelessness cases and a need for temporary accommodation together with an increase in the cost of provision, especially bed and breakfast. The Local Housing Allowance (LHA) within Housing Benefit

Subsidy is proving to be insufficient to meet these costs resulting cost pressure to the General Fund budget. A total of **£0.600m** has been built into the updated MTFP, comprising of **£0.300m** for the effects of this within Adult Social Care and **£0.300m** within Finance in relation to a shortfall in benefit subsidy. This is an emerging national issue affecting many local authorities across the country. A cross cutting review across all service areas involved in providing homelessness support is underway to understand current activities and future needs and to identify more cost effective solutions to meeting the needs of homeless households. This may lead to the amount provided in the MTFP being reviewed in the future.

- 4.32 Whilst all directorates have been required to put forward budget proposals to balance the budget, fundamental review of service models in these specific service areas are necessary in order to achieve a financially sustainable budget position.

#### **Technical Adjustment - reversal of 2023/24 Flexible Use of Capital Receipts**

- 4.33 As mentioned in the August and December MTFP Updates there is a technical adjustment relating to the Flexible Use of Capital Receipts (FUOCR) in 2024/25 which is the reversal of the one year inclusion of a £3m credit to revenue within the base budget for 2023/24 that is to fund transformation expenditure from FUOCR. The reversal of this sum has the effect of increasing the budget pressure in the MTFP.

#### **Capital Financing**

- 4.34 The Capital Financing Costs currently assumed have been reviewed in light of the latest interest rate forecasts, changes to the Council's Capital Programme, the recently approved Asset Review, and for the potential additional borrowing costs for EFS. Additional funding totaling **£1.344m** has been provided to the Capital Financing budget for this in 2024/25 with a further **£1.599m** in 2025/26 and a further **£0.207m** in 2026/27. The budgeted revenue cost of borrowing over the period of the MTFP is set out in Table 6A.

**Table 6A: Revenue Costs of borrowing for capital programme**

	<b>2022/23 actual</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>	<b>2026/27 forecast</b>
Financing costs (£m)	8.058	9.376	<b>11.154</b>	12.814	14.496
Net Revenue Budget (£m)	118.329	126.354	<b>143.190</b>	148.601	148.127
Proportion of net revenue budget (%)	6.8%	7.4%	<b>7.8%</b>	8.6%	9.8%

#### **Reserves**

- 4.35 The s151 Officer recommends a minimum level for the General Fund Balance is 7.5% of the Net Revenue Budget (before one of adjustment for EFS) which is equivalent to **£11.1m** for 2024/25. In addition, it is recommended that the Financial Resilience Reserve (FRR) is replenished and maintained at a level of between £8m to £10m by 2026/27. The budgeted contribution to the FRR over the period is £0.5m in 2024/25, £1.250m 2025/26, and £2.00m in 2026/27. An earmarked Legacy Accounts and Audit Reserve of £1m has also been set aside to provide for

unforeseen adverse audit adjustments that may arise from the conclusion of legacy audits in future periods. The Council also holds a Change Fund Reserve for the purpose of meeting the revenue costs of transformation and efficiency programmes, including meeting redundancy costs, which cannot be capitalised under the Flexible Use of Capital Receipts regulations. Further information is included within Appendix 1 - s25 Report and Appendix 4 – Financial Reserves Policy.

### Budget savings

- 4.36 Budget proposals totaling £14.038m in 2024/25 rising to £21.088m in 2026/27 were detailed in the report to Executive on 20 December 2023. The savings proposed were categorised in two appendices with the savings in Appendix 2 of the December report, totaling £3.949m in 2024/25 rising to £5.465m in 2026/27, being deemed to potentially affect service delivery levels and therefore being subject to public consultation.
- 4.37 Following the budget consultation and further review, a number of changes have been made to the budget savings previously proposed. The changes are summarised in **Table 7** below and detailed in the Budget Consultation Feedback 2024/25 contained in **Appendix 3**.

**Table 7 – Changes to budget savings since December 2023 report**

Savings Proposals 2024/25	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m
<b>December 2023 Proposals</b>	<b>(14.038)</b>	<b>(5.083)</b>	<b>(1.967)</b>	<b>(21.088)</b>
ECS09 - Car Parking Charge at Stewart Park	0.000	0.060	0.000	0.060
REG03 - Captain Cook Birthplace Museum.	0.100	(0.100)	0.000	0.000
FIN08 - Reduction in the allocation of resource for voluntary and community sector grants from the local authority.	0.028	(0.028)	0.000	0.000
LGS07 - Review of Subscription spend	0.006	0.000	0.000	0.000
LGS08 - Reduction in Member Allowances	(0.006)	0.000	0.000	0.000
<b>Revised Savings Proposals 2024/25</b>	<b>(13.910)</b>	<b>(5.151)</b>	<b>(1.967)</b>	<b>(21.028)</b>

- 4.38 The effect of the above changes has meant that the recommended budget savings total £13.910m in 2024/25 rising to £21.028m in 2026/27 and these are summarised by Directorate in **Table 8a** below and detailed in **Annex 1**.

**Table 8a: Summary of proposed budget savings by Directorate**

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Adult Social Care	(5.757)	(1.283)	(0.750)	(7.790)
Children's Care	(4.254)	(1.400)	(0.715)	(6.369)
Education & Partnerships	(0.132)	-	-	(0.132)
Environment & Community Services	(1.459)	(0.670)	(0.120)	(2.249)
Regeneration	(0.551)	(0.794)	(0.200)	(1.545)
Finance	(1.379)	(0.959)	(0.182)	(2.520)
Legal & Governance Services	(0.378)	(0.045)	-	(0.423)
	<b>(13.910)</b>	<b>(5.151)</b>	<b>(1.967)</b>	<b>(21.028)</b>



- 4.39 **Table 8b** analyses the recommend budget savings by type of saving. This shows that in deriving the budget proposals the Mayor and Executive have sought to transform how front line services are delivered rather than make cuts to services.

**Table 8b: Summary of proposed budget savings by type**

Directorate	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Income	(3.156)	(1.502)	(0.182)	(4.840)
Efficiency	(5.849)	(1.027)	(0.120)	(6.996)
Service Reduction / Stop	(0.532)	(0.157)	-	(0.689)
Transformation	(3.541)	(2.465)	(1.665)	(7.671)
Demand Management	(0.832)	-	-	(0.832)
	<b>(13.910)</b>	<b>(5.151)</b>	<b>(1.967)</b>	<b>(21.028)</b>

### Budget Growth

- 4.40 Budget growth totaling **£1.114m** was proposed in the December report to revise 2023/24 approved savings in 2024/25 to reflect the Elected Mayors' priorities and these are now recommended by Executive for approval by Council – details are provided in **Annex 3**. Also, budget growth of **£1.105m** was proposed in the December report to address delayed and changes in assumptions for previously approved savings and these are now recommended by Executive for approval by Council – details are provided in **Annex 3**.

### Previously Agreed Savings

- 4.41 **Table 9** below and **Annex 2** provides a summary of the income & savings agreed in previous budget rounds that are due to be delivered during 2024/25 in addition to the new savings that are proposed in the 2024/25 budget. This is after removal of some savings which have been replaced by proposed budget growth as referred to in paragraph 4.40. The delivery of these savings will be tracked alongside new savings as part of corporate budget monitoring arrangements.

**Table 9: Savings agreed in 2023/24 Budget report to Council – to be delivered in 2024/25**

Directorate	2023/24 Saving Initiative for delivery in 2024/25	2024/25 £m
Children's Care Central Environment & Community Services	CC04 Re-purpose Safe Families Contract	0.019
	CEN02 Senior Management Review	0.244
	ECS14 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	0.062
Education and Partnerships Legal & Governance Legal & Governance Regeneration	EP06 Develop Children's Centre into Family Hubs	0.153
	LGS03 Democratic Services reduction in member and non-member related administration	0.031
	LGS06 Delete political assistant vacancy	0.019
Regeneration Children's Care Children's Care Children's Care Children's Care Children's Care	RC05 Events team to reduce by 1-2 posts, and external funding to be sought to delivery events	0.028
	RC08 Reduction of 20% in the Council's Marketing and Communications function	0.028
	CS01 Reduction in the use of high cost external family support provision	0.318
	CS04 Introduce supplier incentive Scheme across Childrens purchasing	0.031
	CS05 Combine posts to release efficiencies in Quality	0.048
	CS07 Reduction in agency costs	0.380
	CS08 Redesign of short break provision	0.030
	<b>Total</b>	

## Funding

- 4.42 The Council's retained 49% share of business rate income, after adjustments for transitional relief and cost of collection, is **£17.844m** in 2024/25, which is **£1.329m** below our Business Rate Baseline as determined by the Government for the purpose of the settlement.
- 4.43 This retained income carries potential volatility risks for the Council in calculating our share of the yield. The major risks and concerns are; the level of successful rating appeals that may be made in the year, the unknown level of bankruptcies and businesses going into administration, the number of empty properties, the number of new properties and the collection rate achievable. The Council is required to make an estimate of the impact of all these, based on limited trend information. The NNDR1 return submitted to DLUHC in February 2024 estimated the net rates payable as **£37.384m** after all reliefs, with **£0.822m** assumed for bad debts (**2.2%**) and **£0.799m for appeals (2.1%)** leaving total collectible rates for 2024/25 as **£35.763m**.
- 4.44 The Council in 2024/25 expects to receive **£13.582m** section 31 grant which compensates councils for the loss of income, suffered as a result of previously announced changes to the business rates multiplier. The impact of these grants has been included within the budget refresh figures and details are shown in **Table 10** below.

**Table 10: Section 31 Grants (Business Rates)**

Budget Item	2024/25 £m
Multiplier cap	4.314
Small Business Rates Relief	1.396
Supporting Small Business Relief	0.192
Retail Hospitality & Leisure Relief	1.641
	<b>7.544</b>
<b>NNDR1 Return</b>	
Under-indexing of Top-up Grant	6.038
<b>Total</b>	<b>13.582</b>

- 4.45 **Table 11** sets out the overall funding assumed within the budget. Revenue Support Grant, Business Rates Top Up Grant and Retained Business Rates have been assumed to increase by 3% p.a. in both 2025/26 and 2026/27. The increase in 2025/26 is broadly based on the estimated CPI increase as at September 2024 (which the Government will base the actual increase on), with the increase for 2026/27 being less robust and based on an estimated increase.

**Table 11: Funding Summary**

Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Retained Business Rates	17.844	18.380	18.931	55.155
Business Rates Top-up Grant	30.461	31.401	32.343	94.205
Revenue Support Grant	15.122	15.576	16.043	46.741
Council Tax	71.438	75.769	80.319	227.526
Collection Fund Surplus / (Deficit)	8.325	0.000	0.000	8.325
<b>Total</b>	<b>143.190</b>	<b>141.126</b>	<b>147.636</b>	<b>431.952</b>

- 4.46 **Table 12** sets out details of all other specific Government funding provided to the Council. These are based on the most up to date reliable information and the impact for 2025/26 and 2026/27 have been estimated, but these figures are necessarily less robust than the figures for 2024/25 due to very little information being provided by the Government as to future years funding.

**Table 12: Other specific grant funding**

	2024/25	2025/26 (Indicative)	2026/27 (Indicative)
	£m	£m	£m
Improved Better Care Fund	8.646	8.646	8.646
New Homes Bonus	0.499	0.499	0.499
Social Care Grant	19.202	19.202	19.202
ASC Market Sustainability & Improvement Fund	3.316	3.316	3.316
Discharge Fund	2.020	2.020	2.020
Services Grant	0.293	0.293	0.293
S31 Grant for Business Rates Compensation for Reliefs	13.582	13.582	13.582
Public Health Grant	18.609	18.609	18.609
Housing Benefit Administration Subsidy Grant ( <i>assumed - still TBC</i> )	0.594	0.594	0.594
	<b>66.761</b>	<b>66.761</b>	<b>66.761</b>

Not included in the table above are details of the Dedicated Schools Grant (DSG) which the Council receives, which are detailed in Appendix 8.

### Collection Fund

- 4.47 Statutory regulations require councils to account for annual council tax / business rates income in a manner different to normal accounting arrangements as would apply if using International Financial Reporting Standards (IFRS). This means any difference between the budgeted net council tax and business rates income and the actual is held on the Council's balance sheet to be distributed in subsequent years.
- 4.48 Councils are required to calculate an estimated position of the Collection Fund in January which is used by the precepting authorities in setting its budget for the forthcoming year.
- 4.49 An annual review is undertaken to assess the estimated level of collection, the likely balance of the funds and to advise the precepting authorities (Fire and Police) of their share of any surplus/deficit. This enables them to take this into account in their own budget calculations.
- 4.50 It is currently estimated that there will be a total surplus on the collection fund of **£10.482m** with the Council's share being **£8.325m**. This comprises of a surplus on the council tax collection fund of **£9.231m** with the Council share of this being **£7.712m**. It is estimated that there will be a surplus on the business rates collection fund of **£1.251m** with the Council share of this being **£0.613m**. The council's surplus will be allocated to the replenishment if its depleted revenue reserves as detailed further in the Reserves Policy at Appendix 4.

### Council Tax Requirement for 2024/25

- 4.51 Given the Council's fragile financial position, in the report to Executive in December 2023 the s151 Officer advised the Mayor and Executive to adopt the current assumed maximum permissible Council Tax increase of 4.99% p.a. for 2024/25 in order to reduce the additional budget savings required to be made to balance the

budget. This is also recommended for 2025/26 and 2026/27. This advice also reflects the fact that the Government assumes that local authorities will increase the Council Tax by the maximum permissible in their calculation of the Council's Core Spending Power, which is a measure of how much the Government believes local authorities can raise from Council Tax and that they have available to spend.

- 4.52 It should be noted that each 1% increase in Council Tax produces estimated additional income to the Council of approximately £0.675m per annum.
- 4.53 There is estimated to be an increase in Council Tax income of **£0.768m** in 2024/25 and on an ongoing basis due to a predicted increase in the Council's Tax Base resulting from projected Housing Growth over the period. In addition, it is assumed that there will be an increase of a similar amount each year in 2025/26 and 2026/27. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of **5,967** Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of **approximately 20%**. The cumulative effect is approximately **£11.794m per annum** and reduces the need to make further annual savings within Council services by this amount.
- 4.54 The Council is required to set a balanced budget for 2024/25. 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 2024/25.
- 4.55 If the final budget proposed in this report is approved by Council the Budget Requirement for 2024/25 will be **£143.190m** (after a one off adjustment for the £4.7m EFS) with a Council Tax Requirement of **£71.438m**, equating to a Council Tax (Band D) for non-parish areas (Middlesbrough Council only element) of **£1,975.76** and Band A of **£1,317.17**. This represents a total increase in Council Tax of **4.99%** for 2024/25 comprising of a general increase of 2.99% and an Adult Social Care precept of 2.00%.
- 4.56 The draft statutory Band D Council Tax calculation that will form the basis of the March Council budget report is detailed at **Appendix 7**.
- 4.57 The tax to be levied for each band for each tax band for Middlesbrough Council element (excluding Fire, Police and Parish precepts) is detailed in **Table 5** of **Appendix 7** and is shown below in **Table 13**:

**Table 13: Proposed Council Tax per Band for Middlesbrough Council element (excluding Fire, Police and Parish precepts) 2024/25**

Effect of assumed 4.99% p.a. total increase in Middlesbrough element of Council Tax for the period of 2024/25 to 2026/27				
Band	% of dwellings per band*	2024/25 4.99% increase		
		Council Tax £	Annual Increase £	Weekly Increase £
A	50.3%	1,317.17	62.60	1.20
B	17.4%	1,536.70	73.03	1.40
C	17.3%	1,756.23	83.47	1.61
D	8.4%	1,975.76	93.90	1.81
E	4.2%	2,414.82	114.77	2.21
F	1.5%	2,853.88	135.64	2.61
G	0.9%	3,292.93	156.50	3.01
H	0.1%	3,951.52	187.80	3.61

\* Based on number of dwellings on the Valuations List as at 11/09/23

- 4.58 Nunthorpe Parish Council has set a precept of £25,000 for 2024/25. The tax to be levied for each for each tax band are set out in **Table 5 of Appendix 7**.
- 4.59 Stainton & Thornton Parish Council has set a precept of £13,153 for 2024/25 . The tax to be levied for each for each tax band ae set out in **Table 5 of Appendix 7**.
- 4.60 Cleveland Fire Authority has set a precept for Middlesbrough of **£3,232,896**. The Council Tax levels for 2024/25 are set out in **Table 6 of Appendix 7**.
- 4.61 Cleveland Police and Crime Commissioner has set a precept of **£10,976,164** and Council Tax levels for 2024/25 are set out in **Table 7 of Appendix 7**.
- 4.62 The total tax to be levied for each band (including Middlesbrough Council, Cleveland Fire Authority, Cleveland Police and Crime Commissioner, and Parishes) is set out in **Table 8 of Appendix 7**.
- 4.63 The Executive recognises the financial challenge faced by many households due to the cost of living crisis and provides financial support in the form of reductions to Council Tax for the most financially vulnerable households in addition to grants under the Household Support Fund and its Welfare Strategy.
- 4.64 Whilst the Council takes a very firm and fair approach to collection there are a number of support solutions which are available to assist financially vulnerable households. Through the Council's proposed Council Tax Reduction Scheme, to be approved by Council at its budget setting meeting, a maximum of 90% support. This equates to an overall level of expenditure to support financially vulnerable households of approximately £20.1m per year is provided to 18,285 households across the town. The Council has considered increasing the scheme to 100%, which would mean around 11,000 working age households would have nothing to pay, however this would likely cost the Council around £4m extra to implement and is not considered affordable at present.
- 4.65 In addition to the Council Tax Reduction Scheme a number of other support solutions exist. The Council has a welfare strategy which is designed to support households who may be struggling financially. The range of support is extensive and can include such things like maximising benefits, support with any shortfall in rent, as well as help with white goods, furniture, food, and energy referrals. The Council takes a firm but fair and persistent approach to collection of debt including full benefit and welfare checks to ensure that households have access the right level of support to help them meet their council tax obligations.

## Budget summary & Medium Term Financial Plan assumptions

5.1 In examining proposals for the 2024/25 budget, the Council considers both the immediate situation and the longer term outlook and assesses the impact of decisions accordingly. Current budgets for 2024/25 through to 2026/27 assumes:

- Council tax increases of **4.99%** in 2024/25 (**2.99%** general increase and **2.00%** Adult Social Care precept) and **4.99% p.a.** increase in 2025/26 and 2026/27 comprising the same mix of funding as 2024/25.
- 2024/25 council tax base of **36,137.9** as per December 2023 Executive report with assumed future net growth of **£0.768m pa** equating to approximately **389** Band D equivalents p.a. after student exemptions and various discounts.
- Confirmed final settlement funding for 2024/25 only with a future working assumption of projected inflationary increases for future years.
- Future increases in Retained Business Rates and associated section 31 grants reflect only CPI inflation projections with working assumption of nil underlying growth.
- Assumed pay inflation of **4.00%** per annum for 2024/25, **3.00%** for 2025/26 and **2.00%** for 2026/27.
- NHB grant assumed to continue at same level in future years as in 2024/25
- Where national increases are known for specific grants, an estimated future projection has been included based best available information.
- Assume that all other specific grants will continue at their current level for all future years.

All these budget assumptions will be subject to on-going review in light of changing circumstances.

5.2 **Table 14** shows the updated MTFP for the period 2024/25 to 2026/27 based on the information contained elsewhere in this report.

**Table 14: Refreshed MTFP Summary 2024/25 to 2026/27 (incremental)**

Budget Item	2024/25 £m	2025/26 £m	2026/27 £m
<b>Net Budget brought forward</b>	<b>126.354</b>	<b>134.865</b>	<b>141.126</b>
Pay Inflation	5.051	3.575	1.778
Contractual inflation	1.550	1.550	1.550
Other inflation	0.209	-	-
Fees & Charges inflation	(1.853)	(0.648)	(0.648)
<b>Inflation subtotal</b>	<b>4.957</b>	<b>4.477</b>	<b>2.680</b>
Service Demand pressures	20.764	7.361	5.331
<b>Service Demand pressures subtotal</b>	<b>20.764</b>	<b>7.361</b>	<b>5.331</b>
Technical adjustments	4.878	1.599	0.207
Risk Management	1.952	0.750	0.750
Grant Funding adjustments	(4.661)	-	-
Savings - approved in previous years	(0.769)	-	-
New savings proposals	(13.910)	(5.151)	(1.967)
Budgeted contribution to Reserves	8.325	-	-
<b>Other adjustments subtotal</b>	<b>(4.185)</b>	<b>(2.802)</b>	<b>(1.010)</b>
<b>Projected Net Budget</b>	<b>147.890</b>	<b>143.901</b>	<b>148.127</b>
<b>Exceptional Financial Support</b>	<b>(4.700)</b>	<b>4.700</b>	-
<b>REVISED PROJECTED NET BUDGET</b>	<b>143.190</b>	<b>148.601</b>	<b>148.127</b>
Council Tax	(71.438)	(75.770)	(80.319)
Business Rates	(48.305)	(49.781)	(51.274)
Estimated Collection Fund Surplus	(8.325)	-	-
Revenue Support Grant	(15.122)	(15.576)	(16.043)
<b>Assumed Funding</b>	<b>(143.190)</b>	<b>(141.127)</b>	<b>(147.636)</b>
<b>Incremental Budget Gap + / Surplus ( )</b>	<b>(0.000)</b>	<b>7.474</b>	<b>0.491</b>
<b>Cumulative Budget Gap + / Surplus ( )</b>	<b>(0.000)</b>	<b>7.474</b>	<b>7.965</b>

5.3 It can be seen from **Table 14** that budget gaps still remain in 2025/26 and 2026/27 and further savings proposals arising from the Transformation projects currently being undertaken will be required as a minimum to meet these budget gaps. In practice, the level of further savings to be developed will need to anticipate the risk of further pressures arising from 2025/26 onwards as is the usual experience of the annual budget setting cycle. A report setting out the proposed Transformation Programme will be presented to Executive and Council meetings in March 2024 alongside the Flexible Use of Capital Receipts Strategy.

## Annex

1	Proposed Budget Savings by Directorate
2	2023/24 Saving Initiative for delivery in 2024/25 By Directorate
3	Budget Growth
4	Detail of net revenue budget by Directorate

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## Appendix 2 Savings and Growth

### Annex 1: Proposed Budget Savings by Directorate

Adult Social Care & Health							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ASC01	E	Yes	<b>Accommodation and Support review</b> A review will be undertaken to consider an alternative source of funding which can be used to fund the support costs to a number of sheltered housing provisions. This work will identify eligible sources of funding, which will mitigate the impact to residents and the services being provided. Phase 2 of this work will include completing a review with the registered social provider for the larger schemes, concerning the historical funding arrangements of support into a number of sheltered housing schemes. This work will consider alternative funding opportunities, with a decision to be taken in 24/25 concerning the future funding arrangements for these schemes should alternative funding sources not be identified.	(0.072)	(0.480)		(0.552)
ASC02	E	No	<b>Temporary Accommodation and support review</b> Investing in better co-ordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people. This will involve better modelling of need, flexible agreements with housing suppliers and using the Council's own properties first.	(0.165)			(0.165)
ASC03	D	No	<b>Introduction of Residential Care Panel</b> This initiative will provide increased scrutiny of placement applications with particular focus on housing and accommodation.	(0.200)			(0.200)
ASC04	E	No	<b>Review of domiciliary care</b> A review of care packages for service users will be undertaken to ensure the allocation of resource is appropriate, including replacement of 2nd domiciliary care worker with assistive technology	(0.091)			(0.091)
ASC05	I	No	<b>Review of Care Packages Funding</b> This initiative will ensure there is a robust process in place to assess client eligibility for funding, reviewing care packages across the service.	(0.402)			(0.402)
ASC06	D	No	<b>Expansion of reablement provision</b> This initiative is to focus on short-term intensive support enabling service users coming out of hospital to return home with a reduced, or no, on-going care package. It will also be used to delay escalation of need in the community.	(0.632)			(0.632)
ASC07	I	Yes	<b>Fairer Charging/Fair Cost of Care</b> This will be achieved by ensuring client fees reflect cost inflation on an annual basis.	(0.100)			(0.100)
ASC08	E	No	<b>Review of high cost care packages</b> A review team will be established to focus on high cost packages to ensure consistent, appropriate care and to ensure cost-effective use of resources.	(0.238)			(0.238)

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

## Adult Social Care &amp; Health

Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ASC09	E	Yes	<b>Review of Independent Supported Living schemes</b> A review of our Independent Supported Living schemes in partnership with our providers to maximise the use of digital technology to promote the independence of the tenants within these services, and to complete a full review of the costs associated with the schemes, including consideration of further opportunities for shared care.	(0.176)			(0.176)
ASC10	E / I	No	<b>Expand Autism Day Care through relocation to Cumberland Resource Centre</b> This will be achieved by Autism Day Care relocating to Cumberland Resource Centre. Current activity from Cumberland will relocate to North Ormesby Resource Centre resulting in staff savings, £0.080m and a potential to generate additional income £0.050m	(0.130)			(0.130)
ASC11	T	Yes	<b>Re-provision use of Levick Court</b> This initiative is to provide alternative residential care for the current service users and seek opportunities to maximise the utilisation of the property working with partner organisations	(0.311)			(0.311)
ASC12	T	No	<b>Transformation of Adult Social Care Services</b> This initiative will involve a service wide review to introduce new ways of working and delivering services to clients. For example, further prevention initiatives, assistive technology and wider rollout of Connect services.	(1.900)	(0.750)	(0.750)	(3.400)
ASC13	E	Yes	<b>Review of Direct Payments</b> A robust review of policy and application to ensure the facility to support service users via direct payments is fully utilised to enable independent living	(0.660)			(0.660)
ASC14	I	Yes	<b>Court of Protection Service Charges</b> Commence charging service users for the cost of assessment for Court of Protection applications and administration of Court of Protection cases	(0.100)	(0.053)		(0.153)
ASC15	I	No	<b>Review of Adult Social Care Client Income contribution for residential care</b> A comprehensive review of client contributions to care package costs to ensure individuals are charged appropriately	(0.500)			(0.500)
FIN09	E	No	<b>Invoice Reconciliation</b> To develop a system for automatic checks on delivered hours against commissioned hours within Adult Social care	(0.080)			(0.080)
<b>Total Adult Social Care &amp; Health</b>				<b>(5.757)</b>	<b>(1.283)</b>	<b>(0.750)</b>	<b>(7.790)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
(2.9)	4.0
-	-
-	-
-	-
-	-
1.0	-
-	-
(1.9)	4.0

Children's Services							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
CC01	T	No	<b>Review of all Services across Children's Care.</b> A robust review and evaluation of staffing will be undertaken across Children's Services. Research and alternative operating models of practice will also be considered within this review. The staffing levels and structure will be reviewed to ensure Children's Services are effectively responding to the needs of children and families.	(0.700)	(0.500)		(1.200)
CC02	E	No	<b>Review of Placements (including Processes and Procedures).</b> This will be achieved by undertaking a deep dive of placements for children to bring young people back to Middlesbrough and/or to remain local. This review is likely to reduce financial pressures as this is a high-cost area. Increased governance and management oversight will be implemented to have a stronger grip on decision making and spending.	(1.100)			(1.100)
CC03	T	No	<b>Improvement of Internal Residential capacity through the purchase of suitable properties and refurbishment of existing MBC properties into Residential homes</b> This will include consideration of properties within Middlesbrough to increase inhouse placements for children.	0.000	(0.450)	(0.615)	(1.065)
CC04	E	No	<b>Workforce Development - Review of recruitment and retention and marketing of job roles, in particular Social Worker related posts.</b> This will include a robust review and evaluation of staffing across Children's Services. Due to the challenges with recruitment which are contributing to the ongoing budget pressures, we need to redesign and improve our recruitment offer and marketing strategy to attract workers to Middlesbrough.	(0.800)			(0.800)
CC05	E	No	<b>Other savings - Maximising grants</b> This will involve having a stronger oversight of the S17 (Financial Assistance) spend and using more of the grant funding the Council receives for our unaccompanied asylum seeking children. We will also be using the adoption support fund through the DfE which will support our therapeutic offer to children who are subject to an Special Guardianship Order or Child Arrangement Order.	(0.454)	(0.150)	(0.100)	(0.704)
CC06	T	No	<b>SHIFT Project, a multidisciplinary approach in prevention.</b> Introduction of the SHiFT programme, alongside the robust placement review, will achieve better outcomes for our young people who are involved in criminal activity, reduce the number of children entering care and mitigate the need for some high-cost placements.	(0.400)			(0.400)
CC07	I	Yes	<b>Special Guardianship Order Payment review.</b> Undertake a review of policy and practice, aligning to regulatory requirements and DWP benefit entitlements	(0.800)	(0.300)		(1.100)
<b>Total Children's Services</b>				<b>(4.254)</b>	<b>(1.400)</b>	<b>(0.715)</b>	<b>(6.369)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
(27.0)	114.0
-	-
-	-
-	-
-	-
-	-
1.0	-
<b>(26.0)</b>	<b>114.0</b>

## Education &amp; Partnerships

Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
EDC01	E	Yes	<b>Review of Integrated Transport Unit arrangements</b> This will be achieved through efficiencies in services such as optimisation of routes and cost of in-house and external suppliers.	(0.132)	-		(0.132)
<b>Total Education</b>				<b>(0.132)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.132)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
<b>0.0</b>	<b>0.0</b>

## Environment &amp; Community Services

Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ECS01	E	Yes	<b>Fortnightly Collection Residual Waste.</b> As in line with most Councils, and to support efforts to also improve recycling rates, Middlesbrough will introduce the fortnightly collection of residual waste. This will assist in the Council's efforts to increase recycling. The impact will be a reduction in the number of full time Residual Waste Operatives from 41 to 29 and savings on fuel and equipment. The proposed implementation plan includes adjustments for those who require a larger waste bin, for families of 3 or more will be able to request a 240 Ltr wheel bin, families of 2 will be able to purchase an additional 140 Ltr wheel bin, the cost will be a one off fee of £40, and moving where possible for those areas on black bags to wheeled bins. Areas that have communal bins collections will remain on weekly collection. Those who have medical needs or larger families will have their needs assessed and larger or additional bins will be offered. In order to improve the level of recycling, increased waste education and communication will take place to ensure people understand which waste should be put in which bin and encourage residents to do so. When comparing to neighbouring authorities this proposal brings the Council in line with Residual waste collection proposals.	(0.374)			(0.374)

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
(12.0)	6.0

Environment & Community Services

Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ECS02	I	Yes	<b>Green Waste Collection Charge</b> As with most councils, introduction of charging for Green Waste collection service will run fortnightly from the beginning of April until the end of November. This will include the continuation of two weekly collection through out this period rather than monthly in October and November. The annual charge will be £40 for the first bin then £20 per addition bin. This is a discretionary service which many councils already charge for and only benefits households in those parts of the town who have gardens. It will be optional, with an opt in process. Free disposal will continue to be available to those who wish to use the Household Waste and Recycling Centre.	(0.406)			(0.406)
ECS03	I	Yes	<b>Junk' Job collection will be chargeable.</b> Introduction of a £24.50 charge for a bulky household waste collection. In general this will be for up to five items. This will provide a more streamlined service than the two tier system in place now.	(0.092)			(0.092)
ECS04	I	Yes	<b>Replacement Wheeled bins charge</b> The introduction of charges for replacement of all wheeled bins including delivery charge. This will include wheeled bins used for recycling. 140 Ltr Bin £20.45, 240 Ltr Bin £23.50, 240 Ltr Green Bin £37.50 This will be introduced in 2025/26, enabling the Council to put other measures in place first in response to concerns about potential bin theft and to allow the roll out of the new bins associated for some households with green waste and/or fortnightly refuse collection. The Council will continue to replace bins at no cost where they have been damaged by Council operatives.		(0.033)		(0.033)
ECS05	E	No	<b>Integrate Environment Services and Supporting Community functions and create a Neighbourhood management approach.</b> This will be based on 4 working locality focused teams to deliver front line services with savings achieved following a management restructure and a reduction in management posts.	(0.287)	(0.113)		(0.400)
ECS06	E	No	<b>Increase in Education and Enforcement around Recycling.</b> By encouraging people to put less waste in their residual waste bin and recycle instead, the Council will improve the amount of recycling and in turn reduce the cost of waste disposal.	(0.030)	(0.169)	(0.020)	(0.219)
ECS07	S	Yes	<b>Cease Council financial support for Environment City</b>	(0.105)			(0.105)

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
-	-
-	-
(12.0)	8.0
-	-
(2.0)	-

Environment & Community Services							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ECS08	I	Yes	<b>Resident Parking Permits Charge</b> Introducing a charge for residents parking permits in those areas that have a residents parking scheme. The charge will be £25 per first permit and £40 for additional permits. An element of the proposal is that the current £10 for care professionals visiting the area, payable by their employer, is not amended. These schemes relate to a small part of the town that requires additional Council action to support resident parking and enforce compliance with it in order to ensure residents are able to park near their home and other car users are diverted to more appropriate locations. That activity and enforcement comes at a cost. The proposed charge contributes towards the cost of administration and enforcement, many other councils already have such a charge, and many have a higher charge. By also attaching a charge we aim to limit the amount of passes that are misused by non residents to utilise parking closest to the town centre.	(0.125)	(0.125)		<b>(0.250)</b>
ECS10	T	Yes	<b>Review of Community Facilities</b> A review of community facilities will include potential income generation from use of facilities, or alternatives to reduce operating costs.		(0.200)	(0.100)	<b>(0.300)</b>
ECS11	I	No	<b>Review contribution to Community Hubs running costs</b> This will be achieved by increase income from chargeable activities, room hire and the renting of space at Community Hubs.	(0.040)			<b>(0.040)</b>
ECS12	I	No	<b>Charge for Waste Bins on New Developments</b> The introduction of charging for waste bins on new developments to Developers.		(0.030)		<b>(0.030)</b>
<b>Total Environment &amp; Community Services</b>				<b>(1.459)</b>	<b>(0.670)</b>	<b>(0.120)</b>	<b>(2.249)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
-	-
-	-
-	-
<b>(26.0)</b>	<b>14.0</b>

Regeneration							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
REG01	S	No	<b>Reducing the number of staff we need to deliver regeneration activities by implementing new ways of working.</b> This will be achieved by reducing staffing in the Regeneration Directorate by around 10 posts.	(0.263)	(0.129)		<b>(0.392)</b>
REG02	S	No	<b>Changing the way the Middlesbrough News e-newsletter is produced and delivered.</b> This will involve more localised updates being sent to subscribers	(0.008)			<b>(0.008)</b>
REG03	T	Yes	<b>Review and implementation of alternative operating models for Captain Cook Birthplace Museum.</b> The future of the Captain Cook Birthplace Museum will be deferred until 30 September 2024 to provide time for other alternative options which avoid closure to be explored more fully. This will be achieved following a review of options including an alternative 3rd party provider, changes in operations to reduce operating costs (utilising volunteers, or improved building management ie insulation) and increase income by changing the offer to attract more visitors or withdrawal from the site and investing in offer at the Dorman Museum. A decision will be taken by the Executive and will be subject to further consultation as required.	(0.100)	(0.245)		<b>(0.345)</b>
REG04	T	No	<b>Improve the commercial potential of the Town Hall and Theatre to maximise the potential of the buildings and provide a greater range of performances.</b> This will involve joining up management and programming arrangements and exploring partnerships with private sector promoters.	(0.050)	(0.100)		<b>(0.150)</b>
REG05	I	No	<b>Use grant funding to cover some of the existing economic growth activities the Council carries out.</b> This will involve using more of the grant funding the Council receives to cover staff costs.	0.000	(0.050)		<b>(0.050)</b>
REG06	E	No	<b>Reducing the number of staff we need to deliver the Council's marketing and communication activities by implementing new ways of working.</b> This will be achieved by utilising different ways of marketing and communicating that will ultimately require fewer staff.	(0.050)	(0.050)		<b>(0.100)</b>
REG07	T	No	<b>Investing in better co-ordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people.</b> This will involve better modelling of need, flexible agreements with housing suppliers and using the Council's own properties first.	(0.080)	(0.220)	(0.200)	<b>(0.500)</b>
<b>Total Regeneration</b>				<b>(0.551)</b>	<b>(0.794)</b>	<b>(0.200)</b>	<b>(1.545)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
(10.0)	45.9
-	-
-	-
-	-
-	-
(2.0)	1.0
-	-
<b>(12.0)</b>	<b>46.9</b>

Finance							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
FIN01	I	No	<b>Collection of Housing Benefit Overpayments.</b> Invest additional staff resources to increase the recovery of old debt from overpaid Housing Benefit.	(0.105)	(0.035)		<b>(0.140)</b>
FIN02	I	No	<b>Review of Single Person Discounts and Student Exemption for Council Tax.</b> Undertake a review of all current awards, if not entitled, remove and rebill to ensure all households are paying the correct amount of Council Tax	(0.198)	(0.066)		<b>(0.264)</b>
FIN03	I	No	<b>Collection of Council Tax.</b> Invest additional staff resources to increase the recovery of old debt whilst also ensuring that Households are in receipt of the relevant DWP benefits / financial support.		(0.110)	(0.037)	<b>(0.147)</b>
FIN04	I	No	<b>Collection of Council Tax.</b> Invest additional staff resource to increase the recovery of debt through the use of charging orders. If Council Tax is owed this can be secured against the home owner's property, upon sale or forced sale the debt will then be discharged.		(0.504)	(0.103)	<b>(0.607)</b>
FIN05	I	No	<b>Collection of Business Rates</b> Invest additional staff resource to increase the recovery of old debt.		(0.126)	(0.042)	<b>(0.168)</b>
FIN06	I	No	<b>Collection of Council Debt</b> Invest additional staff resource to increase the recovery of general debt relating to provision of Council 'paid for' services.	(0.188)	(0.070)		<b>(0.258)</b>
FIN07	E	No	<b>Reduction in Contractual Spend</b> Undertake a review to increase on-contract spend and improve contract management standards based on 2% reduction in current spend linked to supplies and services.	(0.700)			<b>(0.700)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
1.0	-
3.0	-
2.0	-
1.0	-
1.0	-
2.0	-
2.0	-



Finance							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
FIN08	S	Yes	<p><b>Reduction in the allocation of resource for voluntary and community sector grants from the local authority.</b></p> <p>The savings will be achieved by reducing the allocation of funding available for the voluntary and community sector grants programme. The reductions are to cease the small grants programme saving £0.127m in 24/25 which is for one-off grants for residents and small community groups. In addition, there will be a 20% reduction in 24/25 on the community chest and development grant budgets resulting in a saving of £0.011m. The core grants are under a contractual service level agreement therefore a further reduction will be applied to the core grants in 25/26 to allow for revised negotiations and service level agreements to be developed following the final year of a 3 year agreement. Support will be offered to enable organisations to access external grant funding opportunities, and a business case to access some Better Care fund monies to support grants for vulnerable people in the communities will be developed.</p> <p>The proposal for 2024/25 will now be to merge the Community Chest and Development Grants into one £42,400 pot, review criteria, and to then in line with the proposal from Overview and Scrutiny Board incorporate within that a sum for small grants for residents and small community groups.</p>	(0.138)	(0.028)		(0.166)
FIN10	I	No	<p><b>Centralisation of grants administration and maximisation of opportunities for grant income across the authority</b></p> <p>To develop a process and centralised resource for the horizon scanning of grant opportunities across the authority and to ensure central co-ordination of all grant income, this will include ensuring the costs of any support and overheads are fully met by any grants received.</p>	(0.050)			(0.050)
FIN11	E	Yes	<p><b>Closure of Cashiers at Middlesbrough House.</b></p> <p>Alternative ways to pay such as direct debit, online, telephone or if in person at a Post Office or one of the many local pay point outlets will be offered. Where the Council provides an 'estate' function for vulnerable residents, local town centre arrangements will be introduced to provide cash payments.</p>		(0.020)		(0.020)
<b>Total Finance</b>				<b>(1.379)</b>	<b>(0.959)</b>	<b>(0.182)</b>	<b>(2.520)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
1.0	-
-	-
<b>13.0</b>	<b>0.0</b>

Legal & Governance							
Ref:	Categorisation	Subject to Consultation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
LGS01	E	No	<b>Reduce car mileage rate paid to staff from current 60p per mile for petrol/diesel/hybrid cars to HMRC rate of 45p per mile.</b> This will involve issuing notice of the introduction of the new rate and making adjustments in the Council's HR system. Staff communication will be required. Saving will be across all directorates.	(0.116)			(0.116)
LGS02	S	No	<b>DBS Renewals - staff to self declare at renewal stage.</b> This will involve the introduction of a self declaration model which can be built in to appraisal/supervision meetings and recorded. The HR System will need to be adjusted to allow recording of information and services will need to keep information securely.	(0.012)			(0.012)
LGS03	E	No	<b>A Cross-Council review of administrative roles and functions.</b> This saving will be achieved through a Council-wide review of all customer-facing and administrative roles, with a view to reducing net budget by 2.5%	(0.136)			(0.136)
LGS04	E	No	<b>Review corporate mobile telephone contract.</b> A review of the corporate mobile phone contract and the move to a new provider, to realise savings	(0.050)			(0.050)
LGS05	E	No	<b>Centralisation of Data Analytics (Cross Council)</b> A review of resources, systems and processes in relation to the data analytics function to enable standardisation, providing data analytic services to the Council at a reduced cost base.	(0.058)			(0.058)
LGS06	E	No	<b>Legal Services Service Review</b> Exploration of a shared Legal Service and potential for commercialisation, improving efficiency, service delivery and enhancing resilience		(0.045)		(0.045)
LGS08	S	No	<b>Reduction in Member Allowances</b> This saving is achieved by the number of allowances required is reduced based on the current allocation of member responsibilities	(0.006)			(0.006)
<b>Total Legal &amp; Governance</b>				<b>(0.378)</b>	<b>(0.045)</b>	<b>0.000</b>	<b>(0.423)</b>

Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
-	-
-	-
(6.0)	0.0
-	-
(1.5)	1.5
-	-
-	-
(7.5)	1.5

<b>GRAND TOTAL</b>	<b>(13.910)</b>	<b>(5.151)</b>	<b>(1.967)</b>	<b>(21.028)</b>
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<b>(60.4)</b>	<b>180.4</b>
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## Appendix 2 Savings and Growth

### Annex 2: 2023/24 Saving Initiative for delivery in 2024/25 By Directorate

Children's Services					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
CC04 - 23-24	Re-purpose Safe Families Contract	0.019			0.019
CS01 - 23-24	Reduction in the use of high cost external family support provision	0.318			0.318
CS04 - 23-24	Introduce supplier incentive Scheme across Childrens purchasing	0.031			0.031
CS05 - 23-24	Combine posts to release efficiencies in Quality	0.048			0.048
CS07 - 23-24	Reduction in agency costs	0.380			0.38
CS08 - 23-24	Redesign of short break provision	0.030			0.03
<b>Total Children's Services</b>		<b>0.826</b>	<b>0.000</b>	<b>0.000</b>	<b>0.826</b>

Education & Partnerships					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
EP06 - 23-24	Develop Children's Centre into Family Hubs	0.153			0.153
<b>Total Education &amp; Partnerships</b>		<b>0.153</b>	<b>0.000</b>	<b>0.000</b>	<b>0.153</b>

Environment & Community Services					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ECS14 - 23-24	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	0.063			0.063
<b>Total Education &amp; Partnerships</b>		<b>0.063</b>	<b>0.000</b>	<b>0.000</b>	<b>0.063</b>

Regeneration					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
RC05 - 23-24	RC05 Events team to reduce by 1-2 posts, and external funding to be sought to delivery events	0.028			0.028
RC08 - 23-24	RC08 Reduction of 20% in the Council's Marketing and Communications function	0.028			0.028
<b>Total Regeneration</b>		<b>0.056</b>	<b>0.000</b>	<b>0.000</b>	<b>0.056</b>

Legal & Governance					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
LGS03 - 23-24	LGS03 Democratic Services reduction in member and non-member related administration	0.031			0.031
LGS06 - 23-24	LGS06 Delete political assistant vacancy	0.019			0.019
<b>Total Legal &amp; Governance</b>		<b>0.050</b>	<b>0.000</b>	<b>0.000</b>	<b>0.050</b>

Chief Executive Office (Council wide)					
Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
CEN02 - 23-24	Senior Management Review	0.244	0	0	0.244
<b>Chief Executive Office (Council wide)</b>		<b>0.244</b>	<b>0.000</b>	<b>0.000</b>	<b>0.244</b>

<b>TOTAL 2023/24 SAVING INITIATIVE FOR DELIVERY IN 2024/25</b>		<b>1.392</b>	<b>0.000</b>	<b>0.000</b>	<b>1.392</b>
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## Appendix 2 Savings and Growth

### Annex 3: Budget Growth

#### Proposals to revise 2023/24 approved savings in 2024/25 to reflect the Elected Mayor's priorities

Previous Ref:	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
ECS12 - 23/24	<b>Community safety services</b> The cost of providing Community safety is currently being met from grant funding as a result of a planned 2023/24 saving. This funding is not available in future years. Therefore, in order to continue to provide the current level of Community Safety service (based on 10 Street Wardens plus Uniforms, equipment and fuel) as well as Neighbourhood Safety Officers, growth in the expenditure budget is required.	0.650			0.650
ECS16 - 23/24	<b>Area Care.</b> Part of the Area Care budget is funded by grant in 2023/24 as a result of a planned 2023/24 saving and this funding is not available in future years. Therefore, in order to avoid further reduction in the current level of service including grass cutting, street cleaning and general maintenance, growth in the expenditure budget is required.	0.142			0.142
ECS06 - 23/24	<b>Street Lighting</b> This is a reversal of a planned saving of £0.149m per annum which also required £0.081m of capital investment in order to install the technology to enable selective reduction of street lighting overnight. The reduction of crime and anti-social behaviour is a key Mayoral priority and the maintenance of lighting levels at night supports the strategy to increase the perception of safety of residents of Middlesbrough and the reduction in crime and anti-social behaviour.	0.148			0.148
FIN06 - 23/24	<b>Welfare Rights Service</b> - previously activity was supported through central government grant, this funding is not available so in order to continue services Council resource is required.	0.174			0.174
<b>TOTAL</b>		<b>1.114</b>	<b>0.000</b>	<b>0.000</b>	<b>1.114</b>

#### Proposals to address delayed and change in assumption on savings approved in 2023/24 for 2024/25

Previous Ref	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
LGS06 - 23/24	<b>Meet appropriate requirements for supporting Politicians</b> Following Elections in May 2023, the requirements for supporting politicians have changed	0.044			0.044
Childrens Improvement Plan No.6 23/24	<b>Children's Inhouse residential provision</b> New plans to increase capacity in Children's inhouse residential offer are now part of a wider transformation programme resulting in the requirement to remove previously set budget savings (this has been replaced by a new savings proposal CC03)	1.061			1.061
<b>TOTAL</b>		<b>1.105</b>	<b>0.000</b>	<b>0.000</b>	<b>1.105</b>

#### Proposals to support the Corporate Governance Improvement Programme

Directorate	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)
<b>Legal &amp; Governance</b>	Organisational Development requirements to support the Corporate Governance improvement plan A requirement for 2 x FTE to support the Corporate Governance Improvement Plan in delivering specialist Organisational Development	0.000	0.127	0.000	0.127
<b>TOTAL</b>		<b>0.000</b>	<b>0.127</b>	<b>0.000</b>	<b>0.127</b>
<b>TOTAL GROWTH</b>		<b>2.219</b>	<b>0.127</b>	<b>0.000</b>	<b>2.346</b>

**Appendix 2 Medium Term Financial Plan**  
**Annex 4 Detail of Net Revenue Budget by Directorate**

	2023/24		2024/25	
	£'Million	£'Million	£'Million	£'Million
<b>Net Service Expenditure</b>				
Regeneration & Culture	(1.987)		2.023	
Environment & Community Services	20.228		20.176	
Public Health	(3.280)		0.006	
Education & Partnerships	5.494		7.992	
Children's Care	54.649		54.038	
Adult Social Care	49.808		52.075	
Chief Executive*	0.000		0.242	
Legal & Governance Services	10.245		10.387	
Finance	4.429	139.586	3.121	150.060
<b>Levies</b>				
Environment Agency	0.124	0.124	0.129	0.129
<b>Central Provisions &amp; Budgets</b>				
Covid-19 Grant Income Held Centrally	(0.864)		0.000	
Provisions for Pay & Prices and Contingencies	5.862		8.141	
Social Care Grant Income Held Centrally***	(13.189)		(19.202)	
Services Grant	(1.861)		(0.321)	
Flexible Use of Capital Receipts	(3.000)		0.000	
Exceptional Financial Support	0.000		(4.700)	
Change Fund	0.730		0.730	
Net Capital Financing Costs	9.276		11.154	
External Audit**	0.000		0.382	
Added Years Pensions	1.216		1.216	
Apprentice Levy	0.274		0.274	
Section 31 NNDR Grant	(11.882)		(13.582)	
Designated Authority Costs	0.040		0.040	
Custodian Properties	0.008	(13.390)	0.008	(15.861)
<b>Net Spending</b>		126.320		134.328
Contribution (from) / to Reserves		0.000		8.825
<b>Net Revenue Budget</b>		126.320		143.153
<b>Parish Precepts</b>				
Nunthorpe		0.022		0.025
Stainton & Thornton		0.012		0.012
<b>Net Revenue Budget (inc. Precepts)</b>		126.354		143.190
<b>Funded by:</b>				
Revenue Support Grant		14.182		15.122
Top up Payment		29.347		30.461
Retained Business Rates		16.356		17.844
Council Tax		67.309		71.438
Estimated Collection Fund Surplus /(Deficit)		(0.840)		8.325
		126.354		143.190

Notes:

Some services have moved between Directorates during 2023/24 - 2024/25 budgets shown above reflect the current structure

\* Chief Executive included within Finance Directorate in 23/24, now shown as separate Directorate for reporting purposes

\*\* External Audit included within Finance Directorate in 23/24, now shown within Central Budgets

\*\*\* In 23/24 figures above, Social Care Grant Income Held Centrally excludes Independent Living Grant of £1.828m rolled into Social Care Grant from 23/24. However, in 24/25, this is included within the Social Care Grant Income Held Centrally line due to a change in accounting treatment

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## **Middlesbrough Council**

### **Budget 2024 / 25**

#### **Appendix 3 Budget Consultation Feedback**

##### **1. Introduction**

1.1. This appendix is to present final findings and recommendations of the 2024/25 budget and the Medium Term Financial Plan consultation.

1.2. Consultation launched on the 21 December 2023 and concluded on 18 January 2024. This paper reports the results of that consultation, including a summary of the findings from the survey, in-person events and submissions. The purpose of this report is to ensure the findings of the consultation are presented to elected members and considered in relation to the budget setting process.

##### **2. Budget consultation approach**

2.1. A number of channels were used to promote the consultation programme and a number of different avenues were used to enable the public, staff and businesses in the town to contribute, including:

- An online consultation that sought views on each proposal that could impact on the public, as well as on the proposed Council Tax increase
- The Let's Talk email address that people could use to send views or ask questions through
- Four in person consultation events were held in the North, East, West and South of the town, led by the Mayor and Executive Member for Finance and Governance, and attended by senior officers
- Promotion of the consultation on the Council's social media channels
- Inclusion of information on the consultation in a Council newsletter that was sent to over 44,000 people
- Councillors were provided with details of the budget consultation to enable them to share with residents in their ward
- Formal press releases and media appearances by the Mayor and Executive Member for Finance and Governance
- Member briefings on the budget proposals
- Attendance of Mayor and Executive Member for Finance & Governance at Overview and Scrutiny Board, and individual scrutiny panels considering budget proposals with relevant Executive Members invited to attend.
- Formal consultation with the North East Chamber of Commerce.

### 3. Participation and survey responses

#### 3.1. As a result of the above:

- 1171 people responded to the questionnaire. The highest response rate the Council has had to a consultation in the last 5 years.
- 50 people sent emails or completed a webform in order to comment on the consultation.
  - Additional, targeted consultation of residents who would be subject to the proposed charges and they were asked to either complete the survey or contact the Council through the Let's Talk email address. As a result, of the emails received to that address, 30 referenced the proposed charges for Resident Permit Charges. Most were objections in relation to the proposed charges. The issues summarised in the survey column were raised as well as some support, subject to appropriate enforcement being put in place, concerns about the impact on streets with Houses of Multiple Occupation (HMOs), suggestions that they should be addressed as well and concerns from a business operating in the area that would need to visit multiple addresses
  - Other comments received related to an objection to changes to waste and green waste collection services, closure of the Captain Cook Birthplace Museum, introduction of charging at Stewart Park Car Park and a question around recent planning issues and decisions.
  - two suggestions for alternative savings were made by the public as part of this – incentivisation of fly tipping reporting and a suggestion that the Council assures itself that it is recovering ICT equipment from employees and elected members as they leave the organisation.
  - In addition to the above, 8 staff contacted the Council with concerns in relation to LGS07 (Review of Subscription Spend) budget proposal. This will be subject to separate staff consultation, prior to any decision to implement by officers which will consider those concerns. Concerns related to terms and conditions, implied contract terms and the ability to attract staff to the service. This proposal was replaced by an alternative savings proposal.
- Four consultation in person events were attended by approximately 90 people. Topics raised during those events included objections to:
  - The closure of Captain Cook Birthplace Museum
  - Introduction of car parking charges at Stewart Park
  - Objections to the range of proposed charges and changes for waste services.
  - Charges for residents' parking permits.
- 10 social media posts were made during the consultation period to highlight the consultation. Estimated total reach was 36,525 people
- Councillors were provided with details of the budget consultation to enable them to share with residents in their ward.
- An email newsletter was sent promoting the consultation. It was sent to 44,390 people and 12,792 were opened.
- Some proposals were supported by additional targeted consultation with those affected to ensure they were fully engaged in the process.
- A letter from the Chamber of Commerce was received which highlighted concerns about the unprecedented budget pressures on the Council, support for the proposal to close the Captain Cook Birthplace Museum, and concern that the budget position could



preclude the Council from taking advantage of development fund opportunities available in relation to devolution.

- Overview and Scrutiny Board submitted one proposal relating to Community Grants, which has been incorporated into the revised proposals.

3.2. Those who completed the online budget consultation were asked if they would complete demographic information to support analysis of responses.

3.3. The tables below summarise the resulting demographic information:

<b>Overall Numbers</b>		<b>Count</b>	<b>Row %</b>
Ethnic group	White British	975	83.26%
	BAME	66	5.64%
	Prefer Not to say	88	7.51%
	Blank	42	3.59%
Gender	Male	531	45.35%
	Female	531	45.35%
	Prefer Not to say	72	6.15%
	Blank	37	3.16%
Disability	Declared Disability	901	11.60%
	Declared they do not have a disability	93	76.9%
	Prefer not to say	136	7.9%
	Blank	41	3.5%
TOTAL	All Respondents	1171	

<b>Type of responder<sup>1</sup></b>	<b>Count</b>
Have a business in Middlesbrough	56
Live in Middlesbrough	1021
Work for Middlesbrough Council	148
Work in Middlesbrough	445
Other	64
Blank	24

## 4. Consultation findings

4.1. Consultation is the process of dialogue with citizens and stakeholders based upon a genuine exchange of views, with the objective of informing decisions, policies or programmes of action. It gives the local community a voice in the democratic process and helps elected members and officers understand and consider public views and concerns when making decisions about local public services. As a result of the consultation, a number of the proposals have been amended and one withdrawn, as set out of the end of this document. While councillors are not obliged to change their budget proposals in light of the outcome of the consultation, they are required to have due regard to it in making

<sup>1</sup> Some individuals selected more than one category; therefore this number does not add up to 1171.

their decisions around the Council's Council Tax levels and the Medium-Term Financial Plan. The findings from the consultation process are summarised below:

Proposals	Online budget consultation			Free text comments summary - comments made most frequently related to
	No. in agreement	No. against	No. neutral	
ASC01: Accommodation and Support review	511 47%	143 13%	425 40%	<ul style="list-style-type: none"> <li>▪ Further information requested</li> <li>▪ Concerns about impact on the vulnerable</li> <li>▪ Finance concerns</li> <li>▪ A view that this should not be funded by local taxpayers</li> <li>▪ Support and objection for the proposal</li> </ul>
ASC07: Fairer Charging/Fair Cost for Care	554 51%	205 19%	327 30%	<ul style="list-style-type: none"> <li>▪ Cost concerns and impact on those who don't claim benefits</li> <li>▪ Impact on the vulnerable, the disabled and families</li> <li>▪ Request for further detail</li> <li>▪ Support for the proposal</li> <li>▪ A view that this should not be funded by taxpayers.</li> </ul>
ASC09: Review of Independent Living Schemes	533 50%	143 13%	398 37%	<ul style="list-style-type: none"> <li>▪ Ability to use digital solutions</li> <li>▪ Lack of detail</li> <li>▪ Preference for in-person care</li> <li>▪ Impact on the vulnerable</li> <li>▪ Support for the proposal</li> </ul>
ASC10: Expand Autism Day Care through relocation to Cumberland Resource Centre	604 57%	105 10%	358 33%	<ul style="list-style-type: none"> <li>▪ Concern about distress and disruption</li> <li>▪ Concern about impact on staff and service levels</li> <li>▪ Concern about possible increased travel time</li> </ul>
ASC11: Re-provision use of Levick Court	515 49%	128 12%	417 39%	<ul style="list-style-type: none"> <li>▪ Concern about moving and rehoming vulnerable residents</li> <li>▪ More information needed</li> <li>▪ Impact on the most vulnerable</li> <li>▪ Support for the proposal</li> <li>▪ Concern that residents must be consulted</li> </ul>
ASC13: Review of Direct Payments	651 61%	63 6%	360 33%	<ul style="list-style-type: none"> <li>▪ More detail requested</li> <li>▪ Still need to support people who can manage their own finances who are not able to use direct payments</li> <li>▪ Impact on the vulnerable</li> </ul>
ASC14: Court of Protections Service Charges	487 46%	164 15%	422 39%	<ul style="list-style-type: none"> <li>▪ Concern about impact on the most vulnerable</li> <li>▪ Concern about targeting the most vulnerable for changes</li> <li>▪ Views that it should be free or means tested</li> </ul>
CC07: Special Guardianship Order payment review	653 61%	100 9%	319 30%	<ul style="list-style-type: none"> <li>▪ Concerns the proposal was not clear</li> <li>▪ Support for the proposal</li> <li>▪ Concern this could result in people refusing to care for children and more ending up in care of the Council.</li> </ul>

Proposals	Online budget consultation			Free text comments summary - comments made most frequently related to
	No. in agreement	No. against	No. neutral	
EDC01: Review of Integrated Transport Unit arrangements	627 58%	117 11%	328 31%	<ul style="list-style-type: none"> <li>▪ Parents should pay and arrange travel for their children and current service abused by some</li> <li>▪ Questioning whether internal council provision was cheaper than outsourcing</li> <li>▪ Support and objections to the proposal</li> <li>▪ Views that the service was essential</li> </ul>
ECS01: Fortnightly Collection residual waste	436 39%	557 50%	119 11%	<ul style="list-style-type: none"> <li>▪ Concerns that this could result in increases in fly-tipping, smell, public health and vermin</li> <li>▪ Concerns around the size of the bins and access to larger bins</li> <li>▪ Concerns about cost to implement</li> <li>▪ Suggestions to achieve the saving by encouraging increased recycling</li> </ul>
ECS02: Green Waste collection charge	340 31%	623 56%	150 13%	<ul style="list-style-type: none"> <li>▪ Concerns that this could result in increases in fly-tipping</li> <li>▪ Concerns about ability to pay</li> <li>▪ Negative Impact on the environment</li> </ul>
ECS03: Junk job collection will be chargeable	598 54%	310 28%	199 18%	<ul style="list-style-type: none"> <li>▪ Concerns that this could result in increases in fly-tipping</li> <li>▪ Concerns about ability to pay</li> <li>▪ Support for the proposal</li> <li>▪ Impact on those less able to dispose of items without the service – disabled and the poor</li> </ul>
ECS04: Replacement wheeled bins charge	385 35%	463 42%	247 23%	<ul style="list-style-type: none"> <li>▪ Concerns about fairness of charges if bins were stolen, vandalised or damaged by refuse works</li> <li>▪ Concern about theft</li> <li>▪ Concerns about increases in fly-tipping</li> <li>▪ Financial concerns</li> </ul>
ECS07: Cease council financial support for Environment City	531 49%	192 17%	366 34%	<ul style="list-style-type: none"> <li>▪ Support for the proposal</li> <li>▪ Concern about impact on Council green ambitions and climate change</li> </ul>
ECS08: Resident Parking permit charge	379 34%	460 42%	268 24%	<ul style="list-style-type: none"> <li>▪ Objection that residents have to pay to park near their homes</li> <li>▪ Financial concerns</li> <li>▪ Concern at impact on carers / health workers</li> <li>▪ Concerns about enforcement</li> </ul>
ECS09: Car parking charge at Stewart Park	286 26%	691 61%	151 13%	<ul style="list-style-type: none"> <li>▪ Reduced use of the park</li> <li>▪ View that it should be free</li> <li>▪ Health and wellbeing concerns</li> <li>▪ Knock on impact to residents nearby</li> <li>▪ Impact on families</li> <li>▪ View that the park was gifted to the town</li> </ul>

Proposals	Online budget consultation			Free text comments summary - comments made most frequently related to
	No. in agreement	No. against	No. neutral	
ECS10: Review of Community Facilities	463 43%	176 16%	436 41%	<ul style="list-style-type: none"> <li>▪ Insufficient information</li> <li>▪ Charging will reduce use</li> <li>▪ Concern the proposal could mean facilities will close</li> <li>▪ Support for the proposal</li> </ul>
REG03: Concentrate the town's museum offer in the Dorman Museum and withdraw from Captain Cook Birthplace Museum (CCBPM)	390 35%	533 47%	206 18%	<ul style="list-style-type: none"> <li>▪ Loss of history and heritage</li> <li>▪ Should be promoted to boost visitors</li> <li>▪ Impact on education provision</li> <li>▪ Accessibility of Dorman Museum</li> <li>▪ Suggestions for alternatives to closing CCBPM including increasing charging, alternative funding and increasing use by groups</li> </ul>
FIN08: Reduction in the allocation of recourse for voluntary and community sector grants from the LA	377 35%	232 21%	480 44%	<ul style="list-style-type: none"> <li>▪ Negative impact on community spirit and on groups that rely on them</li> <li>▪ Impact on vulnerable</li> <li>▪ View that groups are filling gaps in public services</li> <li>▪ Suggestion that grants should only be given to groups that benefit the council</li> </ul>
FIN11: Closure of Cashiers at Middlesbrough House	555 51%	178 16%	360 33%	<ul style="list-style-type: none"> <li>▪ Concern about impact on the elderly and the vulnerable</li> <li>▪ Low level of savings suggest its not financially worth doing</li> <li>▪ not everyone wants to pay online</li> <li>▪ support and objections</li> <li>▪ Concern it is discriminatory to those who want to pay with cash</li> </ul>
Do you agree with our proposal to increase Council Tax by a total of 4.99%?	404 34%	733 63%	34 3%	<ul style="list-style-type: none"> <li>▪ The Council should concentrate on debt collection from non-payers</li> <li>▪ The Council should reduce staffing instead and reduce senior management salaries</li> <li>▪ The Council should lobby government for more funding</li> <li>▪ The Council should sell more assets</li> <li>▪ The Council should review purchasing card spending</li> <li>▪ The Council should stop unnecessary road and infrastructure changes</li> </ul>
If the Government were to allow a higher increase in the Council Tax than the current proposed 4.99% increase in 2024/25 in order to help balance the Council's budget, would you agree to this?	167 14%	969 83%	35 3%	<ul style="list-style-type: none"> <li>▪ Top heavy management structure and cost of senior managers</li> <li>▪ Poor budgeting concerns</li> <li>▪ Financial impact concerns</li> <li>▪ Concerns around impact on residents who are already dealing with cost of living concerns</li> <li>▪ Suggested review of Councillors costs, numbers and expenses claims.</li> </ul>

#### 4.2. Following consultation, **the following proposals were amended:**

Proposal	Rationale
ASC07: Fairer Charging/Fair Cost for Care	This proposal will be subject to further consultation before it is brought forward for in-year consideration through an appropriate governance route.

ASC11: Re-provision use of Levick Court	This proposal will be subject to further consultation before it is brought forward for in-year consideration through an appropriate governance route.
REG03: Concentrate the town's museum offer in the Dorman Museum and withdraw from CCBPM	<p>In recognition of the wealth of feeling in the community and the suggestions forthcoming from the consultation, together with the helpful attitudes of both ward councillors and the Captain Cook Birthplace Trust the Mayor has been assured that there are more, and better options than closure.</p> <p>Therefore, the decision on the future of the Captain Cook Birthplace Museum will be deferred until 30 September 2024 to provide time for other alternative options to be explored. A decision will be taken by the Executive and will be subject to further consultation as required. As a result, the savings proposal is amended:</p> <p><u>Review and implementation of alternative operating models for Capitan Cook Birthplace Museum.</u></p> <p>This will be achieved following a review of options including an alternative 3rd party provider, changes in operations to reduce operating costs (utilising volunteers, or improved building management i.e. insulation) and increase income by changing the offer to attract more visitors or withdrawal from the site and investing in offer at the Dorman Museum</p>
FIN08: Reduction in Voluntary and Community Sector grants	<p><u>Reduction in the allocation of resource for voluntary and community sector grants from the local authority.</u></p> <p>Following consultation feedback from the Overview and Scrutiny Board (OSB) the savings proposal 'FIN08 Reduction in Voluntary and Community Sector grants' has been amended. The proposed savings will still include ceasing the small grants programme saving £0.127m in 24/25, but following the OSB proposal, a provision for one-off grants for residents and small community groups will be incorporated in a merged Community Chest and Development Grants budget for which criteria will be reviewed and revised. These two merged budgets will, as previously proposed, see a 20% reduction in 24/25 a saving of £0.011m, leaving £0.042m. Support will be offered to enable organisations to access external grant funding opportunities, and a business case to access some Better Care Fund monies to support grants for vulnerable people in the communities will be developed.</p> <p>As the core grants are under a contractual service level agreement the 20%, or £0.028m saving, on this part of the budget will be deferred to 25/26 to allow for revised negotiations and service level agreements to be developed following the final year of a 3-year agreement.</p>

4.3. Following consultation, **the following proposal was withdrawn:**

- Introduction of a car parking charge at Stewart Park following consideration of feedback from across the whole town.

ECS09 Car Parking Charge at Stewart Park	Introduction of a £2 daily car parking charge at Stewart Park. This will require the introduction of a resident parking scheme in nearby streets.
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4.4. Below is a summary of the considerations and rationale for those proposals where there was a higher negative response than positive response from the public, excluding those amended or withdrawn and the proposals on Council Tax increase are listed below:

Proposal	Rationale
ECS08: Resident Parking Scheme	These schemes relate to a small part of the town that requires additional Council action to support resident parking and enforce compliance with it in order to ensure residents are able to park near their home and other car users are diverted to more appropriate locations. That activity and enforcement comes at a cost. The proposed charge contributes towards the cost of administration and enforcement, many other councils already have such a charge, and many have a higher charge. By also attaching a charge we aim to limit the amount of passes that are misused by non residents to utilise parking closest to the town centre. An element of the proposal is that the current £10 for care professionals visiting the area, payable by their employer, is not amended.
ECS01: Fortnightly residual waste collections	<p>The proposal will bring practice into line with most other councils and will support efforts to also improve recycling rates. The Waste Service has experienced significant budget pressures in 2023/24, (£1.0m Quarter 3 forecast Outturn), this is primarily due to a combination of household behaviour with regards to recycling and the cost of disposal. The cost of disposing of recycled waste (average disposal rate is £53.01 per tonne) is much lower than the cost of residual waste (disposal rate is £72.56 per tonne). Further, it is important to note that there is a significant cost to disposing of waste incorrectly. Residual waste that is put in the recycling bin causes contamination to the recycled waste stream and is rejected by waste operators and diverted to the residual waste stream for which the Council has to pay to process twice (average residual waste disposal rate of £173.78 per tonne). Based upon 2021/22 available comparative data, Middlesbrough has one of the lowest recycling rates of all single tier authorities at 29.8% compared to a mean of 42.3% for English Unitaries. Whilst the amount of residual waste is higher than most single tier authorities at 701kg per household compared to 554kg</p> <p>The implementation of this proposal will go alongside significant communication and education plan to ensure residents are supported in their move to the new system. Based on the experiences of other authorities, it is not expected that this proposal will result in a significant increase on fly-tipping.</p>

The proposed implementation plan includes adjustments for those who require a larger waste bin, families of 3 or more will be able to request a 240 Ltr wheel bin. Following a proposal from back-bench councillors, families of 2 will be able to purchase an additional 140 Ltr wheel bin, the cost will be a one off fee of £40.

The Council will continue to provide assisted bin collections for those who meet the thresholds for that support, and areas with communal bins or residents who are only served by black sack collection as they are not accessible for wheelie bins, will continue on weekly collections. When comparing to neighbouring authorities this proposal brings us in line with residual waste collection proposals.

<b>RESIDUAL</b>	<b>Middlesbrough</b>	<b>Darlington</b>	<b>Durham</b>	<b>Hartlepool</b>
<b>Bin Size (litres)</b>	140 & 240 (3 or more in family)	240 & 360 (5 or more in family)	140, 180, 240	240
<b>Collection Frequency</b>	Fortnightly	Fortnightly	Fortnightly	Fortnightly
<b>Maximum Number of Bins</b>	1 x 240 or 1 x 140 or 2 x 140	1	Information Not available	1
<b>RESIDUAL</b>	<b>NYCC (Stokesley)</b>	<b>Redcar &amp; Cleveland</b>	<b>Stockton</b>	
<b>Bin Size (litres)</b>	Multiple depending on area	240 & 360 (5 or more in family)	240 & 360	
<b>Collection Frequency</b>	Fortnightly	Fortnightly	Weekly	
<b>Maximum Number of Bins</b>	1	1	1	

ECS02: Green Waste charges

This is a discretionary service which many councils already charge for and only benefits households in those parts of the town who have gardens. It will be optional, with an opt in process, and the new green bins will only be supplied and charged for as when requested. Free disposal will continue to be available to those who wish to use the Household Waste and Recycling Centre. This proposal is an enhanced service than current, and collections will run from first week of April until end of November on a fortnightly basis. The proposal is in line with green waste services compared to neighbouring authorities.

<b>Green Waste Comparative</b>	<b>Middlesbrough</b>	<b>Darlington</b>	<b>Durham</b>	<b>Hartlepool</b>	<b>NYCC (Stokesley)</b>	<b>Redcar &amp; Cleveland</b>
Price	<b>£40.00</b>	£39.00	£38.00	£32.00	£43.50	£40.00
Bin Size (litres)	<b>240</b>	240	240	240	240	240
Collection Frequency	<b>Fortnightly</b>	Fortnightly	Fortnightly	Monthly	Fortnightly	Fortnightly

ECS04: Charges for bins	Charges will be introduced in 2025/26 with the indicative fees below, enabling the Council to put other measures in place first in response to concerns about potential bin theft and to allow the roll out of the new bins associated for some households with green waste and/or fortnightly refuse collections. The Council will continue to replace bins at no cost where they have been damaged by Council operatives.				
	<b>RESIDUAL</b>	<b>Middlesbrough</b>	<b>Darlington</b>	<b>Durham</b>	<b>Hartlepool</b>
	<b>Bin Charges</b>	Replacement £ 16.75 <b>Proposal from 2025/25</b> Replacement Bin Charges: 140 Ltr £20.45, 240 Ltr £23.50, 240 Ltr Green £37.50 Extra Bin 140 Ltr £40	Replacement - £ 23.90 240 £ 60.60 360	£ 25 replacement or new property £ 55	Replacement £ 45 240 and £ 64.00 360
<b>RESIDUAL</b>	<b>NYCC (Stokesley)</b>	<b>Redcar &amp; Cleveland</b>	<b>Stockton</b>		
<b>Bin Charges</b>	Information not available	£ 30 240 £ 45 360	£ 25 240 & £ 35 360		

4.5. To summarise, following the budget consultation and further review, the changes made to the budget savings previously proposed in December 2023 report are outlined in the table below:

<b>Savings Proposals 2024/25</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>December 2023 Proposals</b>	<b>(14.038)</b>	<b>(5.083)</b>	<b>(1.967)</b>	<b>(21.088)</b>
ECS09 - Car Parking Charge at Stewart Park	0.000	0.060	0.000	0.060
REG03 - Capitan Cook Birthplace Museum.	0.100	(0.100)	0.000	0.000
FIN08 - Reduction in the allocation of resource for voluntary and community sector grants from the local authority.	0.028	(0.028)	0.000	0.000
LGS07 - Review of Subscription spend	0.006	0.000	0.000	0.000
LGS08 - Reduction in Member Allowances	(0.006)	0.000	0.000	0.000
<b>Revised Savings Proposals 2024-25</b>	<b>(13.910)</b>	<b>(5.151)</b>	<b>(1.967)</b>	<b>(21.028)</b>



## Overall Budget Impact Assessment 2024/25

<b>Subject of assessment:</b>	Middlesbrough Council Budget 2024/5			
<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 2024/25 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>Those savings identified in the report for consultation with the public because they were considered to potentially affect front line service delivery levels. These initiatives will form part of the 2024/2025 revenue budget and were subject to the impact assessment process and consultation prior to consideration by Full Council as part of the 2024/2025 revenue budget setting process.</li> </ul>			

The following proposal was removed from following public consultation

- Introduction of charging for car parking at Stewart Park.

The following proposals were amended following the consultation process:

- Concentration of the town's museum offer in the Dorman Museum and withdrawal from the Captain Cook Birthplace Museum
- Reduction In Voluntary and Community Sector grants.

The following proposals were moved to an in year decision, following further development and/or consultation:

- Re-provision use of Levick Court
- Fairer charging / fair cost of care

A general consultation email address was launched along with a consultation section on the Council's website, social media promotion and in-person events led by the Mayor. This resulted in 1171 responses to the survey, 50 emails to the email address, around 90 people attended consultation events, 36,525 saw the social media posts. Some proposals were supported by additional, targeted consultation where appropriate.

**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></p> <p>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></p> <p>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></p> <p>To present a budget to Council that has given full consideration to the impact of proposals and gives proper consideration to the Council's equality duties.</p>
<b>Live date:</b>	April 2024 onwards
<b>Lifespan:</b>	April 2024 – March 2025
<b>Date of next review:</b>	March 2025

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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Feedback on the impact assessments completed for the Budget Consultation identified 16 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>• FIN08 Reduction in grants to the Voluntary and Community Sector</li> <li>• ENV03 Junk Jobs</li> </ul> <p>Detail set out below:</p> <p><b>Reduction in grants</b> - Within the stage 1 impact assessment, it was identified that the proposals would have a potential disproportionate adverse impact on all the relevant protected characteristics because of the nature of the proposal which is to reduce financial support to community and more formally constituted groups who generally are seeking funding in order to have a positive impact on their area, geographic community or a community of interest.</p>

Assessment issue	Impacts identified					Rationale and supporting evidence
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
						<p>Examples of funding given in the past to support these groups and organisations can be mapped to nearly all the protected characteristics and given the nature of the funding the removal of it could potentially impact negatively on all the groups. In line with the PSED, a stage 2 assessment was completed to assess whether it can be justified, following completion of the Stage 1 impact assessment which concluded that it could not be avoided or fully mitigated due to the serious nature of the financial difficulties the Council is facing which has resulted in the Council having to apply for Exceptional Financial Support from government. Given this it was concluded that the impact would be justified.</p> <p><b>Junk jobs</b> - Within the stage 1 impact assessment, it was identified that the proposals would have a disproportionate adverse impact on disability and age protected characteristics. Although there are some mitigations possible by signposting to charities who could assist, it is not possible to wholly avoid this impact within the current proposal. Consideration was given to whether this impact could be fully mitigated, however it cannot be fully mitigated without retaining free services for some which would result in non-achievement of the savings target / increased revenue target that would be set for the service. In line with the PSED, consideration was then given as to whether this impact can be justified. It was felt that given the size of the savings required in order to maintain a financially sustainable council and the partial mitigation that has been put in place, that the impact was justified.</p>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Impact Assessments (stage one and two) attached to the report identified that one proposal was potentially relevant to all the protected characteristic and that there could be a disproportionate adverse impact on individuals or groups because of one or more of any of the protected characteristics following completion of stage 2 impact assessment because of the nature of the support accessed through these grants:</p> <ul style="list-style-type: none"> <li>FIN08 Reduction in grants to the Voluntary and Community Sector</li> </ul>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<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		
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Examples of funding given in the past to support these groups and organisations can be mapped to nearly all the protected characteristics and given the nature of the funding the removal of it could potentially impact negatively on all the groups. In line with the PSED, a stage 2 assessment was completed to assess whether it can be justified, following completion of the Stage 1 impact assessment which concluded that it could not be avoided or fully mitigated due to the serious nature of the financial difficulties the Council is facing which has resulted in the Council having to apply for Exceptional Financial Support from government. Given this it was concluded that the impact would be justified.
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Community cohesion</b>						
Individual communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	One out of the 17 impact assessments that were completed as part of the budget consultation process identified concerns in relation to the potential impacts the proposal to reduce grant support to the Voluntary and Community Service could have 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"/>	The stage 1 impact assessment identified concerns on potential impacts on communities as a result of reduced capacity to support geographic communities and communities of interest. As with the above assessment, this stage 2 assessment has been completed to assess whether it can be justified, following completion of the Stage 1 impact assessment which concluded that it could not be avoided or fully mitigated due to the serious nature of the financial difficulties the Council is facing which has resulted in the Council having to apply for Exceptional Financial Support from government. Given this it is concluded that the impact was justified.

Further actions		Lead	Deadline
<b>Mitigating actions</b>	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 2024/25	Chief Executive	May 2024

<b>Assessment completed by:</b>	Ann-Marie Johnstone	<b>Head of Service:</b>	n/a
<b>Date:</b>	9 February 2024	<b>Date:</b>	n/a

## Annex

1	Budget Consultation Impact Assessment Level 1
2	Budget Consultation Impact Assessment Level 2

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## Appendix 3 – Annex 1 Level 1 Impact Assessment

<b>Subject of assessment:</b>	ASC01 Accommodation and support review			
<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 checked="" 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><b>Key aims, objectives and activities</b></p> <p>To review provision to consider an alternative source of funding which can be used to fund the support costs to a number of sheltered housing provisions. This work will identify eligible sources of funding, which will mitigate the impact to residents and the services being provided, there will be no financial impact on residents in 2024/25. Phase 2 of this work will include completing a review with the registered social provider for the larger schemes, concerning the historical funding arrangements of support into a number of sheltered housing schemes. This work will consider alternative funding opportunities, with a decision to be taken in 24/25 concerning the future funding arrangements for these schemes should alternative funding sources not be identified.</p> <p><b>Statutory drivers</b></p> <p>Middlesbrough Council has no statutory duty to provide housing related support with sheltered accommodation services. However the following statutory duties are relevant in relation to care:</p> <ul style="list-style-type: none"> <li>- Care Act 2014</li> <li>- Housing Benefit Regulations 2006</li> <li>- Chronically Sick and Disabled Persons Act 1970 Section 2 – provision of support and arrangements to meet identified needs</li> <li>- Section 49 Care Standards Act 2000</li> <li>- Sections 22 and 29 of the National Assistance Act 1948</li> </ul> <p><b>Differences from any previous approach</b></p> <p>Previously the provision was funded via the Supporting People Grant, when this grant ended in 2009, it was agreed to continue funding housing related support in older persons sheltered services from the Social Care budget. Many other Local Authorities ceased funding the support element of sheltered housing in its entirety when the Supporting People Grant ended in 2009. The proposal is that people will continue to be supported to access appropriate accommodation, however it will be through alternative funding streams, rather than the Council's core budget.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b></p> <p>Service Users, Families, Carers and Sheltered Accommodation providers.</p> <p><b>Intended outcomes</b></p> <p>That those who require services and meet needs thresholds continue to receive them but that alternative sources of funding are used to deliver the provision.</p>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	Not Applicable			
<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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This proposal does not impact negatively on individual Human Rights and subsequent protocols.  Evidence used to inform this assessment includes engagement to date, feedback from the budget consultation and analysis of the likely impact from the proposal.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The 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: <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> The proposal is potentially relevant to the age and disability protected characteristics. The nature of the actions set out in the proposal are to reconfigure the funding source of these sheltered housing services, providing continuity to the existing tenants. Existing service users should see no change to their service as the saving will be made by reconfiguring the funding stream.  Evidence used to inform this assessment is that by remodelling the current offer we are able to retain some non statutory, low level prevention support services for the older population of Middlesbrough, however the proposed change is in relation to reconfiguring the funding source. Evidence used to complete this assessment also included analysis of the budget consultation proposal which found that 511 were in favour of the proposal and 143 against. Analysis of the free text comments did not identify any unforeseen potential impacts on one or more of the protected characteristics. There were some concerns about risks to vulnerable people expressed, however there will be no changes to the service delivery model, just the funding sources. Those in receipt of services will continue to be appropriately safeguarded.
<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"/>	There are no concerns that the proposal could impact adversely on community cohesion. The schemes will continue to provide support to the tenants via an Intensive Housing Management service, funded via Housing Benefit claims. Evidence used to inform this assessment included analysis of the budget consultation proposal and the detail of the proposal which has been designed to minimise impacts
<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.				

\* 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>Assessment completed by:</b>	Heather Weir	<b>Head of Service:</b>	Louise Grabham
<b>Date:</b>	22/1/2024	<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	<b>ASC11 Re-provision use of Levick Court</b>			
<b>Coverage:</b>	This initiative is to provide alternative residential care for the current service users and seek opportunities to maximise the utilisation of the property working with partner organisations.			
<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"/>

Description:	<p><b><u>Aim:</u></b> To establish a new respite model for Middlesbrough Council Adult Social Care at Levick Court.</p> <p><b><u>Objective:</u></b></p> <ul style="list-style-type: none"> <li>• To remodel respite provision for adult services.</li> <li>• To maximise use of Levick Court.</li> <li>• To explore relocating our permanent residents of Levick Court into alternative accommodation.</li> <li>• Engage with potential partners around the use of Respite within Levick Court.</li> </ul> <p><b><u>Statutory Drivers</u></b> Carers are entitled to have their needs assessed including the need for respite care however there is no statutory duty for a local authority to provide this service. However there a number of statutory requirements placed upon the Council to meet identified needs. The provision of Respite contributes towards compliance with those duties. Decisions around the future of the service would also be relevant to the Disability Discrimination Act and the Equality Act 2010.</p> <p><b><u>Differences from any previous approach</u></b></p> <p><b><u>Previous approach:</u></b> 22 Levick Court is a residential and respite unit for adults with learning disabilities between the ages of 18 and 65 years and comprises of 8 residential and 8 respite beds. Demand for the respite service has diminished in recent years and the unit functions on around 50% occupancy, although Continuing Health Care (CHC) funding for some service users did supplement some of the vacant beds due to the nature of that funding. Future demand for respite care remains unclear.</p> <p><b><u>The proposal is that:</u></b> The council will seek an alternative agency to locate services on the site and convert their residential into a respite unit. A working group had been set up to explore this proposal in more detail.</p>
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	<p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b></p> <ul style="list-style-type: none"> <li>▪ Service Users and their families and/or carers – There are currently 8 service users who permanently reside at Levick Court.</li> <li>▪ A review of staff will need to be undertaken which will be determined once the requirements of the service has been remodelled.</li> </ul> <p><b><u>Intended outcomes</u></b></p> <ul style="list-style-type: none"> <li>• To establish better use of Levick Court and respite provision.</li> <li>• To find suitable alternative accommodation for residents who currently reside at Levick Court council building.</li> </ul>
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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?	☒	☐	☐	<p>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 therefore none of the absolute or qualified rights will be infringed by these proposals.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process to date which found that 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>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council 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><b>Service users</b> – There are currently 7 individuals with learning difficulties who permanently reside at Levick Court. The review could impact on the 'disability' characteristic should the final proposal be to relocate these residents to alternative accommodations (care homes). At this stage the impact on the group is uncertain as it is subject to consultation with service users and their advocates as the detail of the final proposal is still to be developed.</p> <p>The aim and decision to re-model the service will be to enable development of an underused resource facility to support our respite provision.</p> <p>Staff – A review of the staffing will be undertaken once the service requirements have been determined. Discussions will be held with all of the staff concerned and a review process will be undertaken which will be supported by a range of HR policies to ensure there is no disproportional adverse impact on staff as a result of their holding a protected characteristic.</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>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process to date. Further consultation with individuals will be required once finalised proposals and proposals around possible relocation have been developed. 515 people who responded to the public consultation undertaken as part of the budget setting process were in favour and 143 were against.</p> <p>Further consultation will be undertaken with service users and families affected by the proposal once the detail of the proposal is finalised. Following this consultation, a stage 2 impact assessment will be completed and an in-year decision taken around the proposal.</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>	☒	☐	☐	<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 analysis of the proposal, mitigations and feedback from the consultation process to date. Further consultation with individuals will be required once finalised proposals and proposals around possible relocation have been developed. 515 people who responded to the public consultation undertaken as part of the budget setting process were in favour and 143 were against. Further consultation will be undertaken with service users affected by the proposal once the detail of the proposal is finalised. Following this consultation, a stage 2 impact assessment will be completed and an in-year decision taken around the proposal.</p>
<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>	Suzanne Hodge	<b>Head of Service:</b>	Suzanne Hodge
<b>Date:</b>	22/1/2024	<b>Date:</b>	22/1/2024

<b>Subject of assessment:</b>	ASC09 Review of Independent Living Schemes			
<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 checked="" 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><b>Key aims, objectives and activities</b></p> <p>A review of our Independent Supported Living schemes in partnership with our providers to maximise the use of digital technology to promote the independence of the tenants within these services, and to complete a full review of the costs associated with the schemes, including consideration of further opportunities for shared care. The review will re-model the funding and contracting arrangements relating to the provision of support to Independent Living schemes, primarily across the primary client group of learning Disability and mental health.</p> <p><b>Statutory drivers</b></p> <p>Middlesbrough Council has a statutory duty to ensure services deliver value for money. The following statutory duties are relevant in relation to care, this list is not exhaustive:</p> <ul style="list-style-type: none"> <li>- Care Act 2014</li> <li>- Housing Benefit Regulations 2006</li> <li>- Chronically Sick and Disabled Persons Act 1970 Section 2 – provision of support and arrangements to meet identified needs</li> <li>- Section 49 Care Standards Act 2000</li> <li>- Sections 22 and 29 of the National Assistance Act 1948</li> </ul> <p><b>Differences from any previous approach</b></p> <p>Historically Middlesbrough Council maximised the opportunities from the Independent Living fund and set up a number of schemes in which shared care was considered and tenants shared communal facilities. Goal orientated reviews were not undertaken, and care was delivered year on year with no account taken for independence and promotion of independent living skills. In addition, technology enabled care has not been fully explored within these schemes. This would be addressed in revised service delivery models.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b></p> <p>Service Users, Families, supported accommodation providers.</p> <p><b>Intended outcomes.</b></p> <ol style="list-style-type: none"> <li>a) Review cost base for all providers through the completion of an equivalent fair cost for care exercise for support to independent living schemes</li> <li>b) Review void levels and agree a strategy for the future delivery of schemes – taking into account requests for more self-contained accommodation</li> <li>c) Ensure client reviews are goal orientated to maximise independence to improve outcomes for clients and increase independence</li> <li>d) Consider the opportunities that technology enabled care can deliver.</li> </ol>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	Not Applicable			
<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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This proposal does not impact negatively on individual Human Rights and subsequent protocols. Adult social care has a statutory duty to meet an individual's needs and this project will not impact upon delivery of services to meet assessed need.
<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>d) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>e) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>f) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul> <p>The proposal is potentially relevant to the age and disability protected characteristics. The nature of the actions set out in the proposal are to assess the unit costs of the delivery of support services to Independent Supported living schemes, and to consider the use of technology in the delivery of services. Services users will continue to meet required services to meet their assessed need. The proposal would increase the performance focus of the model on increasing the independence of those being supported, as such it should lead to improved outcomes for individuals and potential reduced costs, where increased independence as a result of improved focus means that care packages can be safely amended to reflect a reduced need for support. Where it is not possible to use technology because service users are unable to use it, it will not be used.</p> <p>Evidence used to inform this assessment includes analysis of the budget consultation which found that 543 were in favour of the proposal compared to 143 against and analysis of the free text comments which did not identify any new areas of concern in relation to potential adverse impacts on one or more of the protected characteristics under the Equality Act.</p>
<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"/>	There are no concerns that the proposal could impact adversely on community cohesion. The schemes will continue to provide support to the tenants to meet their needs.

\* 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>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>	Louise Grabham	<b>Head of Service:</b>	Louise Grabham
<b>Date:</b>	24/01/2024	<b>Date:</b>	24/01/2024

<b>Subject of assessment:</b>	ASC10 Expand Autism Day Care through relocation to Cumberland Resource Centre			
<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>	<p style="text-align: center;"><b><u>Key aims, objectives and activities</u></b></p> <p><b>Aim</b> - To relocate the Middlesbrough Adult Autism Day care service from Sandringham to Unit 2 at Cumberland Resource Centre. Current activity from Cumberland will relocate to North Ormesby Resource Centre resulting in staff savings, £0.080m and a potential to generate additional income £0.050m</p> <p><b>Objectives;</b></p> <ol style="list-style-type: none"> <li>1. To relocate the service to Unit 2 at Cumberland Resource Centre</li> <li>2. To assess the impact of service change upon the existing Autism Day Care service based at Sandringham moving to Cumberland Resource Centre</li> <li>3. To develop and expand a Middlesbrough Adult Day care model for autism services.</li> </ol> <p><b><u>Statutory drivers</u></b></p> <p>There is no statutory duty to provide an Autism Day Service for Adults. There is however a statutory duty to assess people's needs, under the <b>Care Act 2014</b>. This service forms one of the ways in which those identified needs are met. The <b>Autism Act 2009</b> also says that there has to be a government strategy for improving services for autistic adults, underpinned by legally binding guidance to councils. Decisions around the future of the service would also be relevant to the Disability Discrimination Act 1995 and the <b>Equality Act 2010</b>. The Equality Act requires that the needs of people with a disability are considered and that steps should be taken to take these into account. As this proposal relates to a service whose primary focus is on service users who have autistic needs, then this provision is particularly relevant to this proposal.</p>			
<b>Description continued</b>	<p><b><u>Differences from any previous approach</u></b></p> <p>Middlesbrough Council provides a Community Inclusion Service Autism Day Care service that was previously based at Sandringham House but has now moved to Unit 2 Cumberland Resource Centre, Linthorpe. The autism day care service is part of an inclusion service that also provides other satellite outreach services in the Middlesbrough Community for Adults with Learning Disabilities. The service provides support, learning and development services for adults over a Monday to Friday 9.00am-4.30pm period.</p> <p>The service has relocated the Autism service for adults to a different resource.</p> <ol style="list-style-type: none"> <li>i) Within a resource provision that can provide services that are the same, varied and are able to continue to meet people's needs.</li> <li>ii) The service will continue to access the local community for supportive social, learning and development at other community hubs in the South Tees area.</li> <li>iii) The new resource will aim to continue to provide varied professional services to adults, and their carers around a varied and flexible timescale.</li> <li>iv) Continue to maintain liaisons with partner agencies and expand the programme of activities with local partners.</li> </ol> <p>In terms of additional considerations such as transport the only change has been a change of route. Most individuals make their own way into services. There is likely to be no or minimal impact around any additional cost for individuals as any change will be accommodated in their assessed allowance.</p> <p>The outcomes relating to relocating the group from Sandringham to Unit 2, Cumberland Resource Centre (CRC) will also allow for expansion of the service within CRC and generate increased income.</p> <p><b><u>Key stakeholders and intended beneficiaries (internal and external as appropriate)</u></b></p> <ul style="list-style-type: none"> <li>• Service users – There are currently 20 service users on the register, with 4 in transition for 2024. A maximum of between 14 -18 places per day over 5 days within Unit, which could be increased to between 18-22</li> <li>• Service user families and carers from a neighbouring local authority (Redcar &amp; Cleveland) have 3 individuals placed at Sandringham.</li> <li>• There are 6 staff members who have transferred with the service, none are affected by the proposal.</li> <li>• 1:1 care support provided through various independent care agencies.</li> </ul> <p><b><u>Intended outcomes.</u></b></p> <ul style="list-style-type: none"> <li>• To continue to provide a community /day care service provision for Adults with Autism, albeit at a different location.</li> </ul>			

	<ul style="list-style-type: none"> <li>To eventually expand and broaden the scope of the service provision within the whole of Cumberland Resource Centre including in line with central government directives around creating All Age provision.</li> <li>To ensure that the current users accessing the Autism Day care service provision are not disadvantaged by the relocation.</li> </ul>
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<b>Live date:</b>	March 2024 onwards
<b>Lifespan:</b>	Not applicable.
<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? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the absolute or qualified rights will be infringed by these proposals.  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.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups? *	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> </ul>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<ul style="list-style-type: none"> <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>The proposal is particularly relevant to the disability protected characteristic.</p> <p><b>Service users</b> – There is a register of 20 people, on average, between 14 people (Monday to Friday) access the Autism Day care service at Unit 2, Cumberland daily. The service users age range is from 18 +. We have 4 people in transition for 2024/25 hence numbers would rise to 24.</p> <p>Individuals live in a variety of locations around Middlesbrough, with 3 individuals accessing from another local authority (Redcar &amp; Cleveland). In terms of current travel arrangements individuals either use Council transport, taxis' their own transport, public transport or walk to the various community satellite venues.</p> <p>There may be some increased costs pending relocation for those individuals who use taxis or their own transport. For those new transport users, ability to pay will in future be considered as part of the Care Act 2014 assessment criteria to ensure appropriate charging was undertaken. The relocation of the service provision will be expected to be delivered to the same standards.</p> <p><b>Staff</b> – 6 staff work with the Autism Satellite group. Discussions have been held with all of the staff around relocating to another venue. There is no risk to individual jobs hence the process of relocation will not need to be supported by a range of HR policies as there is no disproportional adverse impact on staff as a result of their holding a protected characteristic.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. Additional consultation has also been undertaken with service users affected. 604 respondents supported the proposal with only 105 objecting to it. Analysis of the free text results did not identify any previously unconsidered areas of concern.</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>No direct impact on community relationships is envisaged.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns that the consultation could result in an adverse impact on community cohesion.</p>
<b>Assessment completed by:</b>	Graham Clarke, Business Manager, Community Services		<b>Head of Service:</b>	Suzanne Hodge – Head of Access, Prevention and Provider Services
<b>Date</b>	22/1/2024		<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	ASC07 Fairer Charging / Fair Cost of Care			
<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 checked="" 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>	Revision
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	Local
<b>Description:</b>	<p><b>Insert short description, using the following as sub-headings:</b></p> <ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To ensure clients charges reflect the cost of care charged by revising costs in line with costs of delivery.</li> <li>• <b>Statutory drivers (set out exact reference)</b> The Care and Support (Charging and Assessment Of Resources) Regulations 2014.</li> <li>• <b>Differences from any previous approach</b> The revised policy would result in an annual cost review cycle being applied to ensure service delivery charges rise in line with costs.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Adult social care clients are key stakeholders – those who are at their cap for charges will not be impacted. Those who pay for their services will have future service costs assessed annually against inflation costs</li> <li>• <b>Intended outcomes.</b> To ensure chargeable services costs are reviewed annually to reflect increases or decreases in the cost of their delivery.</li> </ul>			
<b>Live date:</b>	April 2024			
<b>Lifespan:</b>	From April 2024 onwards			
<b>Date of next review:</b>	Fairer Charging policy next review date is			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<b>Human Rights</b> Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The process within the 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.
<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 checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council 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>The proposal is identified as being potentially relevant to the age and disability protected characteristics. Those clients who are already assessed as paying the maximum charge will be unaffected by the proposal, as will those who do not meet the threshold for financial contributions. The policy continues to encompass these two groups with no change. Those who are eligible to pay for services would see the cost of their care reviewed annually to ensure that charges reflect the costs of delivery.</p> <p>The proposal will see the policy amended to also ensure any shortfalls between cost and delivery are met by the client, where they are eligible to pay for services. For example the council currently charges £17:72 to the client. The cost to the Council is actually £20.00, the shortfall of £2:28 is currently left for the Council to fulfil. The proposed change in the policy will enforce the shortfall which will fall to the service user.</p> <p>Evidence used to inform this assessment includes feedback from both the budget consultation and the additional consultation undertaken by the service, analysis of that feedback and the free text comments. The feedback from the budget consultation was that 554 were in favour of the proposal, compared to 205 who were against. Analysis of the free text comments did not identify any new issues for consideration in relation to one or more of the protected characteristics which have not already been articulated in this impact assessment. Analysis of respondents to the budget showed that those who declared they had a disability were more likely to disagree with the proposals than those who did not. 12% of respondents to the consultation declared they had a disability.</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?*	☒	☐	☐	No this relates to clients receiving adult social care services and is linked to the application of relevant legislation.
<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>	Louise Grabham	<b>Head of Service / Director:</b>	Erik Scollay
<b>Date:</b>	24/1/2024	<b>Date:</b>	25/1/2024



<b>Subject of assessment:</b>	ASC13 Review of Direct Payments			
<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 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>	<p><b><u>Key aims, objectives and activities</u></b> A robust review of policy and application of Direct Payments within Adult Social Care to ensure the facility to support service users via Direct Payments is fully utilised to enable clients to live independently according to their needs and wishes via a strengths-based approach.</p> <p><b><u>Statutory drivers</u></b> Direct Payments are monetary payments made to individuals who request to receive monies directly so that they can employ a carer / service provider of their choice to meet some or all of their eligible care or support needs. The legislative context for Direct Payments is set out in the Care Act 2014, Section 117 (2C) of the Mental Health Act 1983 and the Care and Support (Direct Payments) Regulations 2014. Direct Payments have been used in Adult Social Care since the mid-1990s and whilst they are the Government's preferred choice for personalised care and support, they cannot be the default option as the individual or their representative must agree. They provide independence, choice and control by enabling people to commission their own care and support in order to meet their eligible needs.</p> <p><b><u>Differences from any previous approach</u></b> There was a review of Direct Payments policy and procedures in 2021 by Adult Social Care. We are looking to continue this approach, whilst ensuring that current policy and procedure remain fit-for-purpose. As a result, no planned changes to the policy are recommended at this stage, however there will be an ongoing review of payments made to ensure the payments are being appropriately used.</p> <p><b><u>Key Stakeholders &amp; Intended Beneficiaries.</u></b> Those currently in receipt of payments, potential future recipients, families and carers.</p> <p><b><u>Intended Outcomes.</u></b> We are seeking to ensure that current policy and procedures remain fit-for-purpose and to ensure that they are utilised effectively and any unspent monies are re-claimed in a timely manner.</p>			
<b>Live date:</b>	April 2024.			
<b>Lifespan:</b>	Ongoing.			
<b>Date of next review:</b>	To be reviewed bi-annually.			

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>Direct Payments are a mechanism to give those eligible for care and support greater choice and control over how their eligible needs are met. This is the Government's preferred method for provision of care and support but cannot be a default option and would not impact negatively upon individual Human Rights.</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>

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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 Council 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>Direct Payments provide personalised support, co-produced with those who have eligible needs. This mechanism increases choice and control for vulnerable clients and would not impact adversely upon individuals or groups with protected characteristics. The proposal is potentially relevant to the age and disability protected characteristics because of the nature of it. There are no anticipated adverse impacts as there is no identified policy change required. The saving will be achieved by increased compliance checks to ensure spending of direct budgets is in line with policy.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 651 people were in favour of the proposal and 51 were against it. Analysis of the free text responses to the consultation has not identified any previously unconsidered potential concerns around impact on one or more of the protected characteristics.</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>	☒	☐	☐	<p>A review of current Direct Payment policy and procedures would not impact negatively upon different groups, neighbourhoods or communities within the town. Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 651 people were in favour of the proposal and 51 were against it. Analysis of the free text responses to the consultation has not identified any previously unconsidered potential concerns around 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>	Lynn Beevers	<b>Head of Service:</b>	S E Disbury
<b>Date:</b>	22.1.24	<b>Date:</b>	22/1/24

<b>Subject of assessment:</b>	ASC14 Court of Protection Service Charges			
<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 checked="" 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 checked="" type="checkbox"/>	<b>Revision of an existing approach:</b>	<input type="checkbox"/>
<b>It is driven by:</b>	<b>Legislation:</b>	<input checked="" type="checkbox"/>	<b>Local or corporate requirements:</b>	<input type="checkbox"/>
<b>Description:</b>	<p><b><u>Key aims, objectives and activities</u></b></p> <p>To recoup costs in relation to management of court of protection cases where the council is appointed as a deputy in order to address a waiting list for this support and manage costs of service delivery.</p> <p><b><u>Statutory drivers</u></b></p> <p>The CoP3 form (Court of Protection assessment of capacity form) is used to submit an expert opinion about someone's mental capacity as part of an application to the Court of Protection for a Deputyship Order under the <b>Mental Capacity Act 2005</b>.</p> <p><b><u>Difference From Previous Approach.</u></b></p> <p>The council would start to charge the annual management fee in relation to this activity.</p> <p><b><u>Key Stakeholders &amp; Intended Beneficiaries.</u></b></p> <p>Key stakeholders would be our clients and their families, those waiting for support, the courts.</p> <p><b><u>Intended Outcomes.</u></b></p> <p>To improve support for those who require a deputy to manage their affairs and increase income to the Council to meet the cost of this service.</p>			
<b>Live date:</b>	April 2024 onwards			
<b>Lifespan:</b>	Ongoing.			
<b>Date of next review:</b>	To be reviewed bi-annually.			

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 proposed changes would not negatively impact upon the Human Rights of those for whom the Council seeks to apply for Deputyship. Rather, it would enable the Council to act upon recommendations as set out by the Court of Protection in a timely manner, offering a more robust service to our vulnerable clients.</p> <p>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.</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>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council 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>The proposals are relevant to the disability and age protected characteristics. The proposals will enable the Council to support more individuals who require the Council to act as a Deputy for their finances and affairs to be able to access that service. Commencing collection of the management fee will enable the Council to fund additional capacity in order to address a backlog of support requests and maintain the financial costs of delivery going forward. Costs will only be applied to those above the defined financial threshold as set by Government. There are no concerns that this proposal could impact negatively on those who need to access support, it will incur a small cost but that will only apply to those with funds.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 487 people agreed with the proposal compared to 164 who objected. Analysis of the comments in the free text elements did not identify and new areas of concern not already considered and addressed by this impact assessment.</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>	☒	☐	☐	<p>There would be no impact upon community cohesion.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, feedback from the budget consultation. No concerns were identified as a result of this in relation to 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>	Lynn Beevers	<b>Head of Service:</b>	S E Disbury
<b>Date:</b>	28.12.23	<b>Date:</b>	29/12/23



<b>Subject of assessment:</b>	CC07 Special Guardianship Orders / Child Arrangement Orders			
<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 checked="" 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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> Undertake a review of policy and practice, aligning to regulatory requirements and Department of Work and Pensions benefit entitlements to ensure consistency in relation to payments made for Special Guardianship Orders (SGO) and Child Arrangement Orders (CAO) by ensuring that the Local Authority takes into account a residents financial resources, including any tax credits or benefits which would be available to the resident if a child lived with them.</li> <li>• <b>Statutory drivers (set out exact reference)</b> The Special Guardianship Regulations 2005, together with the Special Guardianship (Amendment) Regulations 2016 and the Adoption and Children Act 2002 confirms the income which should be taken into account by a Local Authority when considering making statutory payments of a Special Guardianship Order.</li> <li>• <b>Differences from any previous approach</b> Currently, the Financial assessments for both orders disregard any income received from central government (predominantly Universal Credit) in respect of tax credits which would be available to a resident on application. The revised proposals would take this into account and bring the Council in line with the Government's regulations (SGO Regulations 2005) which requires that the Council, when: (2) 'In determining the amount of financial support, the local authority must take account of any other grant, benefit, allowance or resource which is available to the person in respect of his needs as a result of becoming a special guardian of the child. (3) Subject to paragraphs (4) and (5) the local authority <b>must</b> also take account of the following considerations— (a)the person's financial resources, including any tax credit or benefit, which would be available to him if the child lived with him;'</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Residents who receive a Special Guardianship or Child Arrangement payment through the Council and receive the child element of Tax Credits or Universal Credit will be affected by implementing this change.</li> <li>• <b>Intended outcomes.</b> To align the Councils payments with the Governments Special Guardianship Regulations.</li> </ul>			
<b>Live date:</b>	01.04.24 onwards			
<b>Lifespan:</b>	Not applicable			
<b>Date of next review:</b>	Not applicable			

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>By bringing the SGO awards in line with the Government's regulations, this will ensure consistency for all residents applying for a payment. No individuals will have their Human Rights affected as a result of implementing a consistent way of working.</p> <p>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.</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>	☒	☐	☐	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council 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>The proposal is relevant to all members of the public, if they claim a Special Guardianship or Child Arrangement Order payment. It is potentially relevant to the age and disability protected characteristic because of the nature of the provision.</p> <p>The proposal will ensure all residents have future claims assessed in line with Government guidance to ensure that receipt of other benefits is taken into account when agreeing SGO or CAO payments. This would also apply to those who currently receive the payment. This will mean that in some instances, those residents who have received benefits and payments, will see a reduction in the financial support they receive through SGO or CAO. While the proposal will result in a reduction in financial support to some, the Council is obligated to implement it in order to ensure compliance with Government Regulations on the matter.</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	
				Evidence used to inform this assessment includes analysis of the proposal, analysis of government regulation obligations and feedback from the consultation process. 653 of those who responded to the budget consultation were in favour of the proposal, compared to 100 who were against 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"/>	Analysis of the proposal has identified no concerns in relation to community cohesion, those in receipt of payments will still continue to be able to access financial support in order to support them to care for the children in their care.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the budget consultation.
N/A				

<b>Assessment completed by:</b>	Martin Barker	<b>Head of Service:</b>	Janette Savage
<b>Date:</b>	22.1.24	<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	REG03 Concentrate the town's museum offer in the Dorman Museum (80,437 annual visitors) and withdraw from the Captain Cook Birthplace Museum (5,360 annual visitors).			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To reduce the cost of the Council's Museum Service as part of wider budget savings proposals.</li> <li>• <b>Statutory drivers (set out exact reference)</b> The Council does not have a statutory duty to provide this service.</li> <li>• <b>Differences from any previous approach</b> Currently the Captain Cook Birthplace Museum (CCBM) is open to visitors 6 days a week (Tuesday – Sunday) from April to November each year. Its learning programme for schools operates all year-round during term time. The proposed change is that the CCBM will either be operated by another organisation or closed and integrated into the Dorman Museum offer, with the building used for other purposes.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Visitors - including local residents and visitors from across the UK and overseas, Local school children – who participate in the annual learning programme, Museum staff, Trade Unions, Captain Cook Birthplace Trust, Captain Cook Society, Café tenant – who has an existing lease to operate from the CCBM building, Tees Valley Museums Group – a consortium of 7 Tees Valley Museums and an Arts Council National Portfolio Organisation, of which the CCBM is a member and recipient of funding, Funders – Including Arts Council England and National Lottery Heritage Fund.</li> <li>• <b>Intended outcomes</b> Reducing the cost of the Council's Museum Service through savings made from building costs.</li> </ul>			
<b>Live date:</b>	The Council would not reopen the Museum from 1 April 2024. The proposed staff savings won't be realised until a staff review has been undertaken, other than from any agreed removal of vacant posts in the Museum Service.			
<b>Lifespan:</b>	Ongoing from April 2024 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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Having considered both the service that the CCBM provides and its audience base, there are no concerns that this proposal could have an adverse impact on human rights.
<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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council 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>The proposals are relevant to the age protected characteristics as they would impact on children &amp; young people, who currently benefit from the learning programme delivered at the CCBM. While this would be transferred to Dorman Museum, overall capacity to deliver school programmes would be reduced.</p> <p>Currently the Museum Service has the capacity ability to deliver up to 236 workshop days for schools across its two sites. Last year, circa 3,000 children participated with opportunity for growth in this area up to a maximum capacity of 7,000 children annually. The proposal is expected to reduce this capacity to a maximum of 78 workshops and 2,340 children.</p> <p>Given the above the proposals would have a disproportionate adverse impact on the age protected characteristic which can only be partially mitigated by the transition of the learning programme to the Dorman site.</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>In addition there were some concerns identified in the free text responses to the concern about the accessibility of Dorman Museum. The site is currently being subject to renovation to ensure it is fully accessible. Therefore there are no concerns that moving to this site could have a disproportionate adverse impact on those with a disability in terms of the accessibility of the building.</p> <p>In line with the PSED, a stage two Impact assessment will be undertaken to assess whether the residual adverse impacts on the age protected characteristic can be fully mitigated and if it cannot, whether it can be justified.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, analysis of usage and analysis of feedback from the consultation process. Of those who responded to the survey question on the proposed closure, 390 were in favour of the proposal while 533 disagreed with it. Free text comments raised concerns about impacts on the education offer which have been set out in this impact assessment.</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>	☒	☐	☐	<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 analysis of the proposal, analysis of usage and analysis of feedback from the consultation process.</p>
<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>	Gaye Kirby	<b>Head of Service:</b>	Richard Horniman
<b>Date:</b>	23/1/24	<b>Date:</b>	23/1/24

<b>Subject of assessment:</b>	ECS 01 Fortnightly collection residual waste.			
<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>	<ul style="list-style-type: none"> <li> <b>Key aims, objectives and activities</b>            As in line with most Councils, the proposal is that the Council will introduce the fortnightly collection of residual waste. This will assist in the Council's efforts to increase recycling. The impact will be a reduction in the number of full time Residual Waste Operatives from 41 to 29 and savings on fuel and equipment. This will include the offering of bigger 240ltrs bins to those with families with 3 or more and moving, where possible, those areas on black bags to wheeled bins. Areas that have communal bins collections will remain on weekly collection. Those who have medical needs or larger families will have their needs assessed and larger or additional bins will be offered. In order to improve the level of recycling, increased waste education and communication will take place to ensure people understand which waste should be put in which bin and encourage residents to do so. To change the residential refuse collections from the current weekly cycle to that of fortnightly. This will lead to a reduced service cost base and subsequently contribute a financial saving to the Council of circa £350K. The financial saving is a key component in achieving Middlesbrough Council's future saving targets in 2024/25.         </li> <li> <b>Statutory drivers (set out exact reference)</b>            Under the terms of the Environmental Protection Act, 1990, Middlesbrough Council (the 'Council') is classed as a Waste Collection and Disposal Authority, and as such, under section 45 (1), has a statutory duty to collect household waste from all domestic properties in the Borough. Under Section 46(4) of the Act, the Council has specific powers to stipulate:           <ul style="list-style-type: none"> <li>The size and type of the collection receptacle(s);</li> <li>Where the receptacle(s) must be placed for the purpose of collecting and emptying;</li> <li>The materials or items which may or may not be placed within the receptacle(s).</li> </ul> <b>Differences from any previous approach</b>            If agreed, current weekly collections to fortnightly, with the provisions set out above. Assisted bin collections will still be provided for those who need them.         </li> <li> <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b>            The key stakeholders are residents and staff.         </li> <li> <b>Intended outcomes.</b>            To reduce the cost of service delivery in order that a financial contribution is made towards the 2024/25 financial year. Additionally, it is expected that residents will adopt improved recycling activities, leading to improved recycling rates. Middlesbrough Council's current recycling rate is 33.49% placing ourselves in 279<sup>th</sup> position out of 345 Councils. Middlesbrough Council will roll out a series of "Behavioural change" tools, Educational Literature, Social Media awareness campaigns &amp; Recycling Roadshows all aimed towards greater resident participation to improve our current recycling status &amp; effective domestic waste management. In turn this is expected to contribute towards the Government target of 65% recycling rate by 2035, for municipal waste.         </li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	N/A			
<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?	<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.  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.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> Service users – the proposal is potentially relevant to the age and or disability protected characteristics. If individuals holding those characteristics were less able to dispose of their waste, we would offer an assisted collection service where appropriate in line with existing policy. There would also be opportunity to dispose of bulk waste in way of logging a One-Off Collection at a cost should that proposal be accepted. There are no concerns that this could have disproportionate or adverse impact on these groups.
				All Refuse Service Staff are within the scope of the review. If implemented the proposal would result in a reduction of 12 posts. Relevant HR policies will also be applied to support staff and mitigate adverse impacts from this review including the early retirement/voluntary redundancy scheme, the redeployment policy, Reviews, Consultation and Redundancy Policy which have been separately impact assessed.  Evidence used to inform this assessment includes analysis of the proposal, service provision and feedback from consultation. 436 people and organisational representatives were in favour of the proposal when asked in the Council's budget consultation survey, compared to 557 who were against. Analysis of the free text comments in the proposals revealed no previously unconsidered areas of concern. Existing policy is already in place to support those who require assistance and variations to bin size are available on the basis of assessed need.
<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"/>	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. 436 people and organisational representatives were in favour of the proposal when asked in the Council's budget consultation survey, compared to 557 who were against. Analysis of the free text comments in the proposals revealed no previously unconsidered areas of concern in relation to community cohesion. Those areas with communal bins will see them continue to be emptied weekly.

\* 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>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>	Craig Coverdale	<b>Head of Service:</b>	Andrew Mace
<b>Date:</b>	23 January 2024	<b>Date:</b>	23 January 2024

<b>Subject of assessment:</b>	ECS02 Green Waste Collection Charge			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> As with most councils, the proposal is to introduce charging for Green Waste collections. The service will run fortnightly from the beginning of April until the end of November. This will include the continuation of fortnightly collections throughout this period rather than the current monthly collections in October and November. The annual subscription charge will be £40 for the first bin then £20 per addition bin, up to a maximum of 5 bins per household. This would change the domestic Green Waste Collection service from free of charge to a chargeable service. The change will reduce Middlesbrough Council's costs base, generate an income and encourage residents to compost their Green Waste.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Under the terms of the Environmental Protection Act, 1990, Middlesbrough Council (the 'Council') is classed as a Waste Collection and Disposal Authority, and as such, under section 45 (1), has a statutory duty to collect household waste from all domestic properties in the Borough. Under Section 46(4) of the Act, the Council has specific powers to stipulate: <ul style="list-style-type: none"> <li>• The size and type of the collection receptacle(s);</li> <li>• Where the receptacle(s) must be placed for the purpose of collecting and emptying;</li> <li>• The materials or items which may or may not be placed within the receptacle(s).</li> </ul> </li> <li>• <b>Differences from any previous approach</b> To change the service from free to an annual subscription of £40. Should residents require an additional Green waste bin, these can be procured from MBC at a cost of £20 per bin, up to a maximum of 5 bins per property. The collection frequencies in October and November will increase from once per month to fortnightly.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Residents, staff.</li> <li>• <b>Intended outcomes.</b> To maintain a green waste service but to introduce charges for it.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2024 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?	<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.  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.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> Service users – the proposal is potentially relevant to the age and or disability protected characteristics. If individuals holding these characteristics were less able to dispose of their waste, the council offers an assisted collection service where appropriate in line with existing policy. Residents who have disabilities &/or mobility issues can phone Middlesbrough Council Contact Centre and request this free service. There are therefore no concerns that this could have disproportionate or adverse impact on these groups.  There is no staffing impact within the scope of this review, as staff reductions will be achieved by employing less seasonal staff.  Evidence used to inform this assessment includes analysis of the proposal, service provision and feedback from consultation.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 557 people disagreed with the proposal, compared to 436 who supported it. Analysis of the free text responses also indicated that there were no concerns raised relevant to the PSED that have not already been taken into consideration when designing the proposal.
<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"/>	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, feedback from the budget consultation and additional engagement undertaken by the service which found that there were no concerns in relation to community cohesion arising from this proposal.
<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.				

\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.

<b>Assessment completed by:</b>	Craig Coverdale	<b>Head of Service:</b>	Andrew Mace
<b>Date:</b>	23/1/2024	<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	ECS 03 Junk Job Chargeable Collections			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To Introduce a £24.50 charge for a bulky household waste collection, in general this will be for up to five items. This will provide a more streamlined service than the two tier system in place currently.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Under the terms of the Environmental Protection Act, 1990, Middlesbrough Council (the 'Council') is classed as a Waste Collection and Disposal Authority, and as such, under section 45 (1), has a statutory duty to collect household waste from all domestic properties in the Borough. Under Section 46(4) of the Act, the Council has specific powers to stipulate: <ul style="list-style-type: none"> <li>• The size and type of the collection receptacle(s);</li> <li>• Where the receptacle(s) must be placed for the purpose of collecting and emptying;</li> <li>• The materials or items which may or may not be placed within the receptacle(s).</li> </ul> </li> <li>• <b>Differences from any previous approach</b> This proposal is to remove the current 2 tiered approach (as shown below) &amp; to streamline the service. The council would charge £24.50 per Junk Job and remove the Free of Charge collection service. Currently MBC offer a 2 tiered system in that residents can request the service free of charge and are placed onto a booking system on a first come first served basis, with approx. appointments occurring up to 12 weeks after the request. Alternatively, they can pay £15 for the request to be fast tracked and the appointment usually occurs within 3 weeks of the request.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents &amp; Members. The service will be reviewed only following a process of member/public consultation.</li> <li>• <b>Intended outcomes</b> To cease the free Junk Job Collection service To increase the charge for the Junk Job Service The chargeable service will generate an annual income of circa £92,000 The generated income saving is a key component in achieving Middlesbrough Council's future saving targets in 24/25 financial year.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2024 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?	<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 the proposal and feedback from the consultation process which found that no concerns in relation to human rights.
<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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> There are no staffing implications within this proposed review.  The proposal is relevant to the age and disability protected characteristics. Those who are less able to avoid a financial charge for junk waste disposal by taking their waste to the tip would potentially be disproportionately affected by this proposal. Although there are some mitigations possible by signposting to charities who could assist, it is not possible to wholly avoid this impact within the current proposal.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 589 people who responded to the Council's budget consultation survey were in favour of this proposal, while 310 disagreed with 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"/>	There are no concerns that the proposals could negatively impact on the community.  Evidence used to inform this assessment includes analysis of the proposal, feedback from the budget consultation.
<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
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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.

**Date:**

23/1/2024

**Date:**

23/1/2024

<b>Subject of assessment:</b>	ECS04 Replacement wheeled Bin charge			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> The introduction of an increased and full charge (as detailed below), for wheeled bins, will enable Middlesbrough Council to recoup the capital purchase outlay. This includes charging developers for new housing developments. Proposed costs (including delivery costs) - 140 Litre Bin £20.45, 240 Litre Bin £23.50, 240 Litre Green Waste Bin £37.50. This is an increase of £3.70 for 140 Litre bin, currently £16.75, and introduction of charge for recycling bin and new larger sized waste bins. This will include wheeled bins used for recycling. If a bin is damaged by a council operative, it will be replaced free of charge.</li> <li>• <b>Statutory drivers (set out exact reference)</b> None.</li> <li>• <b>Differences from any previous approach</b> The Council currently provide free Recycling &amp; Green Waste Bins. Additionally, they provide Residual waste base at a subsidised charge. The proposed costs (including delivery) - 140 Litre Bin £20.45, 240 Litre Bin £23.50, 240 Litre Green Waste Bin £37.50. This is an increase of £3.70 for 140 Litre bin, currently £16.75, and introduction of charge for recycling bin and new larger sized waste bins. This will include wheeled bins used for recycling. This charging proposal envelopes charging for new housing developments.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents &amp; Members. The service will be reviewed only following a process of member/public consultation.</li> <li>• <b>Intended outcomes.</b> This new approach will look to recover the majority of the annual capital outlay for the purchasing of new wheeled bins.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2024 onwards			
<b>Date of next review:</b>	Annual review within the Council's annual review of fees and charges			



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 the proposal and feedback from the consultation process which found that no concerns in relation to human rights.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> There are no staff affected within the scope of this review. The proposal is relevant to all groups. There are no concerns that the proposal could disproportionately adversely impact any of the protected characteristics as defined by the Equality Act 2010.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 385 people who responded to the Council's budget consultation survey were in favour of the proposal, compared to 463 who were against it. Demographic analysis of consultation responses showed those with a disability were less likely to support this proposal compared to those who did. There were however no free text comments that raised any concerns that those with a disability could be disproportionately adversely affected by the proposal.
<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"/>	There are no concerns that the proposals could impact negatively on the community.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the budget consultation process
<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
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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.

**Date:**

23/1/2024

**Date:**

23/1/2024

<b>Subject of assessment:</b>	ECS07 Cease council financial support for Environment City			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> Currently Middlesbrough Council provides financial support to Middlesbrough Environment City Charitable Trust. Annually £105,000 is provided to Middlesbrough Environment City, which enables the trust to employ 2 Management roles, along with a lease free premises to operate from. All will be removed.</li> <li>• <b>Statutory drivers (set out exact reference)</b> None.</li> <li>• <b>Differences from any previous approach</b> Middlesbrough Council will cease its £105,000 annual funding to the Middlesbrough Environment City Charitable Trust. The removal of this financial support will generate a £105,000 saving to MBC.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Middlesbrough Environment City, its trustees, and the residents it supports.</li> <li>• <b>Intended outcomes.</b> This proposal will generate a financial saving of £105,000 to the Council &amp; therefore contribute towards the 24/25 savings targets.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2024 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?	<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 the proposal and feedback from the consultation process which found that no concerns in relation to human rights.
<b>Equality</b> Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Councils must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> Should the proposal be accepted, the company would need to assess the impact and if alternative funding could not be sought they would need to reduce their staffing costs by £105,000. The charity provides environmental awareness raising functions as well as delivery support for people to manage their homes through affordable warmth sessions. These functions are available from other charities and community groups that operate in the area. There are no concerns therefore that the proposal could have a disproportionate adverse impact on one or more of the protected characteristics.  Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 531 people who responded to the Council's budget consultation survey were supportive of the proposal, compared to 192 who were against.
<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"/>	There are no concerns that the proposals could impact negatively on the community.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the budget consultation process.
<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>	23 January 2024	<b>Date:</b>	23 January 2024

\* Consult the Impact Assessment further guidance appendix for details on the issues covered by each of these broad questions prior to completion.



<b>Subject of assessment:</b>	ECS08 Resident Parking Permits Charge			
<b>Coverage:</b>	Residents who live witing a current or any future resident parking zones			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input checked="" 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>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 encourage residents to consider alternative sustainable transport methods (such as walking, cycling and using public transport) to aid management of the local road network, to reduce congestion and to address resident concerns around parking near their homes where there is a need to do so. The income generated from the charges will contribute to the cost of operating resident parking schemes.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Managing and maintaining the local road network to secure the expeditious movement of traffic and avoid, eliminate or reduce road congestion - Section 16, Traffic Management Act 2004 , Schedule 9 to the Road Traffic Regulation Act 1984.</li> <li>• <b>Differences from any previous approach</b> Currently resident and visitor permits are issued free of charge, the revision is to introduce a charge for these permits. The proposed charges are £25 for the first permit issued to a property and £40 for any additional permits. It is proposed the charges will be introduced from April 2024.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Residents and businesses located within current or future resident parking schemes.</li> <li>• <b>Intended outcomes.</b> Encourage residents to use alternative sustainable transport options; resulting in better management of the local road network. The income generated will contribute towards the cost of operating the resident parking schemes.</li> </ul>			
<b>Live date:</b>	April 2024			
<b>Lifespan:</b>	Between April 2024 and March 2025, then permits will be renewed on an annual basis as part of the fees and charges review			
<b>Date of next review:</b>	A desktop review will be undertaken after 6 months (Aug 24) and 12 months (March 25). If necessary this will be escalated to a formal review of the proposal.			

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 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.</p> <p>Alternative transport options are available other than a private vehicle.</p> <p>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.</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 Council 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>The proposal is potentially relevant to the Disability and age protected characteristics.</p> <p>The proposal applies to residents who live within an existing or future resident parking scheme and are motorists or have visitors who will park on the carriageway. Residents who live within a resident parking scheme and are blue badge holders, will be able to apply for a free resident parking permit by providing the required documentation with their application. This ensures that the proposed changes do not negatively impact on blue badge holders. Given this mitigation, there are no concerns that the proposal could disproportionately adversely impact on residents who may be less able to walk distances to their homes to the extent that they would qualify for blue badge support.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process as well as additional consultation undertaken.</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>The Council had an email address available for residents to contact it during the consultation with questions, comments or objections to proposals. 47 emails were received to that account during the period, of those 23 were objections to parking permit charges. Many comments related to concerns around lack of enforcement. Some comments expressed concern around the impact on informal caring support provided by wider family groups to residents living in the affected areas. This will be mitigated through the provision of visitor passes for each household to be use which they can apply for at the same cost as a resident pass. Formal carers can receive a pass at a discounted rate as well to mitigate impacts.</p> <p>379 respondents to the main survey were in support of the proposal while 460 disagreed with the proposal. Those with a disability were less likely to support the proposal</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>There are no concerns that the proposal could adversely affect community cohesion, though this will be one of the issues that is assessed during implementation to identify if there are any unintended impacts.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, 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. There were some comments that stated that increased enforcement would have a positive impact as it would increase access to car parking spaces and reduce residents challenging each other where some were currently not displaying a parking permit.</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>	Craig Cowley	<b>Head of Service:</b>	Craig Cowley
<b>Date:</b>	23/1/2024	<b>Date:</b>	23/1/2024



<b>Subject of assessment:</b>	ECS09 Car Parking Charge at Stewart Park			
<b>Coverage:</b>	Visitors to Stewart Park who travel by private vehicle			
<b>This is a decision relating to:</b>	<input type="checkbox"/> <b>Strategy</b>	<input checked="" 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>Other (please state)</b>		
<b>It is a:</b>	<b>New approach:</b>	<input checked="" 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"/>
<b>Description:</b>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> Introduce a £2 charge to park a vehicle in the car park at Stewart Park &amp; Resident Parking Schemes in surrounding residential streets. The resident parking schemes will need to be introduced to deter displaced parking by motorists trying to avoid paying parking charges in the car park by parking in nearby streets whilst visiting Stewart Park. The income generated from the parking charge will contribute to the maintenance of the car park.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Managing and maintaining the local road network to secure the expeditious movement of traffic and avoid, eliminate or reduce road congestion - Section 16, Traffic Management Act 2004, Schedule 9 to the Road Traffic Regulation Act 1984.</li> <li>• <b>Differences from any previous approach</b> Introduction of £2 parking charge for using the car park at Stewart Park. Alongside this resident parking restrictions are proposed to be introduced to deter displaced parking.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Middlesbrough Council Parks and Open Spaces Service, Organisers of events held at Stewart Park, Askham Bryan College, Visitors to Stewart Park and Residents living close to Stewart Park</li> <li>• <b>Intended outcomes.</b> Encourage visitors to Stewart Park to consider alternative transport options the income generated from the charges will contribute towards the maintenance of the car park.</li> </ul>			
<b>Live date:</b>	April – June 2025			
<b>Lifespan:</b>	Scheme implementation April – June 2025, once introduced charges will remain in place.			
<b>Date of next review:</b>	Six and 12 months after implementation and if any serious concerns are raised.			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b></p> <p>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 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.</p> <p>Introduction of parking charges in open spaces is new for the Council but other authorities have introduced a charge within such car parks.</p> <p>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.</p>
<p><b>Equality</b></p> <p>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 Council 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>The charge applies to all motorists who travel by vehicle to visit Stewart Park. However, free parking will be in place for blue badge holders in line with Council policy for other Council operated car parks. This ensures that blue badge holders are not adversely impacted by this proposal.</p> <p>Feedback from the public online consultation survey identified that 691 respondents disagreed with the proposal while 286 supported it. Analysis of the free text comments identified a number of concerns in relation to the Public Sector Equality Duty with individuals identifying concerns around impacts on those with a disability, the elderly and impacts on families. The proposed charge has been set at a minimal level, in addition there are provisions within the proposal to ensure those with mobility issues, severe enough to be able to access a blue badge, will be exempt from the charge.</p> <p>Given the above, there are no concerns that the proposals could disproportionately adversely impact on the age or disability protected characteristics.</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?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Although there is a financial impact of introducing a parking charge, there will continue to be provision for community groups such as parkrun to meet and use the space. The level of charging has been kept to a low level to minimise impacts on groups.  Evidence used to inform this assessment includes analysis of the proposal and feedback from the budget consultation.
<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 Cowley	<b>Head of Service:</b>	Craig Cowley
<b>Date:</b>	23/1/2024	<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	ECS10 Review of community facilities			
<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 checked="" 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><b>Key aims, objectives and activities</b> A review of community facilities will include potential income generation from use of facilities, or alternatives to reduce operating costs.</p> <p><b>Statutory drivers</b> Not applicable</p> <p><b>Differences from any previous approach</b> The proposal is to increase income and reduce costs of running community facilities by ensuring more space within the buildings is used more often. The proposal will result in increased income which will ensure the saving can be met without impacting on current opening hours of facilities.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Local communities and interest groups, residents and staff.</p> <p><b>Intended outcomes.</b> To maintain current service delivery levels around opening hours while also improving income levels.</p>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	Not Applicable			
<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?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This proposal does not impact negatively on individual Human Rights and subsequent protocols.
<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>g) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>h) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>i) 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>The proposal is potentially relevant to the all the protected characteristics because community locations provide inclusive venues which can be accessed by all. The nature of the proposal means there will be no anticipated adverse impacts on those groups as the savings will be achieved by encouraging greater use of community spaces and protecting opening hours.</p> <p>Evidence used to inform this assessment includes analysis of the budget consultation which found that 463 were in favour of the proposal compared to 176 against and analysis of the free text comments which did not identify any new areas of concern in relation to potential adverse impacts on one or more of the protected characteristics under the Equality Act.</p>
<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"/>	There are no concerns that the proposal could impact adversely on community cohesion as under the proposals the facilities would remain and would current opening hours would be retained, the saving would be generated by increasing use of them. The schemes will continue to provide support to the tenants to meet their needs.

\* 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>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>	Geoff Field	<b>Head of Service:</b>	Geoff Field
<b>Date:</b>	22/01/2024	<b>Date:</b>	23/01/2024

<b>Subject of assessment:</b>	EDC01 Review of Integrated Transport Unit Arrangements			
<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 checked="" 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><b>Key aims, objectives and activities</b></p> <p>To put in place efficiencies in services such as optimisation of routes and reductions in cost of in-house and external suppliers and review of out of area transportation and Children Looked After (CLA) transport arrangements.</p> <p><b>Statutory drivers (set out exact reference)</b></p> <p>- While there are no statutory drivers in relation to the operational elements of the Integrated Transport Unit which is the subject of this assessment. The service does support compliance with statutory duties in relation to home to school transport (Education Act 1996).</p> <p><b>Differences from any previous approach</b></p> <p>- No changes to policy will be made as part of this proposal. The saving will be achieved by improved efficiencies in route planning and reducing the costs of route delivery.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b></p> <p>- The key stakeholders are the internal Education and Transport departments within Middlesbrough Council, Childrens safeguarding services, staff in the service and service users and their families.</p> <p><b>Intended outcomes.</b></p> <p>- A transport offer that utilises routes and resources more efficiently.</p>			
<b>Live date:</b>	1 <sup>st</sup> April 2024 onwards			
<b>Lifespan:</b>	Ongoing			
<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?	☒	☐	☐	The 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 inform this assessment includes analysis of the proposal and feedback from the consultation process which found that no concerns in relation to human rights.
<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?	☒	☐	☐	The Public Sector Equality Duty (PSED) requires that when exercising its functions the Council must have due regard to the need to:- <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> In having due regard to the need to advance equality of opportunity, the Council must consider, as part of a single equality duty: <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> The nature of the service means the proposal is potentially relevant to the age and disability protected characteristics. Reviewing the Integrated Transport Unit Arrangements for Efficiencies in Service will not have an adverse impact on any of the protected characteristics as route planning and services will continue to be delivered in line with existing policy and taking into account identified needs of those transported. Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 627 people and were in favour of the proposal when asked in the Council's budget consultation survey. 117 people objected. Analysis of comments made through this and other parts of the consultation process identified no areas of concern that had not already been addressed by the proposal.

\* 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>	☒	☐	☐	<p>There is no evidence to indicate that service users and / or the wider community have any concerns about the impact of the proposal on community cohesion.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 627 people and were in favour of the proposal when asked in the Council's budget consultation survey. 117 people objected. Analysis of comments made through this and other parts of the consultation process identified no areas of concern that had not already been addressed by 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>	Craig Cowley	<b>Head of Service:</b>	Craig Cowley
<b>Date:</b>	23/1/2024	<b>Date:</b>	23/1/2024

<b>Subject of assessment:</b>	FIN08 Reduction in grants to the Voluntary and Community Sector.			
<b>Coverage:</b>	All wards			
<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 checked="" 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><b>Key aims, objectives and activities</b> The intent is to reduce the funding available to the sector by reducing the level of grant for the Community Chest (£33k) and Development Grant by 20% and deleting the small grants programme of £127k to the funding gap identified by the Council and the need to make savings. As a result, the local authority will have a single VCS grant fund with some of those resources identified to support small grants with revised guidance concerning eligibility.</p> <p><b>Statutory drivers (set out exact reference)</b> There are no statutory obligations in relation to the provision of community grants, however decisions to remove support from groups who provide support to one or more of the protected characteristics will be relevant to the Public Sector Equality Duty as set out in the Equality Act 2010.</p> <p><b>Differences from any previous approach</b> Following consultation, the proposal has been amended slightly to be achieved by</p> <ul style="list-style-type: none"> <li>• ceasing the small grants programme saving £0.127m in 24/25 which is for one-off grants for residents and small community groups.</li> <li>• a 20% reduction in 24/25 on the community chest and development grant budgets resulting in a saving of £0.011m.</li> </ul> <p>The core grants are under a service level agreement therefore a further reduction will be applied to the core grants in 25/26 to allow for revised negotiations and service level agreements to be developed following the final year of a 3-year agreement. Support will be offered to enable organisations to access external grant funding opportunities, and a business case to access some Better Care fund monies to support grants for vulnerable people in the communities will be developed.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Groups and individuals that would have applied for the grant and those previous recipients of the grants who may apply for another grant</p> <p><b>Intended outcomes.</b> Reduction in level of financial support available for both constituted and resident groups to apply for.</p>			
<b>Live date:</b>	01.04.24 onwards			
<b>Lifespan:</b>	ongoing			
<b>Date of next review:</b>	April 2025			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
<p><b>Human Rights</b></p> <p>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>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.</p>
<p><b>Equality</b></p> <p>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 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>j) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;</li> <li>k) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>l) 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>The proposals are potentially relevant to all the protected characteristics because of the nature of the service which is to provide support for community groups. Analysis of previous recipients of grants shows that a significant number were to groups whose aims were to support individuals or groups with one or more protected characteristics. However, these are singular grants and do not constitute a recurring commitment. With a reduced level of funding there is reduced opportunity for organisations to access funding through 2024/2025 and beyond.</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>Small grants</b> Grants are provided to a wide range of community groups, including those that support communities with protected characteristics, however the grant funding is short-term one-off funding and support will be given to groups to consider other funding sources.</p> <p>The impact of ceasing this programme is that some groups will no longer have access to Council resources so will need to either become more formal or self-financing. There may be some one-off activity such as area improvements will not take place in the short term unless those groups can access funding support from elsewhere. Support will be provided to access other funding where appropriate.</p> <p><b>Community chest</b> Currently Community Chest is aimed at those groups with a constitution and their own bank accounts etc. It is aimed more at activity-based projects such as supporting groups aimed at those with dementia/older people/those on recovery pathways etc. This is therefore relevant to the disability protected characteristic.</p> <p>It also aims to build capacity among groups to prepare them for application to external funders. Its budget of £33k was allocated every year but because this has always been a rolling programme there has never been a time when it stopped accepting applications. In addition to supporting some groups on an annual basis, this fund has proved to other funders that these groups have been supported by us so are trusted deliverers. In 2024/5 there will a reduced pot (-20%).</p>
				<p>The impact of reducing this programme may mean that some groups do not get support; newly established groups who use this fund as a practice to develop their skills at managing grants prior to applying elsewhere will no longer be able to do that. However, the grants are not meant to generate long term funding reliance and therefore support will be given to consider other opportunities.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
				<p>Currently the Development Grant funding can be used where there is an identified need and is not already met; where funding is needed to plug a gap i.e., where there is a grant in place but is not due to start until after current funding is due to come to an end; or where short-term funding is needed to progress a business model. It has a current budget of £20k. In 2024/5 this will be reduced by 20%.</p> <p>The impact of this is that some activities may cease and then take longer to restart as projects may need to go to staff recruitment; service users may disengage, or new projects may struggle to start. The outcome cannot be wholly avoided because of the serious financial situation the Council is in and the need to deliver savings to be financially viable. While attempts have been made to mitigate the impact of this proposal, it is not possible to fully mitigate it because of the nature of the support given by this grant to groups whose work is often linked to addressing poorer outcomes that can be associated with one or more of the protected characteristics. In line with the PSED, a stage 2 assessment will be completed which will consider whether, given the outcome cannot be avoided or fully mitigated, whether it can be justified.</p> <p>Evidence user to assess this includes analysis of recipients of previous of grant support, analysis of the budget consultation survey which identified that 377 were in favour of the proposal with 232 against. Free text comments in the survey contained concerns about impacts on the vulnerable and community spirit that have been assessed within the impact assessment.</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 decision may impact upon the Councils reputation and its relationship with Voluntary and Community sector. A reduction in funding may result in some activities within organisations reducing or ceasing, or not being developed which will impact upon recipients. The grants team will work in partnership with MVDA to support organisations to consider other funding opportunities through the utilisation of find a funder and funders networks.</p>
<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>	Sharon Barker	<b>Head of Service:</b>	Louise Grabham
<b>Date:</b>	9/2/2024	<b>Date:</b>	9/2/2024

<b>Subject of assessment:</b>	FIN11 Closure of Cashiers Middlesbrough House			
<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><b>Key aims, objectives, and activities</b>  To close the cash office due to the reduction in demand for this service. An average of 37 customers per week pay in cash. To increase alternative methods of payment, improve payment automation and increase access to payment facilities for the public. Intended move to Direct Debit (where appropriate) and increase payments via the Council's online payment method. Customers can still pay in cash for their essential bills at Post Office or PayPoint facilities.  To reduce the processing and handling of cash to minimise the risk of loss and/or fraud. To provide alternative arrangements for vulnerable clients to continue to receive cash payments direct from the community bank. To make savings in costs associated with handling and processing cash. Support for customers transitioning to other methods of payment will be made available.</p> <p><b>Statutory drivers (set out exact reference)</b>  There is no statutory requirement to provide a cashiering function, however the service does currently provide a route by which members of the public can comply with statutory obligations on them in relation to payment of Council Tax. It also supports Council compliance with obligations in relation to management of money for vulnerable clients, however this is not the only way of delivering this service.</p> <p><b>Differences from any previous approach</b>  The cashier desk will be closed and payments directed through alternative routes, pay point, direct debt, post office, on line etc alternative payment methods are already available that will support the removal of this function. Where payment support has been provided by the function to vulnerable groups (Estates Function where those who are unable to are supported to manage their banking and are able to access their money by collecting it from the desk) 3<sup>rd</sup> party solutions have been identified, arrangements will provide for a town centre location for payments to be collected.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b>  Businesses, residents, vulnerable clients, and officers, who use the cash office to pay and receive cash.</p> <ul style="list-style-type: none"> <li><b>Intended outcomes.</b>  To close the cash office, improve payment methods, minimise risk of loss and fraud and to increase payments by Direct Debit and other electronic methods. To make savings in cash handling costs and to free up valuable space in Middlesbrough House while continuing to maintain support for vulnerable residents. Those residents who still want to pay direct will be signposted to pay points instead.</li> </ul>			
<b>Live date:</b>	01.04.24			
<b>Lifespan:</b>	Not applicable			
<b>Date of next review:</b>	Not applicable			

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 closure of the Cash Office will not adversely affect the public, businesses, vulnerable clients, or officers as alternative and non-discriminatory options will exist for all customers currently using the cash office.</p> <p>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.</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 Council 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>The proposal is relevant to all members of the public if they use the cash office. There are no concerns that the proposal could result in a disproportionate adverse impact on any groups or individuals with characteristics protected in UK equality law. The proposal is particularly relevant to the age and disability protected characteristics because of the nature of the estates service and common concerns expressed about the elderly being less likely to be able to use digital services.</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>The proposal will ensure all residents are treated about to access to the same methods of payments and current cash payments to vulnerable adults will continue using banking facilities.</p> <p>Communications and support for customers transitioning to other methods of payment will be made available as digital solutions may not be well received by some of the towns more vulnerable groups. Paypoint solutions will be available for those who do not wish to move to a digital payment method.</p> <p>Given the evidence above, it is not anticipated that there will be any disproportionate adverse impact on any groups or individuals with characteristics protected in UK equality law.</p> <p>Evidence used to inform this assessment includes analysis of the proposal, mitigations and feedback from the consultation process. 555 people who responded to the Council's budget consultation survey were in favour of the proposal while 178 were against. Analysis of the free text responses did identify some concerns in relation to impact on vulnerable customers and the elderly however these have been addressed by the content of the proposal.</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>There will be no negative impacts on any different groups as a result of this proposal. This does not discriminate against any groups and the service will be sensitive at all times to the needs of all applicants.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the budget consultation.</p>
N/A				

<b>Assessment completed by:</b>	Maggie Burns	<b>Head of Service:</b>	Justin Weston/Janette Savage
<b>Date:</b>	03.01.24	<b>Date:</b>	03.01.24



## Appendix 3

### Annex 1 Level 2 Impact Assessment

<b>Subject of assessment:</b>	Reduction in grants to the Voluntary and Community Sector.				
<b>Coverage:</b>	All wards				
<b>This is a decision relating to:</b>	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input type="checkbox"/> Service	<input type="checkbox"/> Function	
	<input type="checkbox"/> Process/procedure	<input checked="" type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review	
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)			
<b>It is a:</b>	<b>New approach:</b>	<input type="checkbox"/>	<b>Revision of an existing approach:</b>	<input checked="" type="checkbox"/>	
<b>It is driven by:</b>	<b>Legislation:</b>	<input type="checkbox"/>	<b>Local or corporate requirements:</b>	<input checked="" type="checkbox"/>	
<b>Description:</b>	<p><b>Key aims, objectives and activities</b> The intent is to reduce the funding available to the sector by reducing the level of grant for the Community Chest (£33k) and Development Grant by 20% and deleting the small grants programme of £127k to the funding gap identified by the Council and the need to make savings. As a result, the local authority will have a single VCS grant fund with some of those resources identified to support small grants with revised guidance concerning eligibility.</p> <p><b>Statutory drivers (set out exact reference)</b> There are no statutory obligations in relation to the provision of community grants, however decisions to remove support from groups who provide support to one or more of the protected characteristics will be relevant to the Public Sector Equality Duty as set out in the Equality Act 2010.</p> <p><b>Differences from any previous approach</b> Following consultation, the proposal has been amended slightly to be achieved by</p> <ul style="list-style-type: none"> <li>• ceasing the small grants programme saving £0.127m in 24/25 which is for one-off grants for residents and small community groups.</li> <li>• a 20% reduction in 24/25 on the community chest and development grant budgets resulting in a saving of £0.011m.</li> </ul> <p>The core grants are under a service level agreement therefore a further reduction will be applied to the core grants in 25/26 to allow for revised negotiations and service level agreements to be developed following the final year of a 3-year agreement. Support will be offered to enable organisations to access external grant funding opportunities, and a business case to access some Better Care fund monies to support grants for vulnerable people in the communities will be developed.</p> <p><b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> Groups and individuals that would have applied for the grant and those previous recipients of the grants who may apply for another grant</p> <p><b>Intended outcomes.</b> Reduction in level of financial support available for both constituted and resident groups to apply for.</p>				
<b>Live date:</b>	01.04.24 onwards				
<b>Lifespan:</b>	ongoing				
<b>Date of next review:</b>	April 2025				
<b>Assessment issue</b>	<b>Impacts identified</b>				<b>Rationale and supporting evidence</b>
	<b>None</b>	<b>Positive</b>	<b>Negative</b>	<b>Uncertain</b>	

			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"/>	There were no concerns that this proposal could have an adverse impact on human rights within the stage one impact assessment.
<b>Equality</b>						
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Within the stage 1 impact assessment, it was identified that the proposals would have a potential disproportionate adverse impact on all the relevant protected characteristics because of the nature of the proposal which is to reduce financial support to community and more formally constituted groups who generally are seeking funding in order to have a positive impact on their area, geographic community or a community of interest. Examples of funding given in the past to support these groups and organisations can be mapped to nearly all the protected characteristics and given the nature of the funding the removal of it could potentially impact negatively on all the groups.</p> <p>In line with the PSED, this stage 2 assessment has been completed to assess whether it can be justified, following completion of the Stage 1 impact assessment which concluded that it could not be avoided or fully mitigated due to the serious nature of the financial difficulties the Council is facing which has resulted in the Council having to apply for Exceptional Financial Support from government. Given this it is concluded that the impact is justified.</p> <p>Evidence user to assess this includes analysis of recipients of previous of grant support, analysis of the budget consultation survey which identified that 377 were in favour of the proposal with 232 against. Free text comments in the survey contained concerns about impacts on the vulnerable and community spirit that have been assessed within the impact assessment.</p>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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>The stage 1 impact assessment identified concerns on potential impacts on communities as a result of reduced capacity to support geographic communities and communities of interest. As with the above assessment, this stage 2 assessment has been completed to assess whether it can be justified, following completion of the Stage 1 impact assessment which concluded that it could not be avoided or fully mitigated due to the serious nature of the financial difficulties the Council is facing which has resulted in the Council having to apply for Exceptional Financial Support from government. Given this it is concluded that the impact is justified.</p> <p>Evidence used to assess this includes analysis of recipients of previous of grant support, analysis of the budget consultation survey which identified that 377 were in favour of the proposal with 232 against. Free text comments in the survey contained concerns about impacts on the vulnerable and community spirit that have been assessed within the impact assessment.</p>
Relations between communities / neighbourhoods	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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Further actions		Lead	Deadline
<b>Mitigating actions</b>	Work with MVDA to identify alternative funding opportunities.	L Graham	ongoing
<b>Promotion</b>	<a href="#">Promote alternative funding opportunities in partnership with MVDA</a>	L Graham	ongoing
<b>Monitoring and evaluation</b>	<a href="#">Monitor uptake of the revised grants programme and escalate concerns should it result in unexpected impacts that require further consideration</a>	L Graham	6 months
<b>Assessment completed by:</b>	S Barker	<b>Head of Service:</b>	Louise Graham
<b>Date:</b>	9/2/2024	<b>Date:</b>	9/2/2024

<b>Subject of assessment:</b>	<b>ECS 03 Junk Job Chargeable Collections</b>			
<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>	<ul style="list-style-type: none"> <li>• <b>Key aims, objectives and activities</b> To Introduce a £24.50 charge for a bulky household waste collection, in general this will be for up to five items. This will provide a more streamlined service than the two tier system in place currently.</li> <li>• <b>Statutory drivers (set out exact reference)</b> Under the terms of the Environmental Protection Act, 1990, Middlesbrough Council (the 'Council') is classed as a Waste Collection and Disposal Authority, and as such, under section 45 (1), has a statutory duty to collect household waste from all domestic properties in the Borough. Under Section 46(4) of the Act, the Council has specific powers to stipulate: <ul style="list-style-type: none"> <li>• The size and type of the collection receptacle(s);</li> <li>• Where the receptacle(s) must be placed for the purpose of collecting and emptying;</li> <li>• The materials or items which may or may not be placed within the receptacle(s).</li> </ul> </li> <li>• <b>Differences from any previous approach</b> This proposal is to remove the current 2 tiered approach (as shown below) &amp; to streamline the service. The council would charge £24.50 per Junk Job and remove the Free of Charge collection service. Currently MBC offer a 2 tiered system in that residents can request the service free of charge and are placed onto a booking system on a first come first served basis, with approx. appointments occurring up to 12 weeks after the request. Alternatively, they can pay £15 for the request to be fast tracked and the appointment usually occurs within 3 weeks of the request.</li> <li>• <b>Key stakeholders and intended beneficiaries (internal and external as appropriate)</b> The key stakeholders are Environmental Services, Residents &amp; Members. The service will be reviewed only following a process of member/public consultation.</li> <li>• <b>Intended outcomes.</b> To cease the free Junk Job Collection service, To increase the charge for the Junk Job Service, The chargeable service will generate an annual income of circa £92,000. The generated income saving is a key component in achieving Middlesbrough Councils future saving targets in 24/25 financial year.</li> </ul>			
<b>Live date:</b>	1 <sup>st</sup> April 2024			
<b>Lifespan:</b>	From 1 <sup>st</sup> April 2024 onwards			
<b>Date of next review:</b>	N/A			

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"/>	There were no concerns identified at stage one that this proposal could have an adverse impact on human rights.
<b>Equality</b>						
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Within the stage 1 impact assessment, it was identified that the proposals would have a disproportionate adverse impact on disability and age protected characteristics. Although there are some mitigations possible by signposting to charities who could assist, it is not possible to wholly avoid this impact within the current proposal.
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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"/>	Following completion of the level 1 impact assessment, there were no concerns that the proposals could have a disproportionate, adverse impact on any of these groups.
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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	No concerns were identified in relation to community cohesion within the stage 1 assessment process.
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>	Amendment of the council's website to highlight that the service is now a payable service, while also signposting the sources of independent support that are available for those unable to pay as well as signposting to the waste recycling centre for those who are able to self-serve.	K Bargewell	1 April 2024
<b>Promotion</b>	See above	n/a	n/a
<b>Monitoring and evaluation</b>	The service will monitor uptake and fly tipping levels to assess the impact of the proposal and escalate formally if required.	D Metcalfe	Ongoing

<b>Assessment completed by:</b>	Andrew Mace	<b>Head of Service:</b>	Andrew Mace
<b>Date:</b>	24 January 2024	<b>Date:</b>	24 January 2024

## APPENDIX 4

### Reserves Policy 2024/25

#### Middlesbrough Council

##### 1. Background

- 1.1. The Council is required to maintain adequate financial reserves. Reserves are an integral part of sound financial management, they help the Council plan for future spending commitments, balance the budget and manage unpredictable financial pressures.
- 1.2. Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally to Council on the adequacy of proposed reserves when setting the budget and council tax requirement. This is completed at the Council through the Robustness Statement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.3. CIPFA issued [Local Authority Accounting Panel \(LAAP\) Bulletin No.99](#), Guidance Note on Local Authority Reserves and Balances in July 2014. CIPFA also issued [CIPFA Bulletin 13 Local Authority Reserves and Balances](#) on 28 March 2023. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government. In response to the above requirements, this policy sets-out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance for the Council's cash backed usable reserves.
- 1.4. All reserves will be categorised as per the Local Authority Accounting Practice guidance, into groupings.
- 1.5. Within the Statement of Accounts for General Fund Earmarked Reserves, all individual reserves are reported and will include a description of the purpose of the reserve.
- 1.6. Earmarked reserves will be reviewed regularly as part of the in-year monitoring and accounts closure process and annually as part of the budget setting process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part or require topping up based on known/expected calls upon them.
- 1.7. Particular attention will be paid in the annual review to those reserves whose balances have not moved over a two-year period, other than the General Fund, for further detail see Section 4 Management and governance.





<p><b>Earmarked Reserves (unusable)</b></p> <p><b>Annex B</b></p>	<p>These arise out of a requirement under legislation and proper accounting practice either to accumulate revaluation gains or as adjustment accounts to comply with statutory accounting requirements. These reserves are not backed by cash resources and therefore cannot be used for any other purpose. Hence, these reserves are not available to fund expenditure. These will generally be excluded from any discussion where the Council talks about its level of reserves.</p>
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1.9 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that the following factors should be taken into account when considering the level of reserves and balances:

- Assumptions regarding inflation and interest rates.
- Estimates of the level and timing of capital receipts.
- The capacity to manage in-year demand led pressures.
- Ability to activate contingency plans if planned savings cannot be delivered.
- Risks inherent in any new partnerships.
- Financial standing of the authority (level of borrowing, debt outstanding etc.)
- The authority's record of budget management and ability to manage in year budget pressures.
- Virement and year-end procedures in relation to under and overspends.
- The general financial climate.
- The adequacy of insurance arrangements.

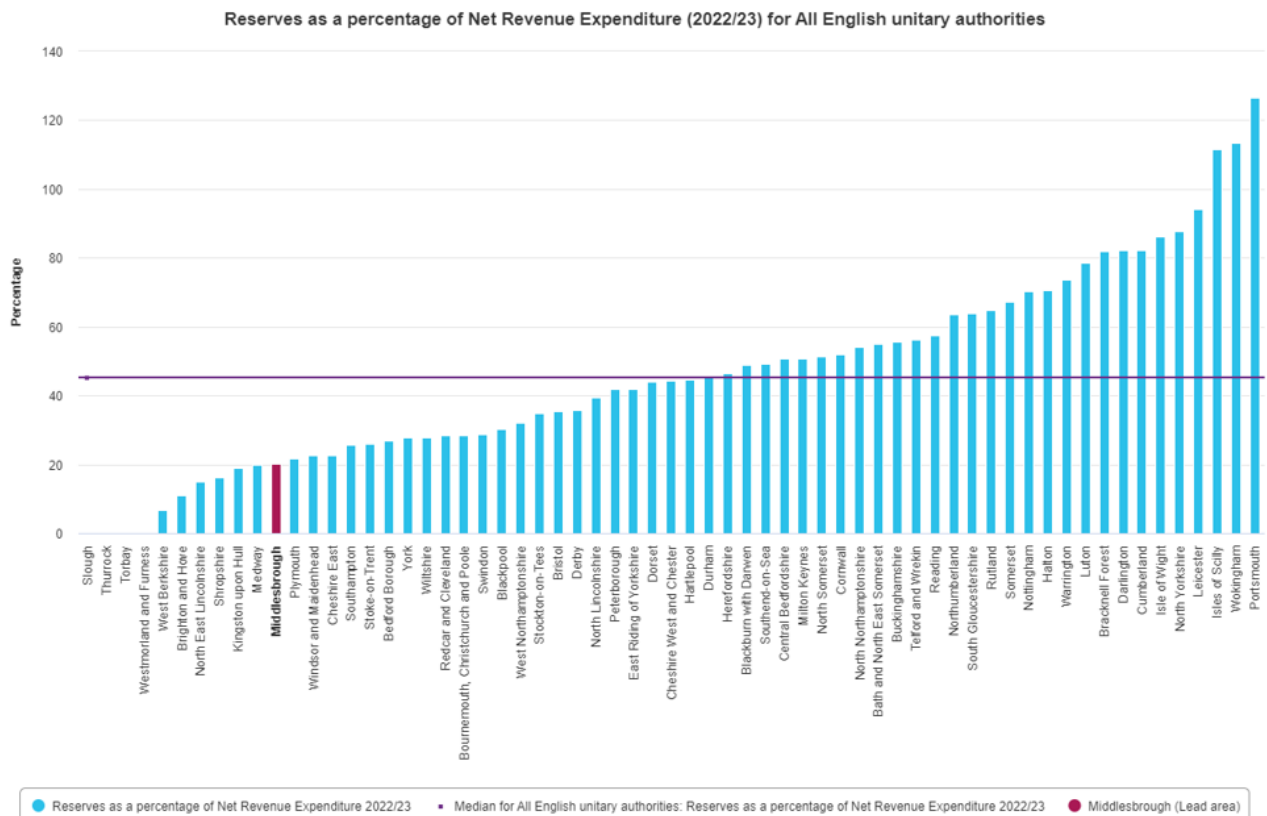
1.10 Each local authority must make its own decisions about the level of reserves it hold, taking into account all of the issues referred to above and the advice of the s151 Officer. The level of the general fund reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves.

1.11 The Council earns interest on the investment of its cash balances through its Treasury Management operations. This revenue income supports its general spending plans. By holding cash balances, the Council effectively internalises some of its borrowing, therefore avoiding interest charges on external debt. Balances held in reserves therefore help to reduce on-going revenue expenditure.

## **2 Strategic Context**

2.1 The Council is facing a shortfall in funding compared to the level of service demand that it is experiencing. It must urgently review its priorities and redesign and transform its services over the period of the MTFP to deliver cost reduction and efficiency to achieve a budget that is financially sustainable over the medium term.

- 2.2 To achieve financial sustainability, the Council will need to invest in a range of innovative and transformational activities in order to reduce future costs of service delivery. The Council's earmarked revenue reserves are at a critically low level and therefore are not sufficient to fund this innovation and transformation. The primary source of funding for transformation will be to generate a pipeline of capital receipts from asset sales and apply them to fund transformation in accordance with the Flexible Use of Capital Receipts (FUoCR) Strategy in accordance with Government regulations. The Council has no unapplied capital receipts forecast to be in the bank at 1 April 2024.
- 2.3 The Council is in the process of reviewing its asset base and a plan for asset rationalization was approved by the Executive in November 2023. This has resulted in an Asset Disposal Programme that will be managed as part of the Council's Transformation Programme. The Asset Disposal Programme is fundamental to the Council's ability to successfully deliver transformation.
- 2.4 Over the term of the MTFP, the Council will need to maintain a minimum General Fund Balance and to replenish and maintain an increased level of earmarked revenue reserves in order to improve its financial resilience. At the end of 2022/23 financial year, the Council has one of the lowest levels of total reserves as a proportion of net revenue budget compared to all unitary councils as illustrated below.



Source: LG Inform

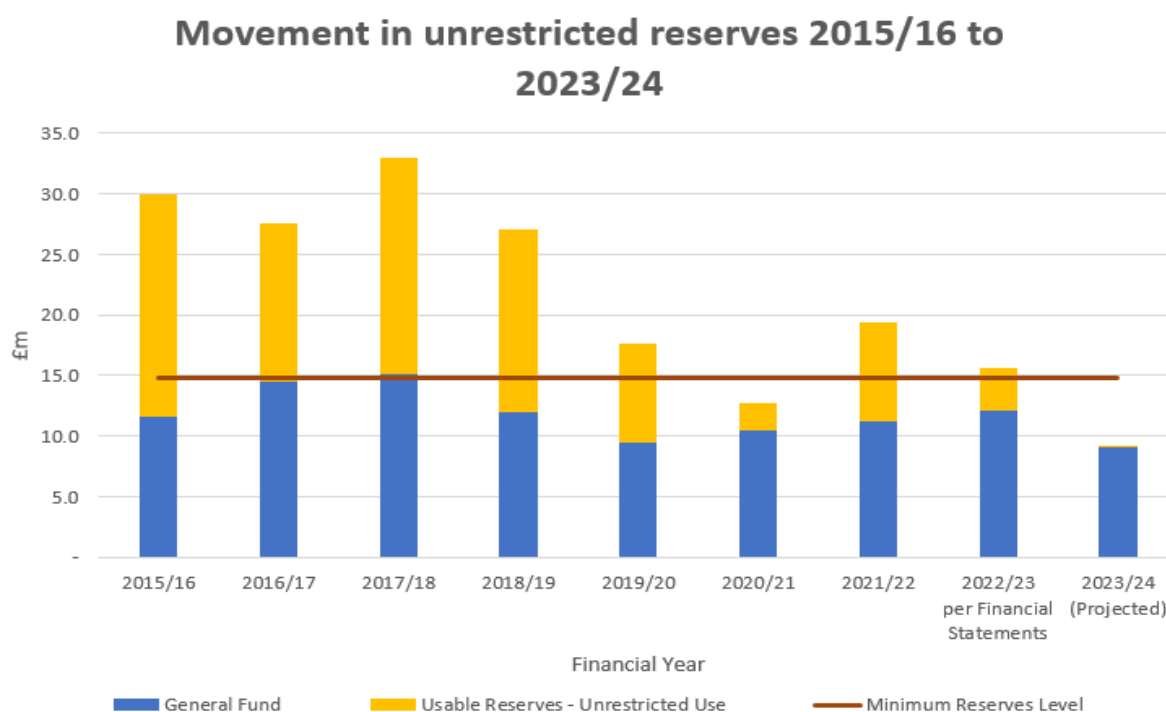
### **3 Management and governance**

- 3.1 New reserves may be created at any time and approved by the Executive upon recommendation by the s151 Officer.
- 3.2 For each earmarked reserve held there will be a clear protocol setting out:
- The reason for/purpose of the reserve
  - How and when the reserve can be used
  - A profile over which the reserve is intended to be utilised showing expected contributions to and from the reserve, with an end date for its existence.
- 3.3 The s151 Officer shall approve the draw down of reserves provided that they are for the purpose for which the reserve has been established. The use of reserves will be reported as part of the quarterly budget monitoring report to the Executive.
- 3.4 The s151 Officer will review the use of reserves in accordance with the planned profile periodically through the financial year and as a minimum at accounts closure and budget setting. Protocols will be updated as appropriate.
- 3.5 All protocols will have an end date and at that point any balance will be transferred to the general reserve. If there is a genuine reason for slippage, then the protocol will be updated and submitted through Financial Planning for agreement by the S151 Officer or referred to the Executive as appropriate.
- 3.6 Ongoing recurring costs should not be funded from reserves unless part of a smoothing reserve and approved as part of the MTFP. The short-term use of reserves may be agreed to provide time to plan for a sustainable funding solution in the following financial year. Decisions on the use of reserves may be delayed until financial year-end and will be dependent on the overall financial position of the Council rather than the position of just one service area or directorate.
- 3.7 Council will consider a report from the s151 Officer on the adequacy of the level of reserves as part of the annual budget-setting process.
- 3.8 The Council will review and update the Reserves Strategy and Policy annually as part of the budget setting process.

### **4. Level of General Fund Balance Usable Reserves**

- 4.1 Over recent years the level of the total value of the Council's Unrestricted usable reserves and General Fund Balance have declined as shown in the Graph below. This has weakened the Council's financial resilience in terms of its ability to be able to respond to unforeseen cost pressures and has left the Council in a financially fragile position during 2023/24 given the unprecedented levels of demand and complexity for statutory services being experienced following the Covid-19 pandemic.

- 4.2 At the start of 2023/24 the General Fund Balance was £12.041m (9.5% of NRB) and the level of the Council’s earmarked unrestricted reserves at £2.788m was described as ‘critical’ by the s151 Officer and the requirement for robust cost control and savings delivery was essential to protecting those reserves at a minimum of £14.829m.
- 4.3 Based upon the forecast outturn at Quarter 3 (ending 31 December 2023) the forecast balance on the unrestricted usable reserves is £0.055m and on the General Fund Balance is £9.036m. This is below the minimum level set at the start of 2023/24, due to expenditure pressures that have proved difficult to mitigate in year in relation to Adults and Children’s social care and SEND transport.



- 4.4 The s151 Officer has undertaken an in-depth review of the balance sheet during the 2023/24 financial year to assure the correct classification of amounts held in the General Fund Balance sheet. In addition, a review of the methodology for calculating the Collection Fund bad debt provision from 2021/22 accounts which remain subject to the conclusion of the external audit. Together with the 2023/24 forecast outturn on the Collection Fund, this has resulted in a cumulative surplus of c£8.3m being available for the General Fund to precept at budget setting 2024/25. The surplus will be applied to rebuild the General Fund Balance and earmarked unrestricted usable reserves to rebuild financial resilience and is not therefore available to balance the 2024/25 budget.

### General Fund Balance

- 4.5 The level of the General Fund Balance is a matter for the Council to determine having had regard to the advice of the s151 Officer. A general assumption over many years was to allow for a minimum balance of 5% of Net Revenue Expenditure. However, due to the increasing financial risks and uncertainties facing local

authorities over the period since austerity in 2008/09, the minimum average balance recommended by s151 Officers has tended to increase. It is now more usual for a minimum of around 7.5% being held by many authorities together with substantial earmarked reserves that are necessary to manage risk and uncertainty around future government funding and increasing demand and cost of adults and children's services and SEND transport for which the Council has statutory duties that must be met.

- 4.6 The s151 Officer recommends that the General Fund Balance should be maintained at a minimum of 7.5% of the Net Revenue Budget over the period of the MTFP to 2026/27 as follows:

Year	Forecast Contribution to General Fund £m	Forecast General Fund Balance £m	Forecast NRB £m	Reserve to NRB %
2023/24	0.000	9.000	126.354	7.1
01-Apr-24	2.100	11.100	147.890	7.5
2024/25	0.000	11.100	147.890	7.5
2025/26	0.000	11.100	148.601	7.5
2026/27	0.000	11.100	148.127	7.5

### Financial Resilience Reserve (FRR)

- 4.7 The s151 Officer recommends that in addition to 7.5% NRB for the General Fund Balance, a Financial Resilience Reserve be rebuilt and maintained to a target value of between £8m to £10m over the period of the MTFP to March 2027 in order to strengthen the Council's financial resilience. This is based upon sensitivity analysis upon the budgeted pressures included in the 2024/25 MTFP model.

	2024/25 MTFP Changes £m	2024/25 FRR	2025/26 - 2026/27 FRR	
		Requirement £m	Minimum Requirement £m	Maximum Requirement £m
Service Demand Pressures	20.764	2.481	5.994	7.649
Pay Award Increase	3.556	0.889	0.889	0.889
Contractual Inflation	1.550	0.155	0.465	0.620
Income Inflation	(1.853)	0.093	0.556	0.741
Shortfall on Capital Receipts	0.000	0.600	0.000	0.000
	<b>24.017</b>	<b>4.217</b>	<b>7.904</b>	<b>9.899</b>

- 4.8 The purpose of the Reserve will be to manage the volatility of actual income and expenditure against budget estimates without calling upon the General Fund Balance given the uncertain environment within which the Council is managing its operations. The budgeted contributions to the FRR over the period are summarised below. Any drawdown from the FRR in year will be required to be budgeted to replenish the FRR in the following financial year. Any underspend at final outturn will be transferred into the Council's Financial Resilience Reserve unless otherwise recommended by the S151 Officer.

Year	Forecast Contribution to £m	Forecast Contributions (from) £m	Forecast FRR Balance £m
2023/24		(1.798)	NIL
01-Apr-24	3.320	-	3.320
2024/25	1.441	-	4.761
2025/26	1.250	-	6.011
2026/27	2.000	-	8.011

### Change Fund Reserve

- 4.9 The Council holds a Change Fund Reserve for the purpose of meeting the revenue costs of transformation and efficiency programmes, including meeting redundancy costs. The Council is embarking upon a major Transformation Programme that will run for two to three years from 2024/25. Whilst the main source of funding will be the Flexible Use of Capital Receipts (FUoCR), there are some costs which are not eligible to be capitalised under the FUoCR regulations and therefore they will be funded from this Reserve.

Year	Forecast contribution to £m	Forecast contribution from £m	Forecast Change Fund Balance £m
2023/24	1.487	(1.487)	NIL
01-Apr-24	1.000	-	(1.000)
2024/25	0.730	(1.730)	NIL
2025/26	0.730	(0.730)	NIL
2026/27	0.730	(0.730)	NIL

### Savings Delivery Risk

- 4.10 The scale of the Council's 2024/25 to 2026/27 presents a significant challenge for which appropriate Transformation and Programme Management Governance arrangements are being established in order to secure successful delivery. Prudent financial provision would normally be made in earmarked revenue reserves to offset the risk of slippage / non delivery. However, the Council holds insufficient levels of reserves to make appropriate financial provision for this risk. Therefore, the Council's application for Exceptional Financial Support from DLUHC includes a request to capitalise up to £3.5m of savings slippage in 2024/25 in the event that savings are not realised at the required pace during 2024/25.

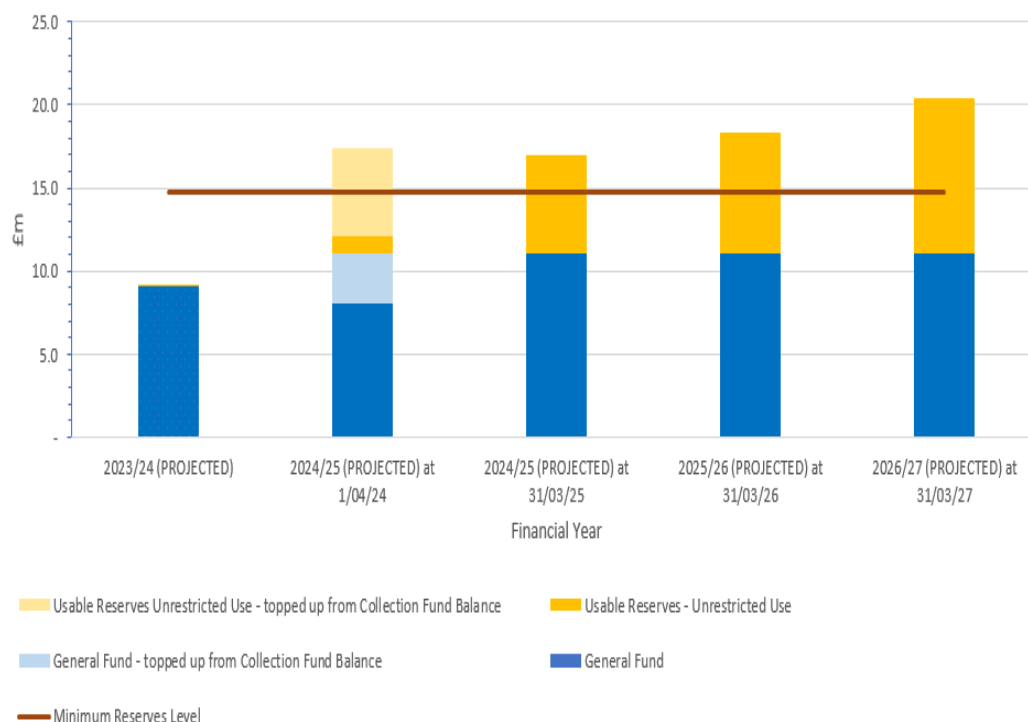
## **Legacy Accounts and Audit Reserve**

4.11 The Council currently has prior years Statements of Account that remain subject to the completion of the external audit, with the delay due largely to the impact of the national reset of the local authority audit market by DLUHC. DLUHC is currently consulting between 8 February and 7 March 2024 in relation to arrangements for re-setting the local authority audit market and the prospect of local authority accounts being subject to qualification or disclaiming (not being audited) by the external auditor as part of the approach to clear the backlog of legacy accounts up to 2022/23 by 30 September 2024. Officers will discuss with the auditor once they set out their proposals for concluding the 2021/22 and 2022/23 audit for Middlesbrough in light of the consultation. An earmarked reserve of £1m has been set aside to provide for unforeseen adverse audit adjustments that may arise from the conclusion of these legacy audits in future periods.

## **5. Summary of forecast revenue reserves**

- 5.1 The critically low level of revenue reserves advised to the Council at budget setting in March 2023 have been further depleted as a result of the continued expenditure pressures which Service Directors have been unable to control whilst operating under their current arrangements. The forecast level of reserves of £9.091m at 31 March are insufficient and would have resulted in the s151 Officer needing to issue a s114 Notice in 2023/24 if it had not been possible to identify a solution.
- 5.2 The detailed review of the balance sheet identified the need to review and apply a one off and exceptional adjustment of £8.3m to the Collection Fund Bad Debt provision resulting from the application of the accounting methodology to comply with accounting standard IAS37. This provides a solution to restore unrestricted usable revenue balances to the level of £17.4m. Revenue reserves will be replenished by the application of the forecast Collection Fund surplus of c£8.3m on 1 April 2024.
- 5.3 As a result of these actions and a review of the Reserves Policy, the minimum level of the General Fund Balance will be set at a minimum of 7.5% of the Net Revenue Budget equivalent to £11.1m for 2024/25.
- 5.4 The Council must aim to rebuild its unrestricted revenue reserves over the period of the MTFP. The balance on earmarked unrestricted reserves at 1 April 2024 is expected to be £6.3m
- 5.5 Within unrestricted revenue reserves, the Financial Resilience Reserve (FRR) will operate as a budget smoothing reserve to meet unanticipated financial pressures subject to recommendation by the s151 Officer to the Executive. The FRR is required to be rebuilt and maintained at between £8m to £10m by 2026/27 to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the period.

### Projected Unrestricted Reserves Balances from closing balance 2023/24 through to closing balance 2026/27



The projected balances on reserves as at 31/03/24 is as below:

	£m	£m
<b>General Fund Reserve</b>		<b>9.036</b>
<b>Usable Earmarked Reserves</b>		
Restricted Use	2.121	
Unrestricted Use	0.055	
		<b>2.176</b>
<b>Unusable Earmarked Reserves</b>		
Dedicated Schools Grant Adjustment Account	(13.208)	
Schools Balances	3.641	<b>(9.567)</b>
		<b>1.645</b>



## Annex A – General Fund & Earmarked Reserves

The Council holds a number of usable reserves, and these are listed below.

Reserve	Description
General Fund Balance	<p>This Fund is the statutory fund into which all the receipts of the Council are required to be paid in, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>This is a minimum balance which is a contingency to cushion the impact of unexpected events or emergencies. This is the fund of last resort. This reserve ultimately smooths the financial impact of unexpected events, major incidents and unforeseen risks.</p>
Capital Receipts Reserve	This reserve holds amounts received from the disposal of assets and is only available to fund future capital projects.
Capital Grants and Contributions Unapplied Reserves	These reserves hold amounts from Capital Grants and Contributions that have been recognised in the Comprehensive Income and Expenditure Statement in line with the accounting code of practice, but for which the associated capital expenditure has not yet been incurred.

### Earmarked Reserves

Reserve	Description
Schools Balances	This reserve holds the accumulated balances and the differences between the school budget and actual expenditure incurred in the year for all the Middlesbrough Council schools. In accordance with Government regulations and the Council's scheme of delegation for schools, these funds are carried forward and specifically earmarked for use by schools in future years.
Public Health	The Public Health Grant received by the Council is ring-fenced for use on public health services only. This reserve is for any amounts of grant not spent in year due to timing differences in service delivery.
Insurance Fund	The internal Insurance Fund was set up to cover all the Council's insurable risks. Only a limited amount of external insurance cover is provided for catastrophe or special risk incidents. The nature of the risks covered by the insurance reserve include fidelity guarantee, personal accident, employers' liability, fire, motor, marine, engineers, public liability and money losses.

Better Care Fund	<p>The Better Care Fund (BCF) has been established by the Government to provide funds to local areas to support the introduction of a fully integrated health and social care system. It is a requirement of the BCF that the Clinical Commissioning Group (CCG) and the Council establish a pooled fund for this purpose.</p> <p>Section 75 of the National Health Service Act 2006 gives powers to local authorities and CCGs to establish and maintain pooled funds to support the outcomes of the BCF.</p> <p>The Council has entered into a pooled budget arrangement with NHS Tees Valley Clinical Commissioning Group for the provision of health and social care services to meet the needs of the population of Middlesbrough. The services being commissioned or provided by the Council or Tees Valley Clinical Commissioning Group (TVCCG) depend upon the needs of the service recipient. The Council and TVCCG have an ongoing section 75 agreement in place for funding these services and this is reviewed annually. The Council is the host for this pooled budget and each partner's contribution is set out in the Better Care Fund section 75 agreement.</p> <p>This reserve is to hold balances from the pooled budget.</p>
Revenue Grants Unapplied	In situations where there are no grant conditions or that conditions have already been met and expenditure has not yet taken place, any unspent grants/contributions are transferred to the Revenue Grants Unapplied at year-end. These have been recognised as income in prior years in the Comprehensive Income & Expenditure Statement.
Marton Library Section 106	This reserve is held for the purpose set out in the Section 106 agreement.
Housing Rental Sinking Fund	This reserve is for the replacement of major capital expenditure, e.g., replacement windows and boilers, for properties owned by the Council and rented out.
Financial Resilience Reserve	The purpose of the Reserve is to meet unforeseen financial pressures that cannot ultimately be managed within directorate budgets.
Change Fund	The reserve has been set up to pay for the one-off costs associated with implementing change within services including the funding of invest to save projects, early retirements / voluntary redundancies and altering the way services are commissioned.
Car Parking Reserve	This reserve was created from other reserves to cover potential pressures relating to car parking income arising in future years due to the on-going impact of Covid.
Elections Costs	This reserve covers the cost of elections which occur every four years, The reserve is built up with a contribution from the elections budget each year, and then drawn down in the fourth year when local elections take place.
Legacy Accounts Reserve	This reserve has been created to cover potential outstanding legacy audit adjustments required to the accounts once outstanding audits for previous financial years have been completed.

## Annex B – Unusable Reserves

Unusable Reserves are those reserves held by the Council that cannot be utilised to provide services. This includes reserves that hold unrealised gains and losses and adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards as adopted by the Code. Unusable reserves cannot be used to fund expenditure e.g., cannot fund revenue spend on services or capital spend on projects.

Reserve	Description
Revaluation Reserve	The Revaluation Reserve contains the accumulated net gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The reserve only contains revaluation gains accumulated since 1 April 2007, the date when the Revaluation Reserve was constituted. Accumulated gains and losses accumulated before that date are consolidated into the Capital Adjustment Account. Amounts contained within this reserve will only become available to provide services (or limit resources in the case of losses) once the gains/losses are realised as the assets are disposed of.
Capital Adjustment Account	<p>The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.</p> <p>The Account also contains accumulated gains and losses on Investment Property and gains recognised on donated assets as well as revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.</p>
Deferred Capital Receipts	Deferred Capital Receipts are amounts that are to be received in instalments over an agreed period of time. They arise from mortgages on the sale of Council Houses, or repayment terms from other asset sales. These can only be used for financing new capital expenditure when the actual receipt is received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.
Financial Instrument Adjustment Account	This Account is held in accordance with the Code of Practice to write down over time the premiums paid on early debt repayment in order to spread the burden on Council Tax. This is a technical adjustment and has no impact on the overall financial position of the Council.

Pension Reserve	This reserve is used to reconcile the payments made for the year to various statutory pension schemes and the net change in the Council's recognised liability under IAS19 – Employee Benefits, for the same period.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account holds the differences arising from the recognition of council tax and business rates income, in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Accumulating Compensated Absences Adjustment Account	The Accumulated Compensated Absences Adjustment Account reflects the value of compensated absences (employees time off with pay for holidays) earned but not taken in the year.
Dedicated Schools Grant Adjustment Account	From November 2020 The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) established new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for financial years from 1st April 2020, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The CIPFA local authority accounting code has determined this as the 'Dedicated Schools Grant Adjustment Account'. The new accounting practice has the effect of separating schools budget deficits from its General Fund revenue budget.

## **Appendix 5**

### **Fees and Charges Policy**

#### **Contents**

#### **Section A : Covering Report for Fees and Charges Policy**

1. Introduction
2. Approach taken to the Review
3. Input into the Medium Term Financial Plan
4. Embedding a sustainable approach – Fees and Charges Toolkit

#### **Section B : Fees and Charges Policy**

1. Introduction
2. Establishing a Framework for Price Setting
3. Full Cost Calculation and Recovery
4. Governance
5. Implementation and Monitoring
6. Review
7. Responsibilities

#### **Annex 1 : Fees and Charges Schedule 2024/25**

## **Section A – Covering Report for Fees and Charges Policy**

### **1. Introduction**

- 1.1 As part of the development of the 2024/25 budget setting process and refreshing of the Medium Term Financial Plan 2024/25 to 2026/27, the Council has undertaken a review of Fees and Charges to develop a co-ordinated approach to charging and price setting across the organisation.
- 1.2 The review took place in the context of a very challenging financial environment whilst addressing a substantial budget gap for 2024/25. There was an identified need to improve the transparency and consistency of governance related to fees and charges and there has been no organisation wide review or established corporate approach related to price setting for a number of years. To support and optimise the outcomes and build skills and capability within the Council specialist external support was commissioned to support this work.
- 1.3 At the outset a number of key objectives were agreed, which included:
- Developing and implementing a Fees and Charges policy to support the optimisation of income and related policy objectives as part of the development of the 2024/25 budget and the Medium Term Financial Plan.
  - Understanding the policy objective(s) and risk context that might influence the setting of a price – particularly where the price does not reflect the full cost of service delivery and the drivers for any change in approach and reviewing the extent to which the current price achieves the policy objective.
  - Adopting and embedding best practice around price setting, transparency and governance as part of the financial improvement journey of the Council.
  - Creating tools and techniques to support the Council in reviewing fees and charges in future years.
- 1.4 The review has taken place between September 2023 and December 2023, where a number of specific service areas were identified for a deep dive alongside a wider review of fees and charges across services.

## 2. Approach taken to the Review

2.1 To maximise the impact of the review there are three key elements to the review:

- Provision of Tools and Techniques to Support Price Setting - Fees and charges toolkit and training in using the tools and a draft Fees and Charges policy
- A “Hotspots Report” – An initial review of up to 10 service areas, identifying at a high level the scope for and risks associated with increasing prices. These areas consisted of:

No	Service Area
1	Car Parking (including Residents Permits)
2	Theatres
3	Garden Waste
4	Registrars Services
5	Bereavement Services
6	Planning Service (Discretionary)
7	Adult Social Care Charging
8	Shared Service/Provision to Other Councils

- Deep Dive Reviews – A full review of 3 service areas, including detailed analysis of additional income opportunities to support the development of budget proposals:

No	Service Area
1	Car Parking
2	Theatres and Town Hall
3	Registrars Services

2.2 The review has used a range of qualitative and quantitative data and tools to develop evidence based recommendations, including:

- Service data and questionnaires
- Benchmarking and comparator information with relevant groups (e.g. core cities, local councils or alternative service providers)
- Interviews and workshops with key stakeholders

## 3. Input into the Medium Term Financial Plan (MTFP)

3.1 The Fees and Charges review identified a number of opportunities to generate increased income and therefore make a net contribution to the Councils financial position. The net position from the Fees and Charges review is an increase in income budgets of **£1.853m** in 2024/25, primarily based on an inflationary increase in discretionary charges of 4.6%.

#### **4. Embedding a sustainable approach - Fees and Charges Toolkit**

- 4.1 A key success factor of the Fees and Charges review is the development of an approach which gives the Council the tools to develop a sustainable approach. Therefore, one of the outcomes is the development of a Fees and Charges Toolkit that will be owned by the Council officers and maintained and updated by the Head of Financial Planning and Support each year. There are four stages to the toolkit:
- Stage 1 – Understanding the service
  - Stage 2 – Gathering and analysing data
  - Stage 3 – Option Appraisal, Consultation and Implementation
  - Stage 4 – Review
- 4.2 The toolkit includes approximately 20 different tools, which include market analysis, developing and testing assumptions, cost calculation and reviewing performance.
- 4.3 The intention is that as part of the budget setting process for future years all fees and charges will be reviewed and an 'ongoing' challenge approach adopted. It is anticipated that there will be year on year developments and improvements to the publication of fees and charges, incorporating learning from good practice in other authorities and the toolkit will equip the Council to do this effectively.
- 4.4 As the fees and charges policy covers a large number of services and levers there is an interaction with a large number of Council policies in individual services (e.g. Waste policy or Traffic Management policy). The interaction between these individual policies should be considered on a service by service basis. The Council will aim to seek to optimise net income and value for money.



## **Section B - Fees and Charges Policy**

### **1. Introduction**

- 1.1 The Fees and Charges policy forms part of the development of the Medium Term Financial Plan (MTFP) for Middlesbrough, which aims to both deliver a balanced budget and support the delivery of the key priorities in the Strategic Plan, which are:
- A Successful and Ambitious Town: Maximising economic growth, employment, and prosperity, in an inclusive and environmentally sustainable way.
  - A Healthy Place: Helping our residents to live longer and healthier lives, improving life chances and opportunities to thrive.
  - Safe and Resilient Communities: Creating a safer environment where residents can live more independent lives.
  - Delivering Best Value: Changing how we operate, to deliver affordable and cost-effective outcomes for residents and businesses.
- 1.2 The Council's approach to fees and charges represents a key plank of the Council's MTFP. The Fees and Charges Policy provides a framework to enable the Council to provide the optimal balance to income, policy objectives and risk. It is also a significant source of income that supports the delivery of the services. If the Council were to reduce or stop charges for services it would not have the resources to continue providing the services it currently offers.
- 1.3 This Policy sets out key components of the approach to setting, reviewing, governing and communicating fees and charges for the Council going forward:
- A framework for setting prices, using the key considerations of legislation, policy and competition as the principal drivers (section 2)
  - The legislative environment that local authorities operate within (section 3)
  - Methodology for understanding the costs associated with service delivery (section 4)
  - Approaches and Policy objective to the Application of the Charging Policy (section 5)
  - Governance approach to approval of fees and charges, implementation of the policy and a commitment to publish a schedule of fees and charges annually (section 6)

- 1.4 This policy applies to all services that the Council charges a Fee or Charge for, with a core focus on discretionary services to residents and businesses. The principles of the Fees and Charges policy should be applied to services operating in a commercial environment such as rental income (including renting assets to the community and voluntary sector), however for many of these instances it would be inappropriate to include them in the Schedule of Fees and Charges.
- 1.5 The scope excludes Council Tax rates, discounts and premiums, Business Rates and Housing Benefits.
- 1.6 The Fees and Charges policy has a number of interdependencies with other strategies and plans within the Council, including the Council Plan.

## **2. Establishing a Framework and Principles for Price Setting**

- 2.1 The Council is a complex organisation operating a number of services in a number of different contexts and therefore it is not appropriate to take a 'one-size fits all' approach. Broadly there are four 'quadrants' that Council services operate in which influence an individual services charging strategy, these are defined by the following two axis:
  - The **degree of legislation** impacting on the service area (for example many planning fees are set by central government, whereas the only regulation set around charges for Taxi Licensing relate to limiting charges to full cost recovery)
  - The **degree of competition** in the environment they are operating within (for example the Council is the statutory planning authority and therefore a developer wanting to build new homes in Middlesbrough has no choice but to engage with the Council, whereas there are a other car parking options that are available to Middlesbrough citizens.
- 2.2 The primary objective(s) of fees and charges based upon the factors above is shown in diagram 1 below:

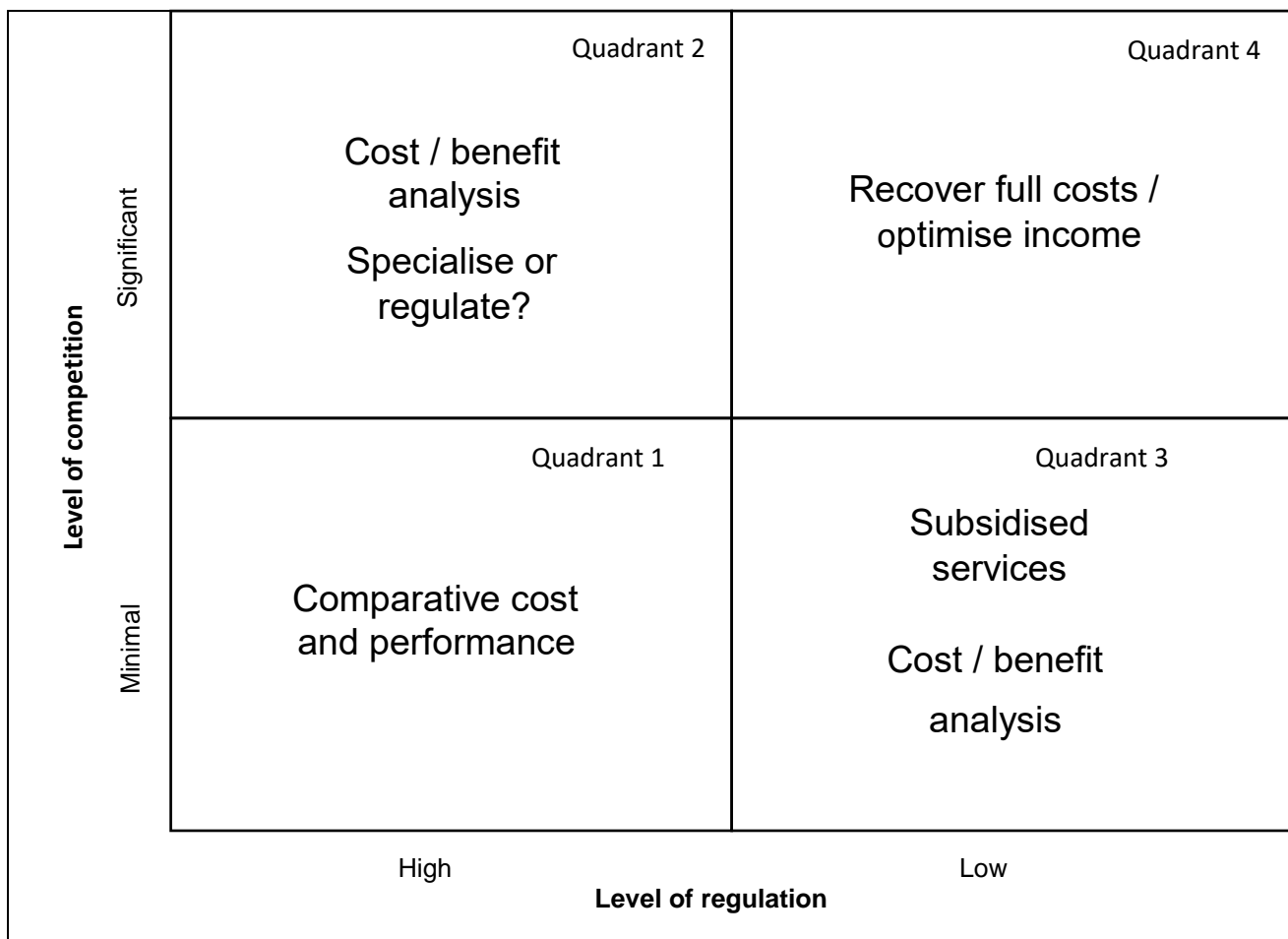


Diagram 1: Primary objectives of fees & charges based upon the key factors of competition and regulation

2.3 In terms of setting prices for any service, the first measure must always be statute that impacts on those services, such as Adult Social Care or Parking Enforcement. This may limit what can be charged for or set fees / prices nationally, or limit prices to cost recovery (which may be limited to direct costs of providing a service or a wider set of costs to include oversight and wider support costs of the Council).

2.4 **Quadrant 1** - Areas with high legislation and low (or no) competition are often services only the Council can provide (such as planning permission, or registration of births, deaths or marriages). In these circumstances, prices are often either set by legislation or limited to cost recovery. The Council should assess their performance in these circumstances by benchmarking cost, price and performance against other similar public bodies providing those services to ensure the services and any associated costs or fees are providing Value for Money.

2.5 **Quadrant 2** - For areas with high competition, but others providing similar services locally (for example Social Care services such as Home Care); the Council may wish to provide services where there are specialised or niche areas not covered by the market or to provide capacity to step in if there was a

market failure (such as a major supplier withdrawing from the market / ceasing to trade). In these circumstances the Council should assess the wider social benefits of its involvement in the market, alongside assessing the risk and impact of any market failures.

- 2.6 **Quadrant 3** - For areas where regulation is low, but there is limited local competition, it is likely that services are being provided at a subsidy by the Council (as it is likely there would be competition if profit could be made). For these services there are likely to be wider social benefits to providing a service. Trying to fully cost recover would reduce the usage and therefore negatively impact on these wider benefits. For example,

In such circumstances, the Council needs to weigh the relative wider public benefits of provision, against its overall budget and policy objectives to determine the appropriate level of subsidy.

It should be noted that there could be circumstances where the Council has unintentionally subsidised a service which has no specific policy objective and offered a price that has led to there being little or no competition. In this instance the Council should seek to understand the total cost of service delivery and set a pricing approach that seeks to recover those costs.

- 2.7 **Quadrant 4** - Broadly speaking, if there is limited regulation of a service, and considerable local competition, then the Council should be seeking to recover its full costs in provision in this area as a minimum. These services generally include business to business type services (such as contract parking), where other organisations would step in if the Council did not provide a service.

### **3. The Legislative Environment that the Council operates in**

- 3.1 As highlighted in section 2 the primary consideration is the legislation relevant to the Council and that specific service. There are a large amount of legal powers that impact on the Councils ability to charge for particular services and a number of pieces of legislation that are relevant to the entire Council, an overview of which are provided below. Therefore, the following pieces of legislation should be considered:

- Localism Act 2011: General power of competence available to local authorities to do “anything that individuals generally do”
- Local Government Act 1972, s. 111 : A local authority shall have power to do anything (whether or not involving the expenditure , borrowing or lending of money or the acquisition or disposal of any property or rights ) which is calculated to facilitate, or is conducive or incidental to , the discharge of any of their functions.
- Local Government Act 2003, s.93 : Power to charge for discretionary services . “ A relevant authority may charge a person for providing a

service to him if ( a ) the authority is authorised, but not required, by an enactment to provide the service to him , and ( b ) he has agreed to it's provision.”

- Local Authorities (Goods and Services) Act 1970 re. supply of goods and services by local authorities and ability of parties to enter into an agreement to include terms as to payment.

3.2 There are a large number of statutes which enable or oblige the local authority to offer specific services e.g. Environmental Protection Act 1990 re. the collection of trade waste. Whilst certain of the Council's charges are set by statute, a local authority is able, in many instances, to determine what to charge service users for the service provided.

#### **4. Full Cost Calculation and Recovery**

4.1 Many of the Council's fees and charges are legally limited to the recovery of the cost of delivering the service. Depending on the legislation specific to the service area, this is often much wider than the direct cost of service delivery (e.g. running a coaching session may only directly involve in one hour of one person's time, but there will be time spent planning for the session and a small share of the holiday's that the coach receives), but includes other items such as:

- Direct Overheads – such as management time within the service area associated with the delivery of the service
- Corporate Overheads – a fair proportion of the corporate costs that are not directly within the service, including central costs like Finance, IT or HR, senior management costs, building and premises costs (e.g. rent or maintenance) and also costs associated with the running of the Council (e.g. running a democratic system)
- Unproductive time, for example the cost of providing staff development or training or average sick time
- Service investment costs, such as contribution to continued service improvements or capital investments

4.2 The aim of the Fees and Charges Policy is to 'right size' the prices for services – i.e. set a price that achieves the optimal balance of financial return, risk and achieving policy objectives. Where it is found that services are being provided at a price below the optimal level then consideration needs to be given to the likely impact of significant changes in prices. In some cases, moving to the optimal pricing point in 'one jump' would be unpalatable, therefore a move towards this pricing point should be considered in an incremental manner over several years.

- 4.3 There are however some services where legislation limits the costs that can be recovered, however even in this instance it is important to understand the full cost of service delivery and the amount that is not recovered through the charge.
- 4.4 Therefore, regardless of the legislation about what can be charged, it is important to understand this total cost of each service, so that the Council can make an estimate of the real cost of providing this service and the degree to which services are being subsidised.
- 4.5 There may be instances where the Council has entered into long term contracts for services, but the cost of delivering the services increases significantly during the life of the contract, in this case the Council should explore opportunities for contract renegotiation.

## **5. Collection of Charges**

- 5.1 Wherever practical and legal the Council will levy the charge and collect the income before the service is delivered, which will reduce the likelihood of customers incurring debts which are costly for the Council to collect. For example, if a customer wishes to subscribe to the Councils Green Waste collection scheme the charge will be levied in advance, payment made and after that point the Council will begin collecting the Green Waste.
- 5.2 The Council will seek to encourage the most efficient form of charge collection available and, in some cases, may offer differential pricing for different payment methods (e.g. a reduced charge is offered for customers paying by Direct Debit – recognising the reduced cost to the Council of this mechanism of payment).

## **6. Approaches and Policy objective to the Application of the Charging Policy**

- 6.1 The Council may have a range of policy objectives for the delivery of a particular service, which will impact on the pricing decision the Council makes and therefore it is important to establish a framework for why a particular approach should be taken.
- 6.2 The default position is the recovery of full cost of service delivery and any deviation from this position requires approval via the relevant Executive Director and will be highlighted as part of the “Schedule of Fees and Charges”. An objective of the policy is to ensure that the Council only subsidises the delivery of non-mandatory services where there is an explicit policy decision to do so. Where charges are set by statute no additional approval is required.
- 6.3 The table below provides an overview of different pricing approaches and the policy rationale for a particular approach:

Type	Objective	Likely Quadrant
<b>Beyond full cost recovery:</b> where legislation explicitly permits	The primary policy objective for the council providing the service with the objective of maximising income and legislation explicitly permits the Council to recover beyond full cost; or  The council wishes to disincentivise a certain type of behaviour and is using price as a tool to achieve this	4
<b>Full cost recovery :</b> This is the preferred position and discretionary services are anticipated to fall into this category unless otherwise agreed	The council wishes to make the service generally available, but there is no policy rationale for providing a subsidy from general taxation.	4
<b>Full cost recovery with concessionary discounts</b>	The council wishes to make the service generally available and is prepared to subsidise the service to ensure disadvantaged groups have access to the service.	3 or 4
<b>Subsidised</b>	The council believes there are policy / public benefits from usage and therefore provides a subsidy from general taxation however users of the service are expected to make some contribution to the cost.	2 or 3
<b>Nominal</b>	The council wishes the service to be fully available but sets a charge to discourage frivolous use.	2
<b>Free</b>	The council's policy is to make the service fully available and "free at the point of delivery". The service is funded from general taxation.	
<b>Statutory Charges</b>	Set in line with legal obligations and national government charging policy.	1

## 7. Governance, Review & Implementation

- 7.1 Executive and Full Council will have full visibility and oversight of price setting for fees and charges. Notwithstanding this, it should be noted that there may be individual service reasons for price changes in year – these will be managed through the appropriate governance process and in line with the appropriate level of delegated authority for decision making. The Council will publish, as part of the annual budget setting report the Fees and Charges Policy alongside a schedule of all proposed fees and charges (with the exceptions highlighted below). To support visibility of policy and risk considerations the Schedule of Fees and Charges from 2025/26 will commence in referencing the specific legislation relevant to a service area and key policy considerations. This approach reflects the councils drive towards delivering against its corporate priorities, delivering value for money and ensuring it is learning from best practice from other Councils.
- 7.2 It should be noted that for various reasons (e.g. service operates in a commercial market with variable pricing, significant review or restructure of service is underway that materially impacts on its pricing approach) there are some fees and charges in some service areas that there may be some fees and charges that it is not appropriate to include in this report.
- 7.3 Licensing Committee – It should be noted that there are a number of charges that are under the jurisdiction of the Licensing Committee, which has a separate governance process. The principles and objectives of this price setting approach will apply to these services, however the governance, price setting and publication of those fees and charges will remain within the remit of the specific Committee.
- 7.4 Changes to prices must reflect legislation and this may include formal consultation and consideration of responses prior to implementation (for example changes to Car Parking fees requires formal communication at relevant assets 21 days in advance of any changes).
- 7.5 Where the proposals attached in “Schedule of Fees and Charges” in **Annex 1** are approved they are deemed to be valid from 1 April, unless otherwise stated. It should be noted there are some areas where there is a statutory time frame before a change in price can be implemented once a decision is made.
- 7.6 To enable services to operate with agility in commercial environments Heads of Service have delegated authority to reduce prices in year or offer ‘bulk discounts’, provided they consult with the relevant Service Director and the section 151 officer and they can evidence that it would be financially disadvantageous to the Council if it were not to do so.



- 7.7 The management of performance of fees and charges will take place as part of the normal financial performance and budget management process Heads of Services will be responsible for recommending any changes to optimise performance. As part of the budget setting process all fees and charges will be reviewed and an 'ongoing' challenge approach adopted, which will be overseen by the Head of Financial Planning & Support (Deputy Section 151 Officer).
- 7.8 The Section 151 Officer will ensure the Policy is reviewed on an annual basis to ensure it remains fit for purpose and may need to be reviewed by exception if there is a significant change in government policy impacting on the Council's ability to charge. As part of the Council's annual review the default position will be to increase charges by the prevailing rate of inflation as indicated through the MTFP planning assumptions used by the Council.
- 7.9 Reasonable notice should be given to service users before any decisions to amend or introduce new fees and charges are implemented.

## Annex

1	Fees and Charges Schedule 2024/25
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# Middlesbrough Council

## Appendix 5 - Annex 1 Fees and Charges Schedule

### Detailed Service - current fees and proposed increased fees from 1st April 2024\*

\* unless an alternative date is indicated

Directorate Adult Social Care	Current fee	Proposed fees from 1st April 2024	% increase
	£	£	%
<b>Prevention, Provider &amp; Support Services</b>			
Day Centre Meal (2 course lunch & drink)	4.70	4.90	4.3
Day Centre Meal (1 course lunch & drink)	3.90	4.10	5.1
Levick Court (chg/wk re Service User funded by external organisations)	1448.00	1515.00	4.6
North Ormesby Day Centre (chg/wk re Service User funded by external organisations)	232.00	243.00	4.7
The Orchard Complex Needs Service (chg/wk re Service User funded by external organisations)	700.00	732.00	4.6
Community Inclusion Service (chg/wk re Service User funded by external organisations)	385.00	403.00	4.7
Community Inclusion Service - Autism (chg/wk re Service User funded by external organisations)	549.00	574.00	4.6
Connect : Private Telecare service	4.87	Obsolete	n/a
Connect : Weekly Call	0.85	Obsolete	n/a
Connect : Keyholding	0.58	Obsolete	n/a
Connect : DORO IP Unit (Monitoring Unit)	6.12	Obsolete	n/a
Connect : Bronze - Monitoring & Response (base unit only)	6.12	6.40	4.6
Connect : Silver - Monitoring & Response (base unit + up to 2 add-ons)	new	7.99	n/a
Connect : Gold - Monitoring & Response (base unit + up to 5 add-ons)	new	10.99	n/a
Connect : Platinum - Monitoring & Response (base unit + up to 8 add-ons)	new	15.99	n/a
Connect : Additional Pendant	1.00	1.00	No Change
Connect : Extra Charges : Damaged/Lost Equipment	new	Cost of item	n/a
Connect : Extra Charges : Reassurance Visit (per visit)	new	25.00	n/a
Connect : Extra Charges : Carer Support (per visit)	new	25.00	n/a
Connect : Extra Charges : Client Support - Property (per visit)	new	25.00	n/a
Connect : Extra Charges : Prescription collection (emergencies only)	new	5.00	n/a
Connect : Extra Charges : Toilet Calls (per visit)	new	15.00	n/a
Connect : Extra Charges : Telephone calls for Client (per call)	new	1.00	n/a
Connect : Sheltered Out of Hours	3.72	3.89	4.6
Connect : Sheltered - One off call for non-Out of Hours Client (per visit)	new	25.00	n/a
Connect : Sheltered Housing : Fire Alarm Monitoring (non-council)	2.28	2.99	31.1
Connect : Sheltered Housing : System Faults Monitoring Evening & Weekend (per call)	new	2.99	n/a
Connect : Sheltered Housing : Bldg Repairs monitoring Evening & Weekend (per call)	new	2.99	n/a
Connect : Sheltered Housing : Bank Holiday & Training day cover monitoring (per resident)	new	0.70	n/a
Connect : Sheltered Housing : Bank Holiday & Training day cover response (per resident)	new	25.00	n/a
Connect : Lone Working (non-social care services) Careium 450 (per unit per worker)	new	100.00	n/a
Connect : Lone Working (non-social care services) : Monitoring & Sim card (per month)	new	7.50	n/a
Connect : Lone Working (non-social care services) : Base Unit for building (monitor only) /wk	new	6.50	n/a
Connect : Non-Council Building alarms (per alarm)	2.28	2.99	31.1
Connect : Schools Building alarms (per alarm)	new	2.99	n/a
Social Worker Basic (per hour) - charges to Other Local Authority's for Out of Area Assessments	45.23	48.65	7.6
Social Worker Complex (per hour) - charges to Other Local Authority's for Out of Area Assessments	53.29	64.54	21.1
<b>Directorate Adult Social Care</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Estates Services</b>	<b>£</b>	<b>£</b>	<b>%</b>
Estates Team : Banking Fees (Residential) (savings £1000+) - per month	15.00	16.00	6.7
Estates Team : Banking Fees (Community) (savings £1000+) - per month	20.00	21.00	5.0
Estates Team : Funeral Admin fee	300.00	314.00	4.7
Estates Team : Account closure fee	200.00	209.00	4.5
Estates Team : Property Management/sale closure fee	300.00	300.00	No Change
Estates Team : Deputyship - Court Order Initial fee	745.00	745.00	No Change
Estates Team : Deputyship - Annual Report fee	216.00	216.00	No Change
Estates Team : Deputyship - Annual Management fee (Year 1 maximum)	775.00	775.00	No Change
Estates Team : Deputyship - Annual Management fee (Year 2 + maximum)	650.00	650.00	No Change

Directorate Name: Children's Services (Education and Partnerships)	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
	£	£	%
<b>Middlesbrough Educational Psychology Service (MEPS)</b>			
Daily charge for schools for time purchased	495.00	550.00	11.1
Per person charge for 6 x 2-hour sessions of ELSA (Emotional Literacy Support Assistant)	220.00	244.00	10.9
<b>Education Welfare Officer support</b>			
Berwick Hills primary school, Service Level Agreement (annual charge)	1100.00	1155.00	5.0
Ayresome primary school, Service Level Agreement (annual charge)	3300.00	3465.00	5.0
Hollis Academy, Service Level Agreement (annual charge)	400.00	420.00	5.0
<b>Stainsby Nursery</b>			
Per Hour (price change from 1st September to 31st August):	10.00	10.50	5.0
Session (price change from 1st September to 31st August):	35.00	36.50	4.3
Daily (price change from 1st September to 31st August):	55.00	57.50	4.5
Weekly (price change from 1st September to 31st August):	250.00	261.00	4.4
After school (price change from 1st September to 31st August):	20.00	21.00	5.0
<b>Ethnic Minority Achievement Team (EMAT)</b>			
Annual Service Level Agreement: Secondary School (1st September to 31st August):	7099.29	7426.00	4.6
Annual Service Level Agreement: Primary School (1st September to 31st August):	3640.43	3808.00	4.6
Annual Service Level Agreement: Interpretation only (1st September to 31st August):	2609.36	2730.00	4.6
<b>Directorate: Environment &amp; Community Services</b>			
	Current fee	Proposed fees from 1st April 2024	% increase
Public Protection	£	£	%
Public Protection - Cosmetic Treatment License - premises	71.70	75.00	4.6
Public Protection - Cosmetic Treatment License - person	71.70	75.00	4.6
Public Protection - Hairdressing License	38.00	39.75	4.6
Public Protection - Food Hygiene re-visit	179.20	187.44	4.6
Public Protection - IPPC Permit Part B Subsistence Charge	79.00	79.00	No Change
Public Protection - IPPC Permit Part B Subsistence Charge	113.00	113.00	No Change
Public Protection - IPPC Permit Part B Subsistence Charge	228.00	228.00	No Change
Public Protection - IPPC Permit Part B Subsistence Charge	772.00	772.00	No Change
Public Protection - Sale of fireworks (annual license)	500.00	500.00	No Change
Public Protection - Storage of fireworks (set by HSE) – 1 year	111.00	111.00	No Change
Public Protection - Storage of fireworks (set by HSE) – 2 year	144.00	144.00	No Change
Public Protection - Storage of fireworks (set by HSE) – 3 year	177.00	177.00	No Change
Public Protection - Storage of fireworks (set by HSE) – 4 year	211.00	211.00	No Change
Public Protection - Storage of fireworks (set by HSE) – 5 year	243.00	243.00	No Change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 1 year	55.00	55.00	No Change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 2 year	88.00	88.00	No Change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 3 year	123.00	123.00	No Change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 4 year	155.00	155.00	No Change
Public Protection - Storage of fireworks (set by HSE) (Renewal of a license) – 5 year	189.00	189.00	No Change
Public Protection - HMO Licence (baseline charge for properties up to 5 bedrooms) * *New HMO fees policy may amend proposed fees further for 2024/25	722.20	755.42	4.6
Public Protection - Immigration Inspection fee	143.40	150.00	4.6
Public Protection - Animal Activities Licence - 1 year	278.00	290.79	4.6
Public Protection - Animal Activities Licence - 2 year	354.00	370.28	4.6
Public Protection - Animal Activities Licence - 3 year	429.00	448.73	4.6
Street trading - Daytime	6,813.00	7,126.40	4.6
Street trading - Nighttime	1,579.00	1,651.63	4.6
Street trading - Riverside	936.00	979.06	4.6
Premises for Marriage and Civil Partnerships (3 years)	780.00	815.88	4.6
Distribution of free printed materials	104.00	108.78	4.6

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Taxi Licensing (Change in Fees is via a separate process in consultation with Taxi Trade)</b>	£	£	%
Taxi Licensing : Vehicles - New Hackney Carriage - 1 year license	154.00	154.00	No Change
Taxi Licensing : Vehicles - Renewal Hackney Carriage - 1 year license (vehicle 3yr +)	192.00	192.00	No Change
Taxi Licensing : Vehicles - Renewal Hackney Carriage - 1 year license (vehicle < 3yr)	154.00	154.00	No Change
Taxi Licensing : Vehicles - New Private Hire - 1 year license	140.00	140.00	No Change
Taxi Licensing : Vehicles - Renewal Private Hire - 1 year license (vehicle 3yr +)	178.00	178.00	No Change
Taxi Licensing : Vehicles - Renewal Private Hire - 1 year license (vehicle < 3yr)	140.00	140.00	No Change
Taxi Licensing : Vehicles - Full Test (incl meter test)	46.00	46.00	No Change
Taxi Licensing : Vehicles - Partial Test (incl meter test)	31.00	31.00	No Change
Taxi Licensing : Vehicles - Full Test (without meter test)	38.00	38.00	No Change
Taxi Licensing : Vehicles - Partial Test (without meter test)	23.00	23.00	No Change
Taxi Licensing : Drivers - New - 1 year license	221.00	221.00	No Change
Taxi Licensing : Drivers - New - 3 year license	306.00	306.00	No Change
Taxi Licensing : Drivers - Renewal - 1 year license	122.00	122.00	No Change
Taxi Licensing : Drivers - Renewal - 3 year license	209.00	209.00	No Change
Taxi Licensing : Operators - New application - 1 year license	646.00	646.00	No Change
Taxi Licensing : Operators - New application - 5 year license	1246.00	1246.00	No Change
Taxi Licensing : Operators - Renewal - 1 year license	571.00	571.00	No Change
Taxi Licensing : Operators - Renewal - 5 year license	1207.00	1207.00	No Change
<b>Directorate: Environment &amp; Community Services</b>			
	£	£	%
<b>Highways and Environment Services</b>			
<b>Area Care &amp; Waste</b>			
Junk Jobs- up to 5 items- standard service	No Charge	24.50	New
Junk Jobs- up to 5 items- premium service	22.50	24.50	8.9
Junk Jobs -up to 10 items	45.00	47.07	4.6
Junk Jobs - up to 15 items	67.50	70.60	4.6
Allotments - small plot at Low Lane	20.00	20.92	4.6
Allotments-small plot	44.44	46.48	4.6
Allotments-medium plot	85.80	89.74	4.6
Shopping Trolley Retrieval	66.00	69.03	4.6
Green Waste Collection Charge-1st Wheeled Bin	Free	40.00	N/A
Green Waste Collection Charge - Additional Wheeled Bin	Free	20.00	N/A
Replacement Wheeled Bin -140ltr	15.00	20.45	36.3
Replacement Wheeled Bin - 240ltr	Free	23.50	N/A
Replacement Wheeled Bin-240ltr Green Waste	Free	37.50	N/A
<b>Highways Maintenance Planned/Responsive</b>			
Bus Stop/Traffic Suspension Notice/Demolition Notes	65.00	68.00	4.6
<b>Winter Maintenance</b>			
Salt Provision to Redcar & Cleveland Local Authority -based on current salt prices plus admin fee	variable	variable	-
Gritting at James Cook Hospital and Serco-based on demand, includes salt, labour,fuel admin fee	variable	variable	-
<b>Highway Maintenance Projects</b>			
Various Highways works linked to one off projects based on activity and level of works required	variable	variable	-
<b>Highways Services Management</b>			
New Street Naming and Numbering	168.33	180.00	6.9
1-3 addresses (per address)	43.44	46.00	5.9
4 addresses or more (per address)	14.12	15.00	6.2
for every 50 addresses above 4	108.60	115.00	5.9
<b>Management of the Highways</b>			
Insurance Claims for Damage to Infrastructure following Road Traffic Collision	variable		-
<b>Fleet Management</b>			
MOT - Car	35.00	36.61	4.6
MOT - Minibus 13-16 passenger seats	45.00	47.07	4.6
MOT - Minibus over 16 passenger seats	45.00	47.07	4.6
MOT - Vehicles weighing 3000kg to 3500kg	35.00	36.61	4.6
MOT - Duplicate Test Certificates	10.00	10.46	4.6
<b>Streetworks</b>			
Permits & Inspections	variable	variable	-
<b>Environment Enforcement</b>			
Fly Tipping	400.00	420.00	5.0
Littering	80.00	84.00	5.0
Household Duty of Care Offences	300.00	315.00	5.0

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Highways and Environment Services</b>	£	£	%
<b>Pest Control</b>			
Wasps & Bees per visit	45.94	48.05	4.6
Bed Bugs/Cockroaches per 2 visits	229.58	240.14	4.6
Rodents per visit	44.05	46.07	4.6
Other insects per visit	107.13	112.05	4.6
Hourly Rate per visit	51.02	53.36	4.6
<b>Concessionary Fares</b>			
Replacement Pass (lost, stolen or damaged)	16.50	17.25	4.5
<b>Middlesbrough Bus Station</b>			
Departure Charges-increased as from 1 January 2024, contract to 31 December 2024	0.60	0.65	8.3
<b>Parks Management</b>			
Events - each event price negotiated	variable	variable	8.6
<b>Newham Grange Leisure Farm</b>			
Admission -adults	5.20	5.20	-
Admission - children & concessions	4.40	4.40	-
Family Ticket	17.40	17.40	-
<b>Directorate: Environment &amp; Community Services</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Bereavement Services</b>	£	£	%
<b>Cremation Fees:</b>			
Child between one month and 18 years old	-		
Person over 18 years old	902.00	943.49	4.6
Person over 18 years old -9am and 9.15 Monday to Friday time slots	792.00	828.43	4.6
Direct Cremation (no family,mourners,minister,service)	484.00	506.26	4.6
Cremation of Body Parts	60.00	62.76	4.6
Hospital or Social Services contract cremation	640.00	669.44	4.6
Scattering of cremated remains in the Garden of Remembrance	No Charge	No Charge	No Change
Scattering of cremated remains elsewhere	60.00	62.76	4.6
<b>Urns &amp; Caskets for Cremated Remains:</b>			
Additional plastic urn,scatter tube or cardboard box	20.00	20.92	4.6
Wooden Casket	85.00	88.91	4.6
<b>Miscellaneous Fees:</b>			
Use of chapel for 30 minutes	110.00	115.06	4.6
Temporary Storage of cremated remains per month or part of a month (after 1 month)	30.00	31.38	4.6
<b>Burial/Internment Fees</b>			
Child between one month and 18 years old	No Charge	No Charge	No Change
Person over 18 years old	790.00	826.34	4.6
Burial of body parts	185.00	193.51	4.6
Scatter of cremated remains in a grave below the turf (up to 1 foot depth)	90.00	94.14	4.6
Internment of cremated remains in an urn or casket (up to 3 foot depth)	190.00	198.74	4.6
Internment in a pre-purchased mausoleum chamber	800.00	836.80	4.6
<b>Exclusive Rights of Burial (purchasing a grave)</b>			
Full size grave	1,230.00	1,286.58	4.6
Half size grave for a child (designated section)	No Charge	No Charge	No Change
Woodland or Meadowland Grave -single internment	1,230.00	1,286.58	4.6
Woodland or Meadowland Grave -double internment (side by side)	1,640.00	1,715.44	4.6
A concrete vault in the Muslim section of Thorntree Cemetery	1,485.00	1,553.31	4.6
Transfer of exclusive right of burial	55.00	57.53	4.6
<b>Headstones Vases and Monumental Inscriptions</b>			
Right to erect a memorial between 12" and 24" in height	110.00	115.06	4.6
Right to erect a headstone over 24" and up to 60"	225.00	235.35	4.6
Right erect a kerbset on a traditional grave	110.00	115.06	4.6
Right to erect an ashes grave memorial/flower vase	55.00	57.53	4.6
Right to have a second or subsequent inscription	55.00	57.53	4.6

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Bereavement Services</b>	£	£	%
<b>Chapel Service</b>			
Webcast/Livestream	60.00	62.76	4.6
Webcast/Livestream-on demand replay & downloadable version	65.00	67.99	4.6
Keepsakes-DVD or USB-first copy	65.00	67.99	4.6
Keepsakes-DVD or USB-additional copies	45.00	47.07	4.6
Keepsake-Video Book	115.00	120.29	4.6
Keepsake-Memory Box	150.00	156.90	4.6
Single Photo Tribute (first)	No Charge	No Charge	No Change
Additional Single Photos	17.50	18.31	4.6
Basic Slideshow (up to 25 photos)	55.00	57.53	4.6
Music Tribute (formerly pro tribute)	80.00	83.68	4.6
Themed Tribute	110.00	115.06	4.6
Bespoke Tribute	435.00	455.01	4.6
Family Made Tribute	65.00	67.99	4.6
Additional 25 photos (tributes/basic slideshows)	30.00	31.38	4.6
Download Tribute	17.50	18.31	4.6
Extra Work Fee-revisions from standard product-e.g. adding video to Pro Tribute,timing photos,converting files	55.00	57.53	4.6
Under 18's Webcast,Single Photo,Basic Slideshow-up to 25 photos	No Charge	No Charge	No Change
<b>Memorial Seats &amp; Plaques</b>			
Memorial Wall Small Plaques-10 years	410.00	428.86	4.6
Memorial Wall Small Plaques-20 years	605.00	632.83	4.6
Add a standard design	120.00	125.52	4.6
Add a special design	170.00	177.82	4.6
Add a ceramic photograph	174.00	182.00	4.6
Memorial Wall Large Plaques-20 years	605.00	632.83	4.6
Memorial Wall Large Plaques -20 years	930.00	972.78	4.6
Add a standard design	130.00	135.98	4.6
Add a special design	205.00	214.43	4.6
Add a ceramic photograph	210.00	219.66	4.6
Re-guild small or large wall plaque	90.00	94.14	4.6
Baby Memorial Wall Plaque - 10 years-Acklam	215.00	224.89	4.6
Baby Memorial Wall Plaque - 10 years-Linthorpe	198.00	207.11	4.6
Add a special design	70.00	73.22	4.6
Vase,tablet in relief and lease	770.00	805.42	4.6
Gold Leaf Lettering	70.00	73.22	4.6
Tablet only -Gold	445.00	465.47	4.6
Tablet only -Relief	375.00	392.25	4.6
One Photograph	165.00	172.59	4.6
Re-gild	90.00	94.14	4.6
Sanctum vault,tablet and lease	1,560.00	1,631.76	4.6
Add a standard design	130.00	135.98	4.6
Add a special design	200.00	209.20	4.6
Add a ceramic photograph	210.00	219.66	4.6
Extra Letters -per letter	6.00	6.28	4.6
Replacement flower container	12.00	12.55	4.6
Remove and re-fix sanctum plaque	90.00	94.14	4.6
Rose, lease & plaque	390.00	407.94	4.6
Plaque only	179.00	187.23	4.6
Re-glaze plaque	55.00	57.53	4.6
Tree Plaque (replacement only )	302.50	316.42	4.6
Memorial seat and plaque	2,125.00	2,222.75	4.6
Additional plaque	310.00	324.26	4.6
Additional foundation	470.00	491.62	4.6
Additional letters on seat plaque	4.00	4.18	4.6
Seat only	1,725.00	1,804.35	4.6
Woodland Seat (15 year lease)	2,200.00	2,301.20	4.6
Barbican Memorial Plaque & 10 year lease	545.00	570.07	4.6
Add a standard design	115.00	120.29	4.6
Add a Special design	195.00	203.97	4.6
Add a ceramic photograph	165.00	172.59	4.6

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Bereavement Services</b>	£	£	%
<b>Book of Remembrance</b>			
2 line entry	70.00	73.22	4.6
5 line entry	105.00	109.83	4.6
8 line entry	165.00	172.59	4.6
5 line entry with flower motif	160.00	167.36	4.6
8 line entry with flower motif	225.00	235.35	4.6
5 lines with badge	190.00	198.74	4.6
8 lines with badge	250.00	261.50	4.6
5 lines with special design	190.00	198.74	4.6
8 lines with special design	250.00	261.50	4.6
<b>Special Urns,caskets,keepsakes for cremated remains</b>			
Wooden Casket	85.00	88.91	4.6
Footprints biodegradable urn	195.00	203.97	4.6
Ruby fibreglass with pink velvet bag	90.00	94.14	4.6
Burgundy Rose urn with velvet bag	90.00	94.14	4.6
White Steel Stars Urn	90.00	94.14	4.6
Blue Out to Sea Urn	90.00	94.14	4.6
Blue with Butterflies	90.00	94.14	4.6
Pink Metal Urn with gold rose edges	110.00	115.06	4.6
Praying Hands	110.00	115.06	4.6
Brass Polished Rose Urn	195.00	203.97	4.6
White Glazed Urn	60.00	62.76	4.6
Solid Oak Ornate Casket for Burials	100.00	104.60	4.6
Solid Oak Plain Casket for sanctums	100.00	104.60	4.6
Solid Oak White Casket	120.00	125.52	4.6
Egyptian Style Wooden Urn	30.00	31.38	4.6
Oak Casket -Double	195.00	203.97	4.6
Mini Heart Keepsakes	45.00	47.07	4.6
Mini Urns	32.50	34.00	4.6
Mini Red Heart	52.50	54.92	4.6
Single Stand for Mini Hearts	15.00	15.69	4.6
Brass Urn-Sanctum 2000	195.00	203.97	4.6
Brass Urn -Sanctum 2000 small keepsake	75.00	78.45	4.6
<b>Directorate: Environment &amp; Community Services</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Car Parking (effective from 11th March 2024)</b>	<b>£</b>	<b>£</b>	<b>%</b>
Captain Cook Square - up to 3 hours	1.00	1.50	50.0
Captain Cook Square short stay- up to 4 hours	6.00	7.20	20.0
Captain Cook Square short stay up to 5 hours	7.50	9.00	20.0
Captain Cook Square short stay up to 6 hours	9.00	10.80	20.0
Captain Cook Square short stay up to 7 hours	10.50	12.60	20.0
Captain Cook Square short stay up to 10 hours	12.00	14.40	20.0
Captain Cook Square long stay up to 4 hours	2.50	3.00	20.0
Captain Cook Square long stay up to 10 hours	3.50	4.00	14.3
Amber Street , Buxton street & MIMA car parks up to 1 hour	1.50	1.80	20.0
Amber Street , Buxton Street & MIMA car parks up to 2 hours	3.00	3.60	20.0
Amber Street , Buxton Street & MIMA car parks up to 3 hours	4.50	5.40	20.0
Amber Street , Buxton Street & MIMA car parks up to 4 hours	6.00	7.20	20.0
Amber Street , Buxton Street & MIMA car parks up to 5 hours	7.50	9.00	20.0
Amber Street , Buxton Street & MIMA car parks up to 6 hours	9.00	10.80	20.0
Amber Street , Buxton Street & MIMA car parks up to 7 hours	10.50	12.60	20.0
Amber Street , Buxton Street & MIMA car parks up to 10 hours	12.00	14.40	20.0
Jedburgh Street car park up to 2 hours	1.00	1.50	50.0
Jedburgh Street car park up to 4 hours	1.50	3.00	100.0
Jedburgh Street car park up to 10 hours	2.50	4.50	80.0
France Street car park up to 2 hours	1.50	2.00	33.3
France Street car park up to 4 hours	2.50	3.00	20.0
France Street car park up to 10 hours	3.50	4.00	14.3
Cannon Park, Cannon Park Way & Wood Street up to 2 hours	1.00	1.20	20.0
Cannon Park, Cannon Park Way & Wood Street up to 4 hours	1.50	2.00	33.3
Cannon Park, Cannon Park Way & Wood Street up to 10 hours	2.50	3.00	20.0



Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Car Parking (effective from 11th March 2024)</b>	£	£	%
Station Street & Zetland car parks up to 10 hours	2.30	2.50	8.7
Ferry Road car park up to 3 hours	1.00	1.50	50.0
Ferry Road car park up to 4 hours	2.00	2.50	25.0
Ferry Road car park up to 10 hours	2.70	3.00	11.1
Limited stay car parks up to 2 hours	2.20	2.50	13.6
Dock Street car park up to 2 hours	1.50	1.80	20.0
Dock Street car park up to 4 hours	2.20	2.50	13.6
Dock Street car park up to 10 hours	2.70	3.00	11.1
Residents Parking Permit Charge - 1st Permit	New	25.00	N/A
Residents Parking Permit Charge - Additional Permits	New	40.00	N/A
NHS and Official Careers Permits	New	10.00	N/A
<b>Directorate: Environment &amp; Community Services</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Community Hubs and Libraries</b>	<b>£</b>	<b>£</b>	<b>%</b>
<b>Venue Hire - Acklam Library</b>			
Room 1 - Capacity 15 (Hourly)	12.00	12.50	4.2
Room 1 - Capacity 15 Community Groups (Hourly)	6.00	6.50	8.3
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	30.00	31.50	5.0
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	18.00	19.00	5.6
Room 1 - Capacity 15 (Full Day Over 3 Hours)	48.00	50.00	4.2
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	30.00	31.50	5.0
Room 2 - Capacity 5 (Hourly)	12.00	12.50	4.2
Room 2 - Capacity 5 Community Groups (Hourly)	4.50	4.70	4.4
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	18.00	19.00	5.6
Room 2 - Capacity 5 Community Groups ( Half Day Up to 3 Hours)	12.00	12.50	4.2
Room 2 - Capacity 5 (Full Day Over 3 Hours)	30.00	31.50	5.0
Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	18.00	19.00	5.6
Refreshments Per Person	0.50	0.60	20.0
<b>Venue Hire - Easterside Community Hub</b>			
Room 8 (Capacity 4), EDRA Room (Capacity 35), Room 18 (Capacity 4), Room 21 (Capacity 15), Room 34 (Capacity 12), L1 Room (Capacity 40)			
Standard (Hourly)	12.00	12.50	4.2
Standard (Hourly Out of Hours)	15.00	16.00	6.7
Standard (Full Day 9am - 5pm Weekdays)	60.00	63.00	5.0
Standard Refreshments per session	5.00	5.20	4.0
Room 8 (Capacity 4), EDRA Room (Capacity 35), Room 18 (Capacity 4), Room 21 (Capacity 15), Room 34 (Capacity 12), L1 Room (Capacity 40)			
Community Group (Hourly)	6.00	6.50	8.3
Community Group (Hourly Out of Hours)	10.00	10.50	5.0
Community Group (Full Day 9am - 5pm Weekdays)	60.00	63.00	5.0
Community Group Refreshments per session	5.00	5.20	4.0
<b>Venue Hire - Grove Hill Community Hub</b>			
Room 1 (Capacity 30), Room 2 (Capacity 15), Room 3 (Capacity 8), Room 4 (Capacity 4), Room 5 (Capacity 35)			
Standard (Hourly)	12.00	12.50	4.2
Standard (Hourly Out of Hours)	15.00	16.00	6.7
Standard (Full Day 9am - 5pm Weekdays)	60.00	63.00	5.0
Standard Refreshments per session	5.00	5.20	4.0
Room 1 (Capacity 30), Room 2 (Capacity 15), Room 3 (Capacity 8), Room 4 (Capacity 4), Room 5 (Capacity 35)			
Community Group (Hourly)	6.00	6.50	8.3
Community Group (Hourly Out of Hours)	10.00	10.50	5.0
Community Group (Full Day 9am - 5pm Weekdays)	60.00	63.00	5.0
Community Group Refreshments per session	5.00	5.20	4.0

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Community Hubs and Libraries</b>	£	£	%
<b>Venue Hire - Hemlington Hub and Library</b>			
Room 1 (Capacity 6), Room 2 (Capacity 6), Activity Room (Capacity 12)			
Standard (Hourly)	12.00	12.50	4.2
Standard (Half Day Up to 3 Hours)	30.00	31.50	5.0
Standard (Full Day Over 3 Hours)	48.00	50.00	4.2
Standard Refreshments per person	0.50	0.60	20.0
Room 1 (Capacity 6), Room 2 (Capacity 6),			
Community Group (Hourly)	5.00	5.20	4.0
Community Group (Half Day Up to 3 Hours)	12.00	12.50	4.2
Community Group (Full Day Over 3 Hours)	18.00	19.00	5.6
Community Group Refreshments per person	0.50	0.60	20.0
Activity Room (Capacity 12)			
Community Group (Hourly)	6.00	6.50	8.3
Community Group (Half Day Up to 3 Hours)	18.00	19.00	5.6
Community Group (Full Day Over 3 Hours)	30.00	31.50	5.0
Community Group Refreshments per person	0.50	0.60	20.0
<b>Directorate: Environment &amp; Community Services</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Community Hubs and Libraries</b>	<b>£</b>	<b>£</b>	<b>%</b>
<b>Venue Hire - Marton Library</b>			
Room 1 - Capacity 15 (Hourly)	12.00	12.50	4.2
Room 1 - Capacity 15 Community Groups (Hourly)	6.00	6.50	8.3
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	30.00	31.50	5.0
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	18.00	19.00	5.6
Room 1 - Capacity 15 (Full Day Over 3 Hours)	45.00	47.00	4.4
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	30.00	31.50	5.0
Room 1 - Capacity 15 Refreshments per person	0.50	0.60	20.0
Room 2 - Capacity 5 (Hourly)	12.00	12.50	4.2
Room 2 - Capacity 5 Community Groups (Hourly)	5.00	5.20	4.0
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	18.00	19.00	5.6
Room 2 - Capacity 5 Community Groups ( Half Day Up to 3 Hours)	12.00	12.50	4.2
Room 2 - Capacity 5 (Full Day Over 3 Hours)	30.00	31.50	5.0
Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	18.00	19.00	5.6
Room 2 - Capacity 5 Refreshments per person	0.50	0.60	20.0
<b>Venue Hire - MyPlace</b>			
Theatre Full - Capacity 100 (Hourly)	25.00	26.00	4.0
Theatre Full - Capacity 100 (Half Day)	85.00	90.00	5.9
Theatre Full - Capacity 100 (Full day)	165.00	175.00	6.1
1/2 Theatre with Stage - Capacity 50 (Hourly)	20.00	21.00	5.0
1/2 Theatre with Stage - Capacity 50 (Half Day)	55.00	57.50	4.5
1/2 Theatre with Stage - Capacity 50 (Full Day)	110.00	115.00	4.5
1/2 Theatre with Televisions - Capacity 25 (Hourly)	18.00	19.00	5.6
1/2 Theatre with Televisions - Capacity 25 (Half Day)	40.00	41.80	4.5
1/2 Theatre with Televisions - Capacity 25 (Full Day)	85.00	90.00	5.9
Mezzanine - Capacity 40 (Hourly)	20.00	21.00	5.0
Mezzanine - Capacity 40 (Half Day)	30.00	31.50	5.0
Mezzanine - Capacity 40 (Full Day)	60.00	63.00	5.0
Training Room - Capacity 15 (Hourly)	12.00	12.50	4.2
Training Room - Capacity 15 (Half Day)	40.00	41.80	4.5
Training Room - Capacity 15 (Full Day)	80.00	84.00	5.0
Refreshments per head	1.50	1.60	6.7
Minibus £20 Donation and Fuel Costs	£20 + Variable	£21 + Variable	5.0

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Community Hubs and Libraries</b>	£	£	%
<b>Venue Hire - Newport Community Hub</b>			
Room 1 (Capacity 20), Room 3 (Capacity 15), Room 7 (Capacity 15 - currently Newport Library)			
Standard (Hourly)	12.00	12.50	4.2
Community Groups (Hourly)	10.00	10.50	5.0
Room 4/5 (Capacity 20)			
Standard (Hourly)	20.00	21.00	5.0
Community Groups (Hourly)	10.00	10.50	5.0
Main Hall (Multifunctional)			
Standard (Hourly)	20.00	21.00	5.0
Community Groups (Hourly)	15.00	16.00	6.7
School Hall (Multifunctional)			
Standard (Hourly)	20.00	21.00	5.0
Community Groups (Hourly)	15.00	16.00	6.7
Sports Hall (Sports Only)			
Standard (Hourly)	38.00	40.00	5.3
Community Groups (Hourly)	30.00	31.50	5.0
Kitchen (Cooking)			
Standard (Hourly)	18.00	19.00	5.6
Community Groups (Hourly)	12.00	12.50	4.2
All Rooms: Out of Hours : Per Hour Security Fee (booking accepted only if security available)	20.00	21.00	5.0
ALL Rooms: Refreshments per cup	0.50	0.60	20.0
<b>Venue Hire - North Ormesby Community Hub</b>			
Hall - Capacity 50			
Standard (Hourly)	18.00	19.00	5.6
Community Groups (Hourly)	14.00	15.00	7.1
Room 1 (Capacity 15), Room 2 (Capacity 15)			
Standard (Hourly)	12.00	12.50	4.2
Community Groups (Hourly)	6.00	6.50	8.3
Pod (Capacity 2), Kitchen - Hourly	6.00	6.50	8.3
<b>Venue Hire - Thorntree Community Hub</b>			
Hall - Capacity 70 Hourly	20.00	21.00	5.0
Hall - Capacity 70 (Full Day 9am - 4:30pm)	110.00	115.00	4.5
Hall - Capacity 70 Subsidised Groups Hourly	6.00	6.50	8.3
Lounge - Capacity 20 Hourly	12.00	12.50	4.2
Lounge - Capacity 20 (Full Day 9am - 4:30pm)	80.00	84.00	5.0
Lounge - Capacity 20 Subsidised Groups Hourly	6.00	6.50	8.3
Conference 1 (Capacity 30), Conference 2 (Capacity 24)			
Hourly	18.00	19.00	5.6
Full Day 9am - 4:30pm	110.00	115.00	4.5
Subsidised Groups	6.00	6.50	8.3
<b>Venue Hire - Central Library - Closed for Refurbishment</b>	N/A	N/A	
<b>Services</b>			
A4 Printing per page Black and White	0.25	0.26	4.0
A4 Colour per page	0.50	0.52	4.0
A3 per page Black and White	0.50	0.52	4.0
A3 per page Colour	1.00	1.05	5.0
PDF Scanning per 5 pages	1.50	1.60	6.7
Laminating per page A4	1.50	1.60	6.7
Laminating per page A3	2.00	2.10	5.0

Directorate: Environment & Community Services	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Premises Licenses (Licensing Act fees -set by Secretary of State)</b>	£	£	%
<b>Premises Licenses/Club Certificates</b>			
<b>Application Fee Or Variation Fee</b>			
Band A (rateable value (up to £4300))	100.00	100.00	No Change
Band B (rateable value (£4301-£33000))	190.00	190.00	No Change
Band C (rateable value (£33001-£87000))	315.00	315.00	No Change
Band D (rateable value (£87001-£125000))	450.00	450.00	No Change
Band D* (rateable value (£87001-£125000))	900.00	900.00	No Change
Band E (rateable value (£125001+))	635.00	635.00	No Change
Band E** (rateable value (£125001+))	1905.00	1905.00	No Change
<b>Annual Fee</b>			
Band A (rateable value (up to £4300))	70.00	70.00	No Change
Band B (rateable value (£4301-£33000))	180.00	180.00	No Change
Band C (rateable value (£33001-£87000))	295.00	295.00	No Change
Band D (rateable value (£87001-£125000))	320.00	320.00	No Change
Band D* (rateable value (£87001-£125000))	640.00	640.00	No Change
Band E (rateable value (£125001+))	350.00	350.00	No Change
Band E** (rateable value (£125001+))	1050.00	1050.00	No Change
<b>Directorate: Environment &amp; Community Services</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Premises Licenses (Licensing Act fees -set by Secretary of State)</b>	<b>£</b>	<b>£</b>	<b>%</b>
<b>Personal Licenses, Temporary Events, Other Fees</b>			
Application for a Grant/Renewal of Personal License	37.00	37.00	No Change
Temporary Event Notice	21.00	21.00	No Change
Theft, Loss Etc of Premises License or Summary	10.50	10.50	No Change
Application for a Provision Statement where Premises being built	195.00	195.00	No Change
Notification of Change of Name or Address	10.50	10.50	No Change
Application to Vary License to Specify Individual as Premises Supervisor	23.00	23.00	No Change
Application for Transfer of Premises License	23.00	23.00	No Change
Application for minor variation of Premises License/Club Certificate	89.00	89.00	No Change
Application to Remove the Mandatory condition requiring a DPS	23.00	23.00	No Change
Interim Authority Notice following death etc of License Holder	23.00	23.00	No Change
Theft, Loss Etc of Certificate or Summary	10.50	10.50	No Change
Notification of Change of Name or Alteration of Rules of Club	10.50	10.50	No Change
Change of Relevant Registered Address of Club	10.50	10.50	No Change
Theft, Loss etc of Temporary Event Notice	10.50	10.50	No Change
Theft, Loss etc of Personal License	10.50	10.50	No Change
Duty to Notify change of name or address	10.50	10.50	No Change
Right of Freeholder etc to be Notified of Licensing Matters	21.00	21.00	No Change
<b>Finance</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
<b>Resident &amp; Business Support</b>			
Council Tax Court Summons	60.00	60.00	No Change
Council Tax Liability Court Order	20.00	20.00	No Change
NDR Court Summons	100.00	100.00	No Change
NDR Liability Court Order	25.00	25.00	No Change
Deferred Payment Agreement - initial one off payment	407.00	425.00	4.4
Deferred Payment Agreement - Annual Fee	190.00	199.00	4.7

	£	£	%
Legal & Governance	Current fee	Proposed fees from 1st April 2024	% increase
	£	£	%
<b>Policy, Governance and Information</b>			
Fire risk assessments - primary schools	495.45	520.23	5.0%
Fire risk assessments secondary schools	715.65	751.43	5.0%
Health and safety audit - primary schools	495.45	520.23	5.0%
Health and safety audit - secondary schools	715.65	751.43	5.0%
Full Health and safety compliance package - primary schools	2092.00	2196.60	5.0%
Full Health and safety compliance package - secondary schools	3303.00	3468.15	5.0%
School Census Contract - annual charge	730.29	766.80	5.0%
School Data Officer Contract (Basic) - annual charge	1156.29	1214.11	5.0%
School Data Officer Contract (Weekly) - annual charge	6024.92	6326.16	5.0%
School Data Officer Contract (Bi Weekly) - annual charge	3590.61	3770.13	5.0%
<b>Registrars</b>			
Civil Marriage/Partnership Ceremonies - Mon -Thurs Victoria Room	250.00	262.00	4.8%
Civil Marriage/Partnership Ceremonies - Mon -Thurs Erimus Room	356.00	373.00	4.8%
Civil Marriage/Partnership Ceremonies - Mon -Thurs Approved Venue	497.00	520.00	4.6%
Civil Marriage/Partnership Ceremonies - Fri Victoria Room	275.00	288.00	4.7%
Civil Marriage/Partnership Ceremonies - Fri Erimus Room	381.00	399.00	4.7%
Civil Marriage/Partnership Ceremonies - Fri Approved Venue	516.00	540.00	4.7%
Civil Marriage/Partnership Ceremonies - Sat Victoria Room	299.00	313.00	4.7%
Civil Marriage/Partnership Ceremonies - Sat Erimus Room	410.00	429.00	4.6%
Civil Marriage/Partnership Ceremonies - Sat Approved Venue	575.00	602.00	4.7%
Civil Marriage/Partnership Ceremonies - Sun/BH Approved Venue	647.00	677.00	4.6%
Private Citizenship Ceremony	177.00	186.00	5.1%
Legal & Governance	Current fee	Proposed fees from 1st April 2024	% increase
	£	£	%
<b>Legal Services</b>			
Grant of lease by MBC - standard lease of whole	1050.00	1100.00	4.8%
Grant of lease by MBC - Standard lease of part	1150.00	1200.00	4.3%
Grant of lease by MBC - Non Standard	Variable - on application	Variable - on application	
Lease renewal - standard	550.00	575.00	4.5%
Lease renewal - new replacement required	1050.00	1100.00	4.8%
Academy Lease and Commercial Transfer Agreement	2000.00	2100.00	5.0%
Licence to assign	825.00	860.00	4.2%
Licence to assign with AGA	875.00	915.00	4.6%
Licence to underlet	825.00	860.00	4.2%
Licence to alterations	825.00	860.00	4.2%
Licence to occupy (Basic)	650.00	680.00	4.6%
Deed of variation of lease (Basic)	825.00	860.00	4.2%
Deed of surrender of lease (Basic)	825.00	860.00	4.2%
Sale of garden ground	450.00	470.00	4.4%
Sale of Freehold - simple land sale under £350,000	1500.00	1570.00	4.7%
Sale of Freehold - simple land sale over £350,000	Variable - on application	Variable - on application	N/A
Sale of land for development (usually Conditional Contract)	Variable - on application	Variable - on application	N/A
Overage Agreement	2000.00	2100.00	5.0%
Option Agreement	2000.00	2100.00	5.0%
Funding Agreement	From 1000	From 1050	5.0%
Section 106 Agreement	From 1500	From 1570	4.7%
Section 106 Variation	From 750	From 785	4.7%
Section 38 or 278 Agreement	From 1500	From 1570	4.7%
Deed of grant of easement	From 1000	From 1050	5.0%
Wayleave	From 500	From 520	4.0%
Request for consent /removal of restriction - Deed of covenant draft by applicant	From 150	From 157	4.7%
Request for consent /removal of restriction - Deed of covenant draft by MBC	From 300	314.00	4.7%
Deed of Covenant	Variable - on application	Variable - on application	N/A
Rights of Way Orders	600.00	630.00	5.0%
Providing copy of document	30.00	31.00	3.3%
Discharge of charges/restriction removal	150.00	157.00	4.7%
Signing of Notice of transfer/assignment/charge (per notice)	From 25	From 26	4.0%
Providing title plans and copy leases	From 25	From 26	4.0%
Standard Hourly Rate - Solicitor	From 150	From 157	4.7%
Standard Hourly Rate - Legal Assistant	From 90	From 94	4.4%
Standard Hourly Rate - Valuer	135.00	145.00	7.4%
Standard Hourly Rate - Valuation Assistant	85.00	90.00	5.9%

	£	£	%
<b>Legal &amp; Governance</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
	£	£	%
<b>Land Charges</b>			
LLC1 Only	18.00	19.00	5.6%
LLC1 Parcel fee - up to 17 parcels	1.00	1.00	0.0%
LLC1 Parcel fee - 17 parcels or more	22.00	22.00	0.0%
CON29R - Residential	111.60	113.00	1.3%
CON29R – Commercial	120.90	120.90	0.0%
CON29R Parcel Fee	12.15	12.50	2.9%
LLC1 + CON29R- Residential (FULL SEARCH)	129.60	135.00	4.2%
LLC1 + CON29R- Commercial (FULL SEARCH)	138.90	142.00	2.2%
CON29O (extra questions)	21.00	22.00	4.8%
Additional Questions	21.00	22.00	4.8%
Enquirer Additional Questions	21.00	22.00	4.8%
Copy Documents Fee	12.00	12.00	0.0%
Personal Search Printouts	Free	Free	
<b>Regeneration</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
	£	£	%
<b>Planning</b>			
<b>PRE APPLICATION CHARGES</b>			
Householder/other written advice	100.00	105.00	5.0
Householder/other site visit (if requested)	100.00	105.00	5.0
Householder additional meeting/written advice	200.00	209.00	4.5
Minor developments written advice	500.00	523.00	4.6
Minor developments site visit	150.00	157.00	4.7
Minor developments meeting	150.00	157.00	4.7
Minor developments additional meeting/written advice	300.00	314.00	4.7
Major developments	1,800.00	1,883.00	4.6
Major development additional meeting/written advice	500.00	523.00	4.6
Strategic developments	2,500.00	2,615.00	4.6
Strategic developments additional meeting/written advice	500.00	523.00	4.6
<b>DEVELOPMENT CONTROL FUNCTION -MISCELLANEOUS CHARGES</b>			
Re-drafting and re-issue of decision notice (completing request within 10 working days)	39.60	41.50	4.8
Re-drafting and re-issue of decision notice (completing request within 1 working day – subject to availability of service)	79.20	83.00	4.8
Letter confirming discharge of condition	55.00	57.50	4.5
Letter confirming discharge of condition (requiring retrieval of planning application)	72.50	76.00	4.8
<b>OTHER MISCELLANEOUS SERVICES</b>			
History Check – Charge based on scale of work (Minimum)	27.50	29.00	5.5
History Check – Charge based on scale of work (Maximum)	55.00	58.00	5.5
<b>Planning Application file retrieval and copying charges</b>			
A4 Size (per copy) paper copy from electronic files	5.50	6.00	9.1
A4 Size (per copy) file retrieval and 1st copy	39.00	41.00	5.1
A4 Size (per copy) additional copies from file request	5.50	6.00	9.1
A3 Size (per copy) paper copy from electronic files	11.00	12.00	9.1
A3 Size (per copy) file retrieval and 1st copy	45.00	47.50	5.6
A3 Size (per copy) additional copies from file request	11.00	12.00	9.1
A2,A1,A0 Size (per copy) paper copy from electronic files	16.00	17.00	6.3
A2,A1,A0 Size (per copy) file retrieval and 1st copy	57.00	60.00	5.3
A2,A1,A0 Size (per copy) additional copies from file request	16.00	17.00	6.3
<b>Historic Environment Record</b>			
Expedited request (completed within 5 working days)	300.00	314.00	4.7
Standard request	175.00	183.00	4.6
<b>Self/Custom Build Register</b>			
Initial Application	55.00	58.00	5.5
Annual fee	25.00	26.50	6.0
<b>S106 Agreement monitoring fees</b>			
Minor development (per obligation/trigger)	350.00	370.00	5.7
Major development (per obligation/trigger)	500.00	525.00	5.0

Regeneration	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Valuation &amp; Estates</b>	£	£	%
Grant of new lease	Min £350 up to £10,000 then 3.9%	£375.00 up to £10,000 then 3.9%	7.1
Licence to assign	350.00	365.00	4.3
Licence to underlet	300.00	315.00	5.0
Licence to alter	300.00	315.00	5.0
Deed of Variation	300.00	315.00	5.0
Deed of Surrender	300.00	315.00	5.0
Deed of Easement	450.00	470.00	4.4
Deed of Covenant	250.00	260.00	4.0
Consent to release Covenant	250.00	260.00	4.0
Wayleave	450.00	470.00	4.4
Licence to occupy	350.00	365.00	4.3
Minor land sale	Min £350 up to £17,000 then 2%	Min £375 up to £17,000 then 2%	7.1
Land sales under £350K	2% subject to Minimum of £2000	2% subject to minimum of £2100	5.0
Land sales over £350K	Negotiation	Negotiation	N/A
<b>Regeneration</b>	<b>Current fee</b>	<b>Proposed fees from 1st April 2024</b>	<b>% increase</b>
<b>Cultural Services</b>	£	£	%
<b>Captain Cook Museum</b>			
Adult Entry ticket	4.50	4.70	4.4
Child Entry ticket	3.50	3.65	4.3
Concession Entry ticket	3.50	3.65	4.3
Group Entry ticket (1 adult, 3 children)	12.00	12.55	4.6
Group Entry ticket (2 adult, 2 children)	13.00	13.60	4.6
Workshop (Per Child)	5.50	5.75	4.5
Room hire	22 to 54	23 to 56	4.6
Face paint	3.50	3.65	4.3
Loan box	25.00	26.15	4.6
Beverage charge (Per Person)	2.50	2.60	4.0
<b>Dorman Museum</b>			
Trail	1.00	1.05	5.0
Temporary Exhibition	Variable	Variable	-
Virtual Reality ride single ticket	4.00	4.20	5.0
Virtual Reality ride group ticket	13.00	13.60	4.6
Craft workshop	2.00	2.10	5.0
Loans box	25.00	26.15	4.6
Room hire	22 to 54	23 to 56	4.6
School Workshop 1/2 day	72.00	75.30	4.6
School workshop	10.00	10.50	5.0
Guided tours	31.00	32.40	4.5
Beverage charge (Per Person)	2.50	2.60	4.0
Face Paint	3.50	3.65	4.3
<b>Events</b>			
Orange Pip Market - Alcohol Trader Pitch Fee	174.00	210.00	20.7
Orange Pip Market - Alcohol Trader Percentage	0.15	0.15	No Change
Orange Pip Market - Hot Food Pitch Fee	163.00	198.00	21.5
Orange Pip Market - Cold Food Pitch Fee	114.00	138.00	21.1
Orange Pip Market - Sweet Treats Pitch Fee	98.00	120.00	22.4
Orange Pip Market - Crafts Pitch Fee	78.00	96.00	23.1
Orange Pip Market - kw Power unit charge	7.60	10.00	31.6
Town Centre Advertising Space	81.00	85.00	4.9
Land Hire Fees	5430.00	5680.00	4.6
Ad-Hoc Equipment Hire	330 to 650	340 - 680	4.6
Xmas Lights Switch-on - Big Screen Advert (1 per hr)	220.00	230.00	4.5
Xmas Lights Switch-on - Big Screen Advert (3 per hr)	543.00	568.00	4.6
Xmas Lights Switch-on - Big Screen Advert (5 per hr)	870.00	910.00	4.6
Xmas Lights Switch-on - Pitch fee for use of own stall	160.00	167.00	4.4
Xmas Lights Switch-on - Pitch fee for MBC-provided stall	100.00	105.00	5.0
Xmas Lights Switch-on - Fairground	1090.00	1140.00	4.6

Regeneration	£	£	%
	Current fee	Proposed fees from 1st April 2024	% increase
<b>Cultural Services</b>	£	£	%
<b>Middlesbrough Theatre</b>			
Performance Fee - Evening	806.00	843.00	4.6
Performance Fee - Matinee	645.00	674.00	4.5
Performance Fee - Sunday Evening	885.00	925.00	4.5
Performance Fee - Sunday Matinee	725.00	758.00	4.6
Rehearsal Fee 9am - 10pm	40.30	42.15	4.6
Rehearsal Fee - 9am - 10pm Sunday	57.30	59.95	4.6
Rehearsal Fee 10pm - 1am	71.10	74.35	4.6
Rehearsal Fee 10pm - 1am Sunday	114.10	119.35	4.6
Rehearsals on Bank Holidays charged at double rate			
Security per hour (External Contractor)	19.00	20.00	5.3
Stewards per hour	20.00	21.00	5.0
Technicians per hour	21.50	22.50	4.7
Box Office Commission	0.10	0.10	4.6
Booking Fee (Tickets)	1.30	1.50	15.4
<b>Middlesbrough Town Hall</b>			
Booking Fees - Tickets	2.70	3.00	11.1
Booking Fees - Tickets (Community Rate)	1.50	1.60	6.7
Box Office Commission - External Promoters	0.10	0.10	4.6
Hire Of Main Hall - Professional Hire	3260.00	3410.00	4.6
Hire Of Crypt - Professional Hire	2170.00	2270.00	4.6
Hire Of Courtyard - Professional Hire	1090.00	1140.00	4.6
Hire Of Courtroom - Professional Hire	540.00	565.00	4.6
Hire Of Main Hall - Commercial Hire	1790.00	1872.00	4.6
Hire Of Crypt - Commercial Hire	1140.00	1192.00	4.6
Hire Of Fire Station - Commercial Hire	380.00	398.00	4.7
Hire Of Courtroom - Commercial Hire	490.00	512.00	4.5
Hire Of Studio - Commercial Hire	220.00	230.00	4.5
Hire Of Courtyard - Commercial Hire	435.00	455.00	4.6
Hire Of Police Cells - Commercial Hire	165.00	172.00	4.2
Hire Of Main Hall - Charity Hire	1200.00	1255.00	4.6
Hire Of Crypt - Charity Hire	870.00	910.00	4.6
Hire Of Fire Station - Charity Hire	280.00	293.00	4.6
Hire Of Courtroom - Charity Hire	460.00	481.00	4.6
Hire Of Building - Production Filming	POA	POA	-
Hire Of Main Hall - Wedding Reception	2990.00	3127.00	4.6
Hire Of Crypt - Wedding Reception	2690.00	2813.00	4.6
Hire Of Fire Station - Wedding Reception	1790.00	1872.00	4.6
Hire Of Courtyard - Wedding Reception	650.00	680.00	4.6
Hire Of Police Cells - Wedding Drinks Reception	220.00	230.00	4.5
Hire Of Courtroom - Wedding Ceremony	380.00	398.00	4.7
Hire Of Building - Dry Hire Event (no bars from MTH)	8150.00	8525.00	4.6
Hire Of Building - Exclusive Use	5430.00	5680.00	4.6
Hire Of Building - Paranormal Tour	1630.00	1705.00	4.6
Banner Board Printing	54.00	60.00	11.1
Email E-Shots	27.00	30.00	11.1
Brochure Advert	54.00	60.00	11.1
Press Release	27.00	30.00	11.1
Duty Manager per hour	19.50	20.50	5.1
Stewarding Staff per hour	20.00	21.00	5.0
Technical Staff per hour	21.50	22.50	4.7
Bar Staff per hour	20.00	21.00	5.0
Technical Equipment	POA	POA	-
Tea/Coffee per package	16.50	17.50	6.1
Drinks Packages	POA	POA	-
Museums - One off events/activities	Price List	Price List	-
Museums - One off events/activities	2.50 to 11.00	2.50-12.00	-



## Appendix 6

### Capital Programme 2024/25 to 2026/27 and Capital Strategy for 2024/25

#### 1. Executive Summary

- 1.1. The financial position of the Council is critical given the Council has extremely low revenue reserves and is unable to balance the 2024/25 budget without recourse to DLUHC approval of Exceptional Financial Support in the form of capitalisation of revenue expenditure funded from borrowing. The position on reserves has been depleted over several years as these amounts have been utilised, they are unavailable to fund the transformation that is required to redesign services to operate from a lower cost base over the medium term. As a result, the Council has made an application to DLUHC for Exceptional Financial Support to balance its 2024/25 revenue budget and to underpin the reserves position in the context of financial risks within the Council's operating environment.
- 1.2. Capital Expenditure relates to spending on longer-term assets and infrastructure (such as property, equipment, vehicles, roads etc.). The Council's capital programme is therefore an important element of the Council's overall financial planning arrangements as appropriate investment can enable the transformation of service delivery and improve the quality of services to the local community. The schemes included in the programme need to be appropriate in meeting the Council's objectives, be affordable and represent value for money.
- 1.3. The Council must consider how capital expenditure is paid for and what the long-term financial implications are of undertaking this investment. The Council is permitted to borrow funds to finance the capital programme under the Local Government Act 2003. It needs to consider the impact on the revenue budget in relation to repayment of borrowing proposed, how it funds the repayment of this debt and the period over which it is repaid. This is particularly important in the context of the significant pressures on the revenue budget and the potential continuing risk of a Section 114 notice being issued if the budget cannot be maintained in balance during 2024/25 and future years.
- 1.4. A review and prioritisation of capital expenditure has been undertaken in order to reduce the programme to an affordable and deliverable level taking account of the revenue budget constraints upon the level of borrowing and delivery resources across Service Directorates. The proposed programme has been finalised between LMT and Portfolio Holders in formulating the proposed programme.
- 1.5. This report sets the proposed capital programme for 2024/25 of **£88.549m**, with a total of **£174.980m** for the period 2024/25 to 2026/27, together with the financing statement as summarised in **Table 1**.
- 1.6. The Council's Capital Financing Requirement (CFR) is the underlying need to borrow in relation to historical borrowing plus future planned borrowing to fund the Council's capital investment in assets. This is expected to increase to **£355.426m** by 2025/26 before starting to reduce again in 2026/27. Further details can be found in the Prudential Indicator and Treasury Management Strategy 2024/25 elsewhere

on this agenda. A summary of the CFR, borrowing limits and planned borrowing together with the revenue cost of borrowing is summarised in **Table 2**.

- 1.7. More details on the prudential indicators which regulate the Council's capital financing activities are included in the Prudential Indicators and Annual Treasury Management Strategy report elsewhere on this agenda. This is an integral part of setting a balanced revenue budget and MTFP for the Council.
- 1.8. Given the Council's fragile financial position, the capital programme detailed in **Annex 1**, whilst affordable, must be managed strictly within budget in order to manage the revenue costs of servicing the historic external debt from previous financing decisions and future plans that are to be funded by borrowing.
- 1.9. The capital programme has been reprioritised to reduce previously planned expenditure to contain levels within affordable resources as follows:
  - Funding Exceptional Financial Support to enable a lawful and balanced revenue budget to be set in 2024/25
  - Meeting statutory duties for example health and safety requirements
  - In flight schemes that cannot be stopped
  - Funding transformation that will deliver ongoing revenue expenditure savings on the basis of invest to save, for which an appropriate rate of return will be determined within the transformation programme.
  - Partially externally funded schemes that require council to match resources where there is a robust business case that meets Council Plan objectives and is approved in accordance with constitutional delegations.
  - Repayment of borrowing to reduce revenue capital financing costs.
- 1.10. The governance arrangements for managing and monitoring the delivery of the programme to plan and to budget will be strengthened during 2024/25. Future budget planning rounds will be subject to improved programme governance to ensure that new projects align to the priorities of the Council plan and available resources to ensure value for money and affordability.

## **2. Introduction**

- 2.1. The Council Plan for Middlesbrough acknowledges that a sustainable capital programme, and the strategy and controls to shape and manage it, is a critical contributor to the future ambitions, overall service delivery, and financial position of the Council going forwards.
- 2.2. The implementation of the Capital Strategy will assist in the Council meeting its '*Recover, Rest and Deliver*' approach by ensuring:
- Capital investment is strictly prioritised and meets the Council's objectives within a set funding limits from within its revenue budget and MTFP.
  - Investment meets the CIPFA criteria of being prudent, sustainable, affordable and value for money.
  - The Council is appropriately responding to the statutory recommendations raised by its external auditor.
  - The Capital Programme does not include any schemes that are not permitted under the HM Treasury's definition of commercial activity and using external debt to solely generate ongoing revenue income.
  - Capital projects are delivered within budget and in a timely manner and meet the objectives of their business cases.
  - Members and Senior Officers have a common understanding of the financial context the Council is operating in and the capital principles underpinning capital decisions within the Council.

## **3. Capital Programme 2024/25 to 2026/27**

- 3.1. **Table 1** summarises the Capital Programme by Directorate, EFS and an upper financial limit within which Transformation and redundancy costs will need to be delivered. It should be noted that the Transformation Programme is in development and will be presented to the Executive and Council in March together with the Flexible Use of Receipts Strategy to fund the programme and redundancies arising from the 2024/25 budget process. It is necessary to incorporate the financial provision at budget setting to ensure the overall budget and MTFP is complete, robust and affordable. Detailed development of plans will be subsequently approved through governance arrangements to be presented for approval in March.

**Table 1: Summary of Capital Programme 2024/25 to 2026/27**

	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL	Council Funding £m	External Funding £m
Regeneration	21.582	36.935	2.670	61.187	25.684	35.503
Environment & Community Services	17.396	19.781	2.398	39.575	26.660	12.915
Public Health	0.043	-	-	0.043	-	0.043
Education & Partnerships	12.040	3.597	-	15.637	0.646	14.991
Childrens Care	2.035	2.360	-	4.395	4.395	-
Adult Social Care	1.213	0.660	0.660	2.533	2.064	0.469
Legal & Governance Services	2.350	2.185	2.185	6.720	6.720	-
Finance	4.790	-	-	4.790	4.790	-
<b>Total All Directorates</b>	<b>61.449</b>	<b>65.518</b>	<b>7.913</b>	<b>134.880</b>	<b>70.959</b>	<b>63.921</b>
<i>Transformation</i>						
Programme Costs	5.500	4.800	3.300	13.600	13.600	-
Redundancies	6.500	-	-	6.500	6.500	-
Contingencies	1.700	2.900	2.000	6.600	6.600	-
<b>Total Transformation</b>	<b>13.700</b>	<b>7.700</b>	<b>5.300</b>	<b>26.700</b>	<b>26.700</b>	<b>-</b>
<i>Exceptional Financial Support (EFS)</i>						
Budget Gap	4.700	-	-	4.700	4.700	-
Contingency on Budget Gap	0.600	-	-	0.600	0.600	-
Savings Delivery	3.500	-	-	3.500	3.500	-
Receipts Delivery	4.600	-	-	4.600	4.600	-
<b>Total EFS</b>	<b>13.400</b>	<b>-</b>	<b>-</b>	<b>13.400</b>	<b>13.400</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>	<b>111.059</b>	<b>63.921</b>

	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL	Council Funding £m	External Funding £m
FUNDED BY						
Prudential Borrowing	23.037	28.009	1.913	52.959	52.959	-
EFS Borrowing	13.400	-	-	13.400	13.400	-
Capital Receipts	6.000	6.000	6.000	18.000	18.000	-
Flexible Receipts	13.700	7.700	5.300	26.700	26.700	-
Grants	29.897	27.931	-	57.828	-	57.828
Contributions	2.515	3.578	-	6.093	-	6.093
<b>TOTAL FUNDING</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>	<b>111.059</b>	<b>63.921</b>

	2024/25 £m	2025/26 £m	2026/27 £m
<b>Capital Receipts memo</b>			
Total Capital Receipts expected	24.512	13.240	9.709
Capital Receipts to finance above programme	(6.000)	(6.000)	(6.000)
Flexible Receipts to finance transformation	(13.700)	(7.700)	(5.300)
<b>Capital Receipts to carry forward</b>	<b>4.812</b>	<b>4.352</b>	<b>2.761</b>

3.2. **Annex 1** details the capital programme for approval, incorporating the capital budgets for 2024/25 to 2026/27. The capital budget is aligned to the Capital

Strategy. It presents in financial terms, the Council's plan for meeting the costs of EFS, Transformation and Redundancies together with investment related to the purchasing, building and improvement of capital assets, together with the implications of any major capital projects or investments within the Middlesbrough boundary. It also provides a framework for ensuring the programme is affordable within the current medium term financial plan.

- 3.3. The Capital Programme has been reviewed during January 2024 by the Council's LMT to ensure that any schemes delivered continue to be in line with the priorities identified in the Council Plan and that schemes included are based on robust estimates and profiles. The review has also considered that given the Council's fragile revenue and reserves position and the reliance upon borrowing under EFS, that borrowing to fund capital expenditure must be tightly controlled and maintained within medium to long term affordability levels as set out in the MTFP.
- 3.4. **Table 2** below sets out the Prudential Indicators in terms of Council indebtedness and debt levels over the medium term. Further information is set out in the Prudential Indicator and Treasury Management Strategy Report elsewhere on this agenda.

**Table 2: Prudential Indicators**

<b><u>Prudential Indicator</u></b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>	<b>2026/27 (£m)</b>
<b>Capital Financing Requirement (underlying need to borrow)</b>	<b>331.863</b>	<b>355.426</b>	<b>352.332</b>
External Borrowing	310.535	333.294	329.910
Internal Borrowing	21.328	22.132	22.422
<b>Authorised limit for External Debt</b>	<b>372.000</b>	<b>396.000</b>	<b>393.000</b>
Annual Capital Financing Cost	11.154	12.814	14.496
% of Net Revenue Budget on debt costs	7.8%	8.6%	9.8%

**Figure 1: Total Debt as a % of core spending power for all English unitary authorities**

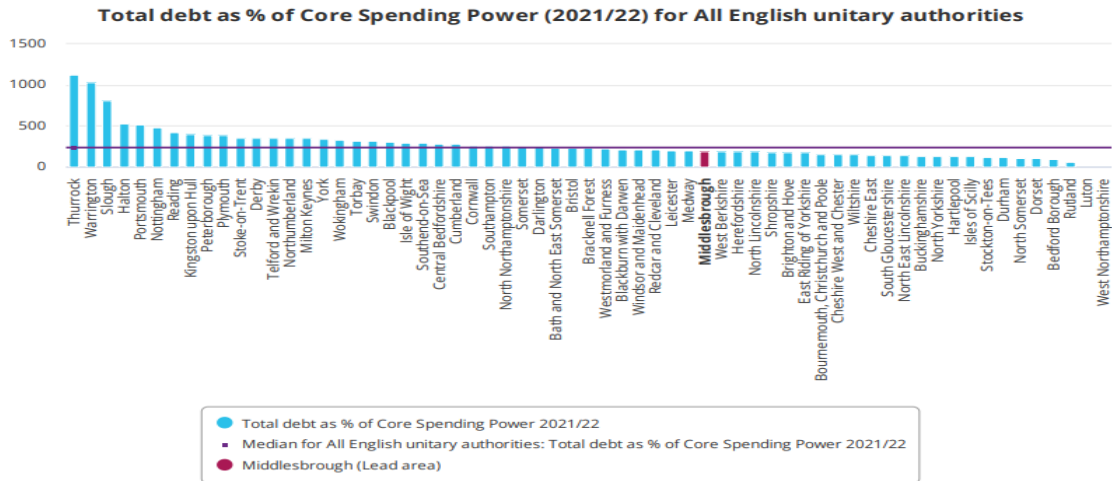
**Total debt as percentage of core spending power**

'Total debt' is Capital Financing Requirement, a measure of capital indebtedness that the council has built up over many years of capital financing decisions, but based on a methodology. (It is perhaps more accurate to describe this as the amount of capital expenditure that has not yet been funded by capital receipts, capital grants or revenue contributions and which therefore will need to be funded in future years. As such is some kind of measure of capital indebtedness, but arguably not a perfect one.

Core Spending Power is a measure of the funding the government makes available to councils for service delivery but it excludes several important elements that may be contributing to the servicing of debt including schools grants, investment income, service income and housing rents.

In 2021/22, the total debt as a percentage of Core Spending Power for Middlesbrough was 190.1%, which was below the All English unitary authorities median percentage of 229.4%.

Note the metric on total debt as a percentage of core spending power used by Oflog uses different financial years for the denominator and numerator, whereas LG Inform uses the same financial year so the numbers will differ slightly.



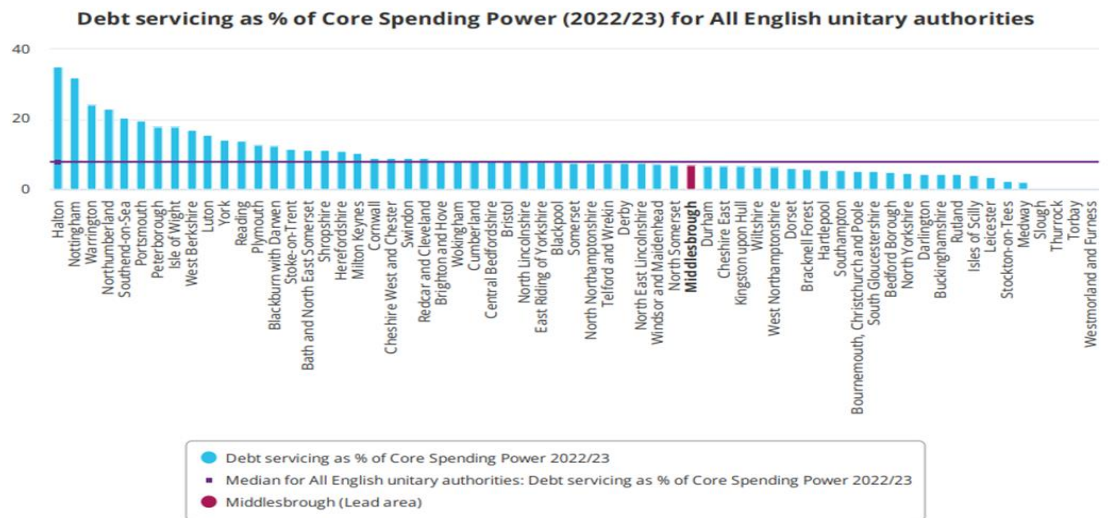
Source: Calculated by LG Inform, N/A, Total debt as % of Core Spending Power, Data updated: 22 Nov 2023

**Figure 2: Debt Servicing as a % of core spending power for all English unitary authorities**

**Debt servicing as percentage of core spending power**

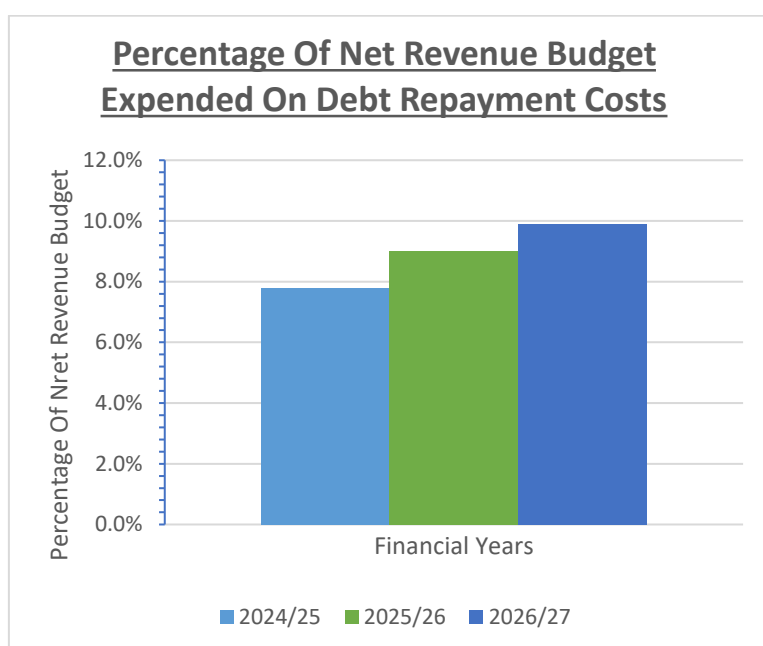
Capital expenditure is expenditure which has an impact over more than one year – for example building a road or a community centre which is going to last many years. Where a council finances capital spending by borrowing or credit, it will incur costs on its budget over the period of the loan or credit arrangement. These figures demonstrate how much the council is currently paying in relation to servicing its debt compared with its Core Spending Power, recognising the fact that current residents are getting the benefit of investments in assets made several years ago.

In 2022/23, the level of debt servicing as a percentage of Core Spending Power for Middlesbrough was 6.8%, which was below the All English unitary authorities median of 7.9%.



Source: Calculated by LG Inform, N/A, Debt servicing as % of Core Spending Power, Data updated: 14 Dec 2023

**Table 3: % of Net Revenue Budget expended on debt repayment costs**



- 3.5. As illustrated in **Figures 1 and 2 and Table 3** above, although Middlesbrough's debt related indicators are increasing over the medium term, it is not an outlier in terms of its levels of debt when compared against all the other English unitary authorities.
- 3.6. In total the programme sets out investment of **£174.980m** from 2024/25 to 2026/27, in support of delivering the Council's objectives and priorities.
- 3.7. The Capital programme was reviewed and revised during Quarter 3 of 2023/24, given the financial position of the Council and to ensure that the Council's capital ambitions remain affordable and sustainable. This review reduced capital expenditure during 2023/24 and proposed expenditure for 2024/25 to 2026/27 as follows:

**Table 4: Review of capital programme undertaken at Quarter 3 2023/24**

Council Capital Programme			
	2024/25 £m	2025/26 £m	Total £m
<b>Total Planned Spend at Q2</b>	<b>110.543</b>	<b>23.039</b>	<b>133.582</b>
Council Funded	52.680	14.956	67.636
Grants / Contributions / Other	57.863	8.083	65.946
<b>Total Planned Spend at Q3</b>	<b>61.449</b>	<b>65.518</b>	<b>126.967</b>
Council Funded	29.037	34.009	63.046
Grants / Contributions / Other	32.412	31.509	63.921
<b>Total Difference</b>	<b>(49.094)</b>	<b>42.479</b>	<b>(6.615)</b>
Council Funded	(23.643)	19.053	(4.590)
Grants / Contributions / Other	(25.451)	23.426	(2.025)

- 3.8. This resulted in the following major schemes being removed from the programme:
- Removal of Tees Amp 2 - £8.820m of Council resources
  - Removal of Brownfield Housing Fund grant - £6.076m of grant funding
  - Removal of £1.521m of Council resources & replacing with grant funding / other contributions on the following schemes
    - £1.250m relating to Traffic Signals
    - £0.163m relating to Parking Ticket Machines
    - £0.108m relating to Bridges.
- 3.9. Schemes that were reprofiled were as follows:

**Table 5: Review of capital programme undertaken at Quarter 3 2023/24 – schemes reprofiled**

Schemes where significant re-profiling has been undertaken						
Directorate	Scheme	Funding Source		2023/24 £m	2024/25 £m	2025/26 £m
		Council £m	Grant £m			
Regeneration	Towns Fund Grant		11.415		(11.415)	11.415
Regeneration	East Middlesbrough Community Hub		0.618		(3.218)	3.218
Regeneration	Acquisition of Town Centre Properties	2.600			(1.207)	1.207
Regeneration	Town Hall Roof	1.207			(2.153)	2.153
Regeneration	De-Risking Sites	2.153			(1.066)	1.066
Regeneration	Cleveland Centre	1.066			(1.034)	1.034
Environment & Community Services	Purchase of New Vehicles	1.034		(0.500)	(1.000)	1.500
Environment & Community Services	Bridges & Structures	1.500		(1.000)	(0.500)	1.500
Environment & Community Services	Highways Infrastructure	1.500		(0.700)	(0.300)	1.000
Education	Basic Needs Grant	1.000			(1.900)	1.900
Children's Care & Prevention	Children's Services Financial Improvement Plan		1.900	(0.232)	(2.128)	2.360
		2.360				
<b>TOTAL</b>		<b>14.420</b>	<b>13.933</b>	<b>(2.432)</b>	<b>(25.921)</b>	<b>28.353</b>

- 3.10. In addition, amounts for the transformation programme of £26.7m for 2024/25 to 2026/27 and exceptional financial support of £13.4m in 2024/25 have been added to the capital programme. The profile of these costs are shown in **Table 1** and are funded by capital receipts and external (EFS) borrowing respectively. Further details on both these funding streams are given later in this appendix.

#### **4. Financing approach for the capital programme**

- 4.1. All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council's own resources (revenue budget, reserves or capital receipts) or debt (borrowing or leasing).
- 4.2. In terms of affordability, receiving capital funding from a partner organisation in the form of a contribution or from central government via an approved grant is always the Council's preferred route of financing. There is no initial cost of the capital investment, with only the ongoing revenue consequences to consider.



- 4.3. When the Council puts its own funding into a capital project, there is an opportunity cost of this investment. If it sells a capital asset to generate a receipt, it releases the asset and possibly revenue income that is generated. If it uses prudential borrowing, there is an ongoing revenue costs of principal and interest of between 7% - 10% per annum over the estimates useful life of the asset being financed. The final option of funding from the revenue budget has not been used in recent years due to the pressures on the revenue budget position and the low level of revenue reserves currently. The Council would therefore prioritise its own financing resource as capital receipts first, prudential borrowing last. Direct revenue financing is not recommended within the period of this MTFP.
- 4.4. In addition, there would be restrictions on the level of capital receipts in any financial year, based on the availability of buyers for specific assets, the need to demonstrate best value on any sale and the legal processes required for any sale. The amount of prudential borrowing will be restricted by the impact on the revenue budget of servicing the debt costs of principal (minimum revenue provision) and interest (on any loans drawn down to finance the asset).
- 4.5. The Council must ensure that any approach to financing the capital programme is affordable, sustainable, and prudent in line with the requirements of the CIPFA Prudential Code on Capital Finance. It does this by setting and monitoring a set of prudential indicators each year. These are key metrics for the Director of Finance and for elected members when setting a budget for each financial year and when considering any changes that may occur during the financial year.
- 4.6. More details on this can be seen with reference to the Council's prudential indicators and annual treasury management strategy as included elsewhere on this agenda. Some key indicator values on the current position of the Council are shown in the table below for reference purpose.

## **5. Flexible use of capital receipts strategy**

- 5.1. Local authorities are ordinarily only able to utilise capital receipts from the sale of fixed assets for specific purposes. This precludes the financing of revenue expenditure under s15(1) of the Local Government Act 2003.
- 5.2. In 2016/17, the Department of Levelling up Housing and Communities implemented a time limited relaxation to the regulations under the Local Government Act 2003 Sections 16(2)(b) and 20. This allows capital receipts to be used to finance revenue expenditure in specific circumstances and subject to certain conditions.
- 5.3. The current statutory direction applies to financial years from 1 April 2022 up to and including 31 March 2025 and it is expected that the scheme will continue into future years as a tool that brings flexibility to local authorities pursuing transformation and modernisation to improve value for money. DLUHC is currently consulting on extending capital flexibilities that, if implemented, are likely to apply from 2025/26 onwards.

- 5.4. Eligible expenditure under the regulations relates to revenue expenditure which:
- is designed to generate ongoing expenditure savings, income generation, and/or more efficient delivery of services, and/or
  - transforms service delivery to reduce costs/ reduce demand; and/or
  - improves the quality-of-service delivery in future years.
- 5.5. The annual Flexible Use of Capital Receipts (FUoCR) Strategy is required to be approved by Full Council as part and is part of the budget and policy framework. For 2024/25, the Strategy is under development alongside the Transformation Programme and will be presented to Council for consideration and approval on 28 March 2024.
- 5.6. The expenditure required to deliver the Transformation Programme will be a combination of revenue and capital expenditure. The FUoCR Strategy will set out any plans for eligible revenue expenditure to be incurred during the financial year to be funded by capital receipts in accordance with statutory regulations. The Council is not permitted to apply flexible capital receipts to fund expenditure more than the sum set out in the approved Strategy. A copy of the FUOCR Strategy, once approved by Council is required to be shared with DLUHC to enable review and oversight (but not approval).
- 5.7. As outlined as part of the budget monitoring process for 2023/24, the Council faces a challenging overall financial position on its revenue budget and has a critically low level of usable reserves. The Council is undertaking a major transformation programme during 2024/25 to move the Council to a lower cost base for the future. It is anticipated that the amount of transformation expenditure will be significantly higher in 2024/25, than in previous years. The planning estimate is currently up to £5.5m with an estimate for redundancy costs of up to £6.5m. A contingency budget of £1.7m is provided. The value of the programme will be presented for consideration in March as referenced above.
- 5.8. As this expenditure can only be financed by capital receipts given the critically low level of revenue reserves held by the Council. The FUoCR strategy therefore provides the funding solution for the revenue costs of transformation work to be funded from capital receipts generated from the current review of assets as approved by the Executive in November 2023. EFS approval of £4.6m is required to underwrite the risk of slippage in the realisation of capital receipts to fund transformation and redundancy expenditure.

## **6. Financial Support**

- 6.1. The Council made an application to the Department for Levelling Up Housing and Communities during January 2024 for exceptional financial support to assist with the setting of the 2024/25 revenue budget. The amount required of up to £13.4m can be analysed as follows:
- Budget Gap - £4.7m
  - Contingency on Budget Gap - £0.6m
  - Savings Delivery Risk - £3.5m
  - Capital Receipts Delivery Risk - £4.6m

6.2. If the EFS application is approved by central government, a capitalisation direction will be issued which will allow the Council to treat the relevant costs as capital expenditure. This could then be financed by external borrowing from the Public Works Loan Board over a period of 20 years. This would be at a 1% premium above normal PWLB borrowing rates for the capital programme.

## **7. Risk & Governance**

7.1. The proposed five-year programme will require the Council to use a higher proportion of available resources but without recourse to any more borrowing than is necessary to meet existing commitments. Investment of this nature will result in the Council being exposed to additional inherent risks as follows:

- economic risks on capital projects such as rising inflation and extended leading times for orders.
- the impact of Brexit / Covid-19 on construction costs.
- major schemes have a long pay-back period, which will require the use of reserves in the early years to fund short term deficits in business plans.
- Any unforeseen events occur which effect the overall cost or delivery times for specific schemes.

7.2. The management of risk on projects within the capital programme is managed by individual service directors as part of their own risk processes but is overseen by the Leadership Management Team as part of its corporate governance responsibilities.

7.3. It is the aim of the Council to create a capital programme board framework consisting of elected members and senior officers to oversee and support the delivery of the capital programme as part of its governance improvement ambitions. This would take the lead role for the organisation on both programme planning, scheme delivery and financing from the current arrangements once established.

## **Annex**

1	Revised Capital Programme 2024/25 to 2026/27
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## Appendix 6 - Annex 1 : Updated Investment Strategy 2024/25 to 2026/27

	Total Funding Required				Council Funding £m	External Funding £m
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m		
<b>Regeneration</b>						
Town Centre Related Projects	0.158	-	-	0.158	0.129	0.029
Middlehaven Related Projects	0.007	0.500	-	0.507	0.500	0.007
Housing Growth	0.435	2.957	-	3.392	2.692	0.700
BOHO X	0.600	-	-	0.600	-	0.600
Unallocated Grant Following Completion Of Boho X Project	-	5.600	-	5.600	-	5.600
Towns Fund	1.528	11.630	-	13.158	0.100	13.058
Towns Fund - East Middlesbrough Community Hub	0.400	3.218	-	3.618	2.600	1.018
Future High Streets Fund	1.300	-	-	1.300	-	1.300
Acquisition of Town Centre Properties	-	1.207	-	1.207	1.207	-
New Civic Centre Campus	0.210	-	-	0.210	0.210	-
Middlesbrough Development Company	1.702	-	-	1.702	1.304	0.398
Capitalisation Of Major Schemes Salaries	0.530	0.530	0.530	1.590	1.590	-
Capitalisation of Planning Services Surveys	0.090	0.040	0.040	0.170	0.170	-
Affordable Housing Via Section 106	-	1.495	-	1.495	0.302	1.193
Highways Infrastructure Development Section 106	1.500	1.442	-	2.942	0.142	2.800
Levelling Up Fund - South Middlesbrough Accessibility	3.863	0.809	-	4.672	-	4.672
Derisking Sites	1.000	1.566	0.500	3.066	3.066	-
Property Services Building Investment	0.340	0.340	0.340	1.020	1.020	-
Property Asset Investment Programme	1.084	1.866	1.200	4.150	4.150	-
Town Hall Roof	0.807	2.149	-	2.956	2.956	-
Municipal Buildings Refurbishment	1.193	-	-	1.193	1.193	-
Resolution House	-	0.492	-	0.492	0.492	-
Cleveland Centre	0.500	1.034	-	1.534	1.534	-
Members Small Schemes	0.120	0.060	0.060	0.240	0.240	-
Stewart Park Section 106	0.034	-	-	0.034	-	0.034
Cultural Development Fund - Enhancements to Central Library & Partner organisations	4.181	-	-	4.181	0.087	4.094
<b>Total Regeneration</b>	<b>21.582</b>	<b>36.935</b>	<b>2.670</b>	<b>61.187</b>	<b>25.684</b>	<b>35.503</b>

	Total Funding Required				Council Funding £m	External Funding £m
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m		
<b>Environment and Community Services</b>						
Purchase of New Vehicles	2.197	3.760	1.200	7.157	7.157	-
Capitalisation of Wheeled Bin Replacement	0.100	0.100	0.100	0.300	0.300	-
Capitalisation of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.055	0.165	0.165	-
Capitalisation of Highways Maintenance	0.575	0.575	0.575	1.725	1.725	-
Local Transport Plan -Highways Maintenance	2.638	4.678	-	7.316	-	7.316
Local Transport Plan - Incentive Funding	1.377	2.130	-	3.507	-	3.507
Street Lighting-Maintenance	0.468	0.468	0.468	1.404	1.404	-
Bridges & Structures (Non Local Transport Plan)	2.620	3.740	-	6.360	6.360	-
Henry Street	0.039	-	-	0.039	-	0.039
CCTV	0.060	-	-	0.060	0.060	-
Towns Fund Initiatives	0.071	-	-	0.071	-	0.071
Highways Infrastructure	2.700	1.000	-	3.700	3.700	-
Libraries Improvement Fund	0.070	-	-	0.070	-	0.070
Urban Traffic Management Control 2	0.988	-	-	0.988	-	0.988
Traffic Signals Non Tees Valley Combined Authority	1.550	0.980	-	2.530	2.030	0.500
Newport Bridge	1.000	1.795	-	2.795	2.795	-
Street Lighting Column Replacement	0.464	0.500	-	0.964	0.964	-
Linthorpe Rd Cycleway	0.424	-	-	0.424	-	0.424
<b>Total Environment and Community Services</b>	<b>17.396</b>	<b>19.781</b>	<b>2.398</b>	<b>39.575</b>	<b>26.660</b>	<b>12.915</b>

	Total Funding Required				Council Funding £m	External Funding £m
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m		
<b>Public Health</b>						
New Project - Live Well East – Internal Alterations & Improvements	0.043	-	-	0.043	-	0.043
<b>Total Public Health</b>	<b>0.043</b>	<b>-</b>	<b>-</b>	<b>0.043</b>	<b>-</b>	<b>0.043</b>

	Total Funding Required				Council Funding £m	External Funding £m
	2024/25 £m	2025/26 £m	2026/27 £m	TOTAL £m		
<b>Education and Partnerships</b>						
Block Budget (Grant) Devolved Formula Capital - Various Schools	0.129	-	-	0.129	-	0.129
Block Budget (Grant) Devolved Formula Capital(energy efficiency) - Various Schools	0.077	-	-	0.077	-	0.077
Block Budget (Grant) Section 106 Avant Low Gill	-	0.035	-	0.035	-	0.035
Block Budget (Grant) School Condition Allocation	0.773	-	-	0.773	-	0.773
Block Budget (Grant) Basic Needs	1.766	1.775	-	3.541	-	3.541
Block Budget (Grant) High Needs Provision Capital Allocation (HNPCA)	0.515	-	-	0.515	-	0.515
Block Budget Childcare Expansion Grant	0.231	-	-	0.231	-	0.231
Schemes In Maintained Primary Schools	0.075	-	-	0.075	-	0.075
Schemes In Primary Academies	0.250	0.250	-	0.500	-	0.500
Schemes In Secondary Academies	1.036	0.300	-	1.336	-	1.336
Schemes In Special Schools	6.071	0.366	-	6.437	-	6.437
Capitalisation Of Salary Costs	0.115	-	-	0.115	-	0.115
Contribution To New School At Middlehaven	0.400	0.746	-	1.146	0.646	0.500
Special Education Needs Projects	0.424	-	-	0.424	-	0.424
Sandringham House (Hospital Teaching Service)	0.125	0.125	-	0.250	-	0.250
Family Hubs	0.053	-	-	0.053	-	0.053
<b>Total Education and Partnerships</b>	<b>12.040</b>	<b>3.597</b>	<b>-</b>	<b>15.637</b>	<b>0.646</b>	<b>14.991</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Children's Care</b>				
Children's Services Financial Improvement Plan	2.035	2.360	-	4.395
<b>Total Children's Care</b>	<b>2.035</b>	<b>2.360</b>	<b>-</b>	<b>4.395</b>

Council Funding	External Funding
£m	£m
4.395	-
<b>4.395</b>	<b>-</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Adult Social Care</b>				
Chronically Sick & Disabled Persons Act - All schemes	0.702	0.610	0.610	1.922
Disabled Facilities Grant - All schemes	0.376	-	-	0.376
Capitalisation Of Staying Put Salaries	0.050	0.050	0.050	0.150
Home Loans Partnership (Formerly 5 Lamps)	0.070	-	-	0.070
Small Schemes	0.015	-	-	0.015
<b>Total Adult Social Care</b>	<b>1.213</b>	<b>0.660</b>	<b>0.660</b>	<b>2.533</b>

Council Funding	External Funding
£m	£m
1.914	0.008
-	0.376
0.150	-
-	0.070
-	0.015
<b>2.064</b>	<b>0.469</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Legal and Governance Services</b>				
ICT Essential Refresh & Licensing	2.313	2.185	2.185	6.683
HR Pay	0.037	-	-	0.037
<b>Total Legal and Governance Services</b>	<b>2.350</b>	<b>2.185</b>	<b>2.185</b>	<b>6.720</b>

Council Funding	External Funding
£m	£m
6.683	-
0.037	-
<b>6.720</b>	<b>-</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Finance</b>				
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	0.264	-	-	0.264
Business World Upgrade	0.026	-	-	0.026
Capitalisation of Property Finance Lease Arrangements	4.500	-	-	4.500
<b>Total Finance</b>	<b>4.790</b>	<b>-</b>	<b>-</b>	<b>4.790</b>

Council Funding	External Funding
£m	£m
0.264	-
0.026	-
4.500	-
<b>4.790</b>	<b>-</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Transformation Programme</b>				
Transformation	3.000	2.300	2.300	7.600
Subject Matter Expertise	2.500	2.500	1.000	6.000
Redundancy	6.500	-	-	6.500
Contingency	1.700	2.900	2.000	6.600
<b>Total Transformation</b>	<b>13.700</b>	<b>7.700</b>	<b>5.300</b>	<b>26.700</b>

Council Funding	External Funding
£m	£m
7.600	-
6.000	-
6.500	-
6.600	-
<b>26.700</b>	<b>-</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Exceptional Financial Support</b>				
Revenue Budget Deficit	4.700	-	-	4.700
Contingency for savings and receipts deficit	8.700	-	-	8.700
<b>Total Exceptional Financial Support</b>	<b>13.400</b>	<b>-</b>	<b>-</b>	<b>13.400</b>

Council Funding	External Funding
£m	£m
4.700	-
8.700	-
<b>13.400</b>	<b>-</b>

	Total Funding Required			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>Total Capital Expenditure</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>

Council Funding	External Funding
£m	£m
<b>111.059</b>	<b>63.921</b>

	Forecast Funding			
	2024/25	2025/26	2026/27	TOTAL
	£m	£m	£m	£m
<b>FUNDED BY:</b>				
Prudential Borrowing	23.037	28.009	1.913	52.959
EFS Borrowing	13.400	-	-	13.400
Capital Receipts	6.000	6.000	6.000	18.000
Flexible Receipts	13.700	7.700	5.300	26.700
Grants	29.897	27.931	-	57.828
Contributions	2.515	3.578	-	6.093
<b>Total FUNDING</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>	<b>174.980</b>

Council Funding	External Funding
£m	£m
52.959	-
13.400	-
18.000	-
26.700	-
-	57.828
-	6.093
<b>111.059</b>	<b>63.921</b>

	2024/25	2025/26	2026/27
	£m	£m	£m
<b>Capital Receipts memo</b>			
Total Capital Receipts expected	24.512	13.240	9.709
Capital Receipts to finance above programme	(6.000)	(6.000)	(6.000)
Flexible Receipts to finance transformation	(13.700)	(7.700)	(5.300)
<b>Capital Receipts to carry forward</b>	<b>4.812</b>	<b>4.352</b>	<b>2.761</b>

## Appendix 7

### Council Tax Setting 2024/25

1.1 The legislation governing the setting of council tax is contained in Sections 30 to 38 of the Local Government Finance Act 1992. Section 31B(1) requires a billing authority to calculate the basic amount of its council tax, which in Middlesbrough Council's case is that applicable to Band D dwellings in its area.

1.2 The calculation is made in accordance with a formula  $R/T$  where

**R** is the amount calculated by the Middlesbrough Council as its council tax requirement for 2024/25, calculated in accordance with section 31A(4) of the Act. This has been calculated as **£71,438,123**.

**T** is the amount calculated by Middlesbrough Council as its council tax base for 2024/25. On 20 December 2023 the Executive calculated the amount of **36,137.9** as its council tax base for the year 2024/25 in accordance with Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

1.3 Application of the formula  $R/T$  thus gives a basic amount of council tax of **£1,976.82** for a Band D property in accordance with Section 31B(1) of the Act as shown in **Table 1** below:

**Table 1 – Calculation of Basic Council Tax 2024/25**

	£	£
Net Budget Requirement		143,190,245
Less:		
Revenue Support Grant	15,121,685	
Top up Payment	30,485,592	
Top up Payment 23/24 reconciliation	(24,629)	
Local Share of NNDR	17,844,227	
		63,426,875
		79,763,370
Estimated Collection Fund Deficit 2023/24		(8,325,247)
Council Tax Requirement	R	71,438,123
Taxbase	T	36,137.9
<b>Basic Council Tax</b>	<b>(R) / (T)</b>	<b>1,976.82</b>

The basic amount is now relevant only for statistical purposes, but must still be calculated by law. It represents the average tax paid across the Council area, including parish precepts.

1.4 The calculation of the actual Council Tax (Band D) for parish and non-parish areas (Middlesbrough Council only element excluding Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts) is as follows:

**a. Table 2 – Actual Council Tax (Band D) - Areas other than Nunthorpe and Stainton & Thornton Parishes – 4.99% increase:-**

	£	£
Basic Amount as above:		1,976.82
Less : Parish Precepts	38,153	
Divided by Tax Base	36,137.9	
Equals		1.06
<b>Band D Tax</b>		<b>1,975.76</b>

**b. Table 3 – Actual Council Tax (Band D) – Nunthorpe Parish:-**

	£	£
Add: Parish Precept	25,000	
Divided by Tax Base	2,386.6	
Equals		10.48
<b>Band D Tax</b>		<b>1,986.24</b>

**c. Table 4 - Actual Council Tax (Band D) Stainton & Thornton Parish:-**

	£	£
Add: Parish Precept	13,153	
Divided by Tax Base	1,412.8	
Equals		9.31
<b>Band D Tax</b>		<b>1,985.07</b>

1.5 The calculation of the actual Council Tax for each valuation band for the Middlesbrough Council only element (excluding Cleveland Police and Crime Commissioner and Cleveland Fire Authority precepts) is shown in **Table 5** below :

**Table 5 - Middlesbrough Council Tax bands 2024/25 (excluding Police & Fire Precepts)**

Middlesbrough Council Tax bands excluding Police & Fire Precepts				
Band	Proportion	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	6/9	1,317.17	1,324.16	1,323.38
B	7/9	1,536.70	1,544.85	1,543.94
C	8/9	1,756.23	1,765.55	1,764.51
D	1	1,975.76	1,986.24	1,985.07
E	11/9	2,414.82	2,427.63	2,426.20
F	13/9	2,853.88	2,869.01	2,867.32
G	15/9	3,292.93	3,310.40	3,308.45
H	18/9	3,951.52	3,972.48	3,970.14



- 1.6 Cleveland Fire Authority has set a precept for Middlesbrough of **£3,232,896** and a 2.99% increase in Band D Council Tax. Council Tax levels for 2024/25 are set out in **Table 6** below.

**Table 6 – Cleveland Fire Authority Council Tax 2024/25**

<b>Cleveland Fire Authority</b>	
<b>Band</b>	<b>Tax £</b>
A	59.64
B	69.58
C	79.52
D	89.46
E	109.34
F	129.22
G	149.10
H	178.92

- 1.7 Cleveland Police and Crime Commissioner has set a precept of **£10,976,164** and a 4.47% increase in Band D Council Tax. Council Tax levels for 2024/25 are set out in **Table 7** below.

**Table 7 – Cleveland Police & Crime Commissioner Council Tax 2024/25**

<b>Cleveland Police &amp; Crime Commissioner</b>	
<b>Band</b>	<b>Tax £</b>
A	202.49
B	236.23
C	269.98
D	303.73
E	371.23
F	438.72
G	506.22
H	607.46

- 1.8 The total tax to be levied for each band (including Middlesbrough Council, Cleveland Fire Authority, Cleveland Police and Crime Commissioner, and Parishes) is set out in **Table 8**.

**Table 8 - Middlesbrough Council Tax bands 2024/25 including Police & Fire Precepts**

<b>Middlesbrough Council Tax bands including Police &amp; Fire Precepts</b>			
<b>Band</b>	<b>Areas without Parishes £</b>	<b>Nunthorpe £</b>	<b>Stainton &amp; Thornton £</b>
A	1,579.30	1,586.29	1,585.51
B	1,842.51	1,850.66	1,849.75
C	2,105.73	2,115.05	2,114.01
D	2,368.95	2,379.43	2,378.26
E	2,895.39	2,908.20	2,906.77
F	3,421.82	3,436.95	3,435.26
G	3,948.25	3,965.72	3,963.77
H	4,737.90	4,758.86	4,756.52

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## Appendix 8

### Schools Budget 2024/25

#### Introduction

- 1.1 In conjunction with the National Funding Formula (NFF) the Dedicated Schools Grant (DSG) funding is allocated over four blocks and the indicative Dedicated Schools Grant for 2024/25 totals £189.360m after deductions for national non-domestic rates and direct funding of high needs by Education & Skills Funding Agency (ESFA).
- 1.2 This budget has 4 elements - budgets delegated to individual schools (Schools Block), support to high needs pupils (High Needs Block), provision for early years expenditure (Early Years Block), and support for central services (Central Services Block).

#### Funding Allocations

- 1.3 The following table provides a summary of the amounts to be received in 2024/25 and a comparison to that received in 2023/24. It should be noted though that the above amounts are subject to change during the year as the Schools Block includes amounts which are passported directly to academies (known as recoupment), and 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 2025/26 and 2026/27.

**Table 1 - Dedicated Schools Grant (DSG) after deductions 2024/25**

DSG Block	2023/24 £m	2024/25 £m	Increase £m	Increase %
Schools Block	131.071	139.332	8.261	6.3
Central School Services Block	1.043	1.046	0.003	0.3
High Needs Block	29.978	31.045	1.067	3.6
Early Years Block	12.121	17.937	5.816	48.0
<b>TOTAL DSG AFTER DEDUCTIONS</b>	<b>174.213</b>	<b>189.360</b>	<b>15.147</b>	<b>8.7</b>

#### 1.4 Schools Block

2024/25 DSG Schools Block allocation, after business rate deduction, is an increase of £8.261m (6.3%) compared with 2023/24. DSG Schools block funding is allocated based on the National Funding Formula (NFF), which is based on the October 23 census:

**Table 2 – Pupil Numbers**

	October 2023 census numbers	October 2022 census numbers	Difference
Primary	13,727	13,692	35
Secondary	8,710	8,566	144
<b>Total</b>	<b>22,437</b>	<b>22,258</b>	<b>179</b>

Funding for Schools budgets comprises:

- a) Dedicated Schools Grant (DSG) - this is the main funding stream allocated to schools by the LA;
- b) Pupil Premium Grant – this is distributed by the Council to maintained schools only. The allocation is set out by the (ESFA) with academies receiving this funding directly.

To note, the Mainstream Schools Additional Grant (MSAG) has been rolled into the above allocations for 2024/25.

The minimum funding guarantee (MFG) is in place at +0.25% ensuring schools have some protection where they are experiencing reducing school roll numbers. The formulation of the budget is also aligned with government guidance and the necessary approvals required from Schools Management Forum (SMF), which are public documents. SMF approved modelled option 2 on 17 January 2024. The Schools Budgets has been submitted for Middlesbrough schools on 22 January 2024 within the required deadline.

The standard approach followed by the Local Authority in setting the Schools Budget is to set budgets by block which mirror the DSG income received. However, for 2024/25 the Local Authority is responding to an improved offer for schools, aligned within the High Needs Block and requested transfer from the Schools Block.

Schools Block transfer to High Needs Block transfer (0.5%) £0.7m, was approved by SMF on 12 December 2023.

DSG allocation is updated throughout the year as pupil numbers are confirmed. During this process any unallocated balance is put to DSG Reserve, reported in the council balance sheet as “DSG unusable Reserves”. This is not currently a council liability. Any surplus in schools block, identified as Growth funding and agreed by SMF, is used to support the following (year(s) place planning and sufficiency across Middlesbrough schools.

### 1.5 **Central School Services Block (CSSB)**

The CSSB is made up of two categories, historic and ongoing commitments with funding totalling £1.067m for 2024/25 for Middlesbrough. This includes Teachers' Pension Employer Contribution (TPECG) funding for centrally employed teachers.

The grant has reduced the historic element by 20% when compared to 2023/24 by £30,400. The DfE have indicated that this element will reduce by 20% year on year and will be nil once the hard funding formula is implemented. Due to this overall, there is only a £22,200 increase from 2023/24.

The services funded can be found in SMF DSG CSSB report 2024/25 of 17 January 2024.

### 1.6 **High Needs Block**

For 2024/25 Middlesbrough indicative allocation is £31.045m. The indicative allocations are based on the latest mid-2023 ONS population estimate for Middlesbrough. The High Needs Block allocation for 2024/25 is finalised during 2024/25 taking into account the Spring 2024 pupil numbers and any other

deductions and recoupment. Middlesbrough are signed up to the Delivering Better Value (DBV) programme that invests £1m over an approximate 18-month period ending 31 March 2025.

Currently after deductions and recoupment the Council will receive DSG of £63.472m in 2023/24. The forecast expenditure is £70.116m, a forecast year-end overspend of £6.644m within 2023/24 as shown in **Table 3**.

**Table 3 - Dedicated Schools Grant (DSG) after recoupment and deductions 2023/24**

	2023/24 Income Forecast	2023/24 Expenditure Forecast	2023/24 Forecast Year-end Overspend	Balance as at 31/03/2023	Forecast Cumulative DSG Deficit as at 31/03/2024
	£m	£m	£m	£m	£m
Early years	12.121	12.121	0.000	(0.254)	(0.254)
Schools Block	20.330	20.330	0.000	(0.182)	(0.182)
High Needs	29.978	36.622	6.644	7.021	13.665
Central school services block	1.043	1.043	0.000	(0.021)	(0.021)
<b>TOTAL</b>	<b>63.472</b>	<b>70.116</b>	<b>6.644</b>	<b>6.564</b>	<b>13.208</b>

As shown in **Table 3** above there was a £6.564m total cumulative deficit on the DSG grant at the end of 2022/23, which included £7.021m attributed to the High Needs Block. The DSG deficit is predicted to increase during 2023/24 and it is currently forecast that there will be a total cumulative DSG deficit of £13.208m at 31 March 2024, including £13.665m relating to the High Needs Block which is partly offset by £0.457m of surplus forecast across the other blocks.

The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing from 2022 to 2023 by over 27% (up from 1370 to 1743) and the service has faced the full year effect of this increase along with continued increasing numbers in the past 12 months, and increasing exclusions.

As part of the Delivering Better Value (DBV) work, it was identified that there would be a pressure in the current year. However, additional risks were highlighted as part of the DBV programme; specifically, that this may not be achieved without significant change regarding inclusion in mainstream schools. Inclusion within mainstream has remained a challenge, which has resulted in continued increased demand for specialist provision. These are over commissioned places which has resulted in financial pressure to provide place funding. Alongside this, there has also been an increase in rates from specialist providers across the board and significant increased pressure from rising permanent exclusions.

A range of management actions are being taken alongside the DBV programme these include initiatives such as :

- Work with health colleagues to identify health contributions where relevant
- On-going reviews of Education, Health and Care (EHC) assessments
- Training for staff and school staff to support children remaining in mainstream settings

- Reintegration of Excluded pupils to mainstream where possible
- Governance of High Needs budget
- Service review and modelling
- Review of Top-ups in line with Improvement Plan
- Reduce Exclusions
- Consider notional SEND budget and how this is used
- Linking school inspection in with SEND and Alternative Provision Improvement plan
- Review school reserves and examination of potential of implementing a policy (subject to SMF) for taking excess reserves back into High Needs where relevant and appropriate

The Dedicated Schools Grant (DSG) is subject to a statutory override by central Government which instructs Councils to account for the DSG deficits and resulting negative balance in a separate reserve and not to fund it by using its General Fund resources. This was planned to end on 31 March 2023, however Government has extended the arrangement to at least 31 March 2026. This is considered to be a potential major risk to the Council's financial resilience in the long term if the Government remove the statutory override before the deficit position is resolved – the current balance is £13.208m which would be required to be met from the General Fund resources. The position that Government takes on this national issue which presents significant financial risks for many local authorities, will be closely followed and updates will be provided as appropriate.

## 1.7 Early Years Block

The funding split of the indicative £17.937m for Early Years in 2024/25 is shown in **Table 4** below:

**Table 4 – Indicative Early Years Block Funding 2024/25**

Description	2024/25 (Provisional) £
3 & 4 Year Old Universal Entitlement	7,639,642
3 & 4 Year Old Additional 15 hours	2,483,949
2 Year Old Entitlement	3,595,798
Early Years Pupil Premium (EYPP)	357,894
Disabled Access Fund (DAF)	146,510
2YO Working Parent Entitlement	2,192,355
Under 2s Entitlement	1,520,861
Maintained Nursery Supplementary Funding	0
<b>TOTAL</b>	<b>17,937,010</b>

Note: This is a provisional allocation (based on January 2023 pupil numbers)

The required SMF noting of rates and the approval of Special Education Needs (SEN) and pass through rate for the Council was agreed on 17 January 2024.

<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director for Children's Care
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<b>Relevant Executive Member:</b>	Executive Member for Children's Services
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<b>Submitted to:</b>	Executive
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<b>Date:</b>	28 February 2024
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<b>Title:</b>	Increased Residential and Supported Accommodation for Children in Our Care and Care Leavers.
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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>	Children and young people
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<b>Key decision:</b>	Yes
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<b>Why:</b>	Decision(s) will incur expenditure or savings above £250,000
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<b>Subject to call in?:</b>	Yes
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<b>Why:</b>	A decision taken collectively by the Mayor and the Executive.
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<b>Proposed decision(s)</b>
<p>This report requests that Executive approves Middlesbrough Councils plans for increasing the residential and supported accommodation for children in our care and care leavers, which will replace the previous saving of £1.848m (£0.787m 2023/24 and £1.061m 2024/25) against the financial plan reference CS06: <i>Increase the in-house residential offer to reduce expenditure on external placements.</i></p>

## Executive summary

This report presents the revised plans to achieve savings of £0.450m in 2025/26 and £0.615m in 2026/27, totalling £1.065m by the end of the current MTFP period on 31 March 2027 (reference: 24/25 CC03).

Further, it is anticipated that a further saving of £0.850m will be achievable in 2027/28 which is beyond the current MTFP period. This plan aims to deliver a total saving of £1.915m over a 4-year period, replacing the original saving of £1.848m that was incorporated into the 2023/24 budget to deliver £0.787m in 23/24 and £1.061m in 2024/25 which have been determined to be undeliverable as originally planned. Due to the operational activity being brought online during 2024/25 the savings will be realised from 2025/26.

The Childrens services Financial Improvement plan approved in February 2023 included elements of increasing the in-house estate for Children's care. During the course of the 12 months significant efforts were made to identify suitable properties to bring online. These efforts were hampered for two key reasons:

1) At the commencement of the year significant time was spent exploring a large property which could have met the needs of our 16+ cohort. Months exploring this including the refurbishment feasibility were undertaken, however it transpired there were issues with the refurbishment and build that had already been undertaken which would have left a legal liability on the local authority to resolve. The focus on this area led to a delay in project achievements.

2) The cost of refurbishment, when seeking to convert any existing council asset to a residential home were prohibitive and did not represent value for money. This has therefore led to a strategy for future consideration being the identification of suitable properties with minimal renovation work required.

Under the revised plan, Middlesbrough Council will reduce the use of the external high-cost placements and grow the residential and supported accommodation offer, by increasing Middlesbrough Council in house offer and building partnerships with commissioned providers. The current Middlesbrough Council in house offer, which has been abbreviated to safeguard the location of the children's homes, is shown below:

- WT, 2 bed children's home.
- HL, 4 bed children's home.
- FT, 3 bed children's home.
- RC, 5 bed children's home.
- FFF, 4 bed edge of care provision.
- Progressing to Independence, consists of supported accommodation 10 flats and 9 Higher Needs Supported Lodgings placements.



Middlesbrough Council residential and supported accommodation occupancy is mainly high (residential homes 95% in January 2024, supported accommodation 100% and higher needs supported lodgings 78%), which means that Middlesbrough Council cannot place any more children in their own lower costing, higher quality residential and supported accommodation placements.

Instead, Middlesbrough Council are using external organisations to provide homes for Middlesbrough children and young people, which on average, comes at a higher cost than Children's Services provides. On average, Middlesbrough Council residential homes cost £3,300 per week to operate, and on average currently the average cost of an external residential children's home placement is £5,600 per week.

Middlesbrough Council have forecast that the current active 76 external residential placements for children with a total forecast cost of £14.4m for 2023/24 (after contributions from Health and Education as of December 2023).

To address these challenges Middlesbrough Council will:

- Purchase new build properties from home builders or from the private market to transform into children's homes, providing care for children in external high-cost placements from Quarter 3 2024/25.
- Partnering up with commissioned providers that would provide better costing residential and supported accommodation placements for Middlesbrough children and young people from Quarter 1 2024/25.
- Implement a Permanence and Sufficiency strategy which sets out a vision and action plan for how the Middlesbrough Council and our partners will support children and young people who are in our care, and our care leavers, to achieve the best possible outcomes in their lives, as well as demonstrating best value for the authority.
- Identify opportunities to sell bed space to other local authorities from Quarter 2 2024 where this is surplus to Middlesbrough's requirements.
- Implement a residential and supported accommodation demand forecasted model.
- Align with project delivery linked to the fostering strategy to maximise in-house foster carers while supporting and retaining existing foster carers.

This differs from the original savings plan as this approach involves exploring new build opportunities with home builders selling available bed space to other local authorities.

Other options were considered but are less favourable. Those are:

- For the residential and supported accommodation offer to stay as is.

- Renovating potential in-house MBC assets: Pallister Park, West Lodge (children's residential homes) and MICC (supported accommodation).
- For the commissioning arrangements to stay as they are without any further enhancements to the offer.
- To develop further commissioning arrangements (non-partnership) which would be on an unplanned ad hoc basis.
- To transfer Middlesbrough Council's residential and supported accommodation offer to an external provider to run privately on behalf of Middlesbrough Council.

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.

## **1. Purpose**

- 1.1 To seek approval of a 4-year residential and supported accommodation plan that will reduce the reliance on externally commissioned high-cost placements for children and young people'.
- 1.2 The original savings of £1.848m that Middlesbrough Council planned to achieve in 2023/24 and 2024/25 would be replaced by a new savings plan of £1.915m from 2024/25 to 2027/28.

## **2. Recommendations**

That the Executive

- 2.1 Note the reasons why the original plan could not be delivered and its removal from the MTFP.
- 2.2 Approve the revised approach which is built into the proposed 2024/25 budget and MTFP 2024/25 to 2026/27.
- 2.3 Note further savings that will be incorporated into future MTFP periods.

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

- 3.1 As of January 2024, Middlesbrough had 528 children and young people in care. 97 in residential care, 372 in foster placements and 59 placed for adoption, placed with parents, living independently, staying in an NHS/Health trust placement, family centre/mother and baby unit and in a Youth Offending Institute.

3.2 The table below shows our children looked after population by placement type, age, and category of need.

Placement Type	Count	%
<b>Group1 Residential</b>	<b>97</b>	<b>18.4%</b>
n) H5: Residential accommodation	32	6.1%
p) K2: Children's Homes	65	12.3%
<b>Group2 Fostering</b>	<b>372</b>	<b>70.5%</b>
a) U1: Foster placement - relatives - long term	14	2.7%
c) U3: Foster placement - relative - not FFA	106	20.1%
d) U4: Foster placement - long term	67	12.7%
e) U5: Foster placement - FFA	1	0.2%
f) U6: Foster placement - not FFA	184	34.8%
<b>Group3 Other</b>	<b>59</b>	<b>11.2%</b>
i) A5: Placed for adoption - order - foster	2	0.4%
j) A6: Placed for adoption - order - not foster	5	0.9%
k) P1: Placed with parents	40	7.6%
l) P2: Independent living	5	0.9%
r) R2: NHS/Health Trust	1	0.2%
s) R3: Family Centre or Mother and Baby Unit	3	0.6%
t) R5: Young Offender Institution	3	0.6%
Grand Total	528	100.0%

3.3 The table below shows the breakdown of placement type for the 97 children and young people in residential care.

Placement Type	Number
Residential Home (Group Home) - External	18
Residential Home - External - Block Contract	11
Residential Home Solo Placement	6
Residential Home – Specialist Sexually Harmful Behaviour	1
Residential School	13
Mother and Baby Assessment Unit	2
16+ External - Low Cost (under £1,000 pw)	10
16+ External - High Cost (£2,500+)	14
Unregistered (under 16)	1
In house Residential	13
In house 16+ supported accommodation	8
<b>Total</b>	<b>97</b>

- 3.4 Middlesbrough Council are currently paying for privately owned placements for children and young people, that are often situated outside of Middlesbrough. Some children and young people have reasons for living outside of the area, for example safeguarding concerns.
- 3.5 Middlesbrough Councils ambition is to increase inhouse placements homes for children and young people which is a more cost-effective solution and brings better outcomes for children at lower cost. These placements would provide medium term placements for children and young people with emotional and behavioral needs, with a particular focus on those who would otherwise be placed in more costly external settings. To complement the current and existing internal children’s residential and supported accommodation offer, partnerships would be formed with commissioned providers to provide additional placements for Middlesbrough children.
- 3.6 The table below shows the average costs of in-house placements compared to external placements:

<b>Type of placement</b>	<b>In House bed cost</b>	<b>External bed cost</b>	<b>How much more MBC pay</b>
Residential bed	£3,300 per week	£5,600 per week	£2,300 per week
Supported Accommodation bed	£1,100 per week	£3,100 per week	£2,000 per week

The partnership development is a new procurement solution to be explored. Through existing commissioning arrangements in place, it is estimated that a partnership opportunity will be financially beneficial to the authority, when compared with the current spot contracting position. Proposed unit rates cannot be indicated at this stage until any procurement process is concluded.

- 3.7 There are key benefits for growing the Middlesbrough Councils residential and supported accommodation offer.

The cost of a Middlesbrough Councils in house placements is less than an external provider’s cost.	Family time which is supervised is easier to manage which then prevents young people feeling isolated.
Children and young people who are placed in a Middlesbrough Council inhouse placement reside within their communities, which enables family ties to be strong with the potential to return home, as relationships stay stronger.	When Middlesbrough children can remain in their area, it gives social workers and Independent Reviewing Officers greater oversight to care and safety plan, whilst allowing for greater oversight of education and support compared to a young person living outside of Middlesbrough.

- 3.8 Middlesbrough Council recognise potential risk factors with increasing the internal residential and supported accommodation offer. There is a national shortage of Registered Managers, however Middlesbrough Council have several staff showing talent and potential to become children's homes managers. This would mitigate against the national shortage of registered managers.
- 3.9 There are risks around finding properties that can be transformed into children's homes. Middlesbrough Council would work closely with homebuilders and the MBC estates team on the requirements for children's homes, which includes adequate parking and fixings to mitigate against the risk around securing suitable properties in the town from a low stock of homes.
- 3.10 There are risks around finding the right organisation to partner with. Robust governance arrangements and working with a partnership who are financially assured with a good reputation will mitigate against concerns around the quality partnership service delivery and children not being placed in vacant beds due to problems with matching children.

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

- 4.1 The Care Standards Act 2000 says that an establishment is a children's home if it provides care and accommodation wholly or mainly for children'. Children are defined as people who are aged under 18. Children's homes provide support and care for some of Middlesbrough's most vulnerable children and young people. Middlesbrough Council want each child in care to be provided with the right placement at the right time, and for residential childcare to be a positive and beneficial choice for the children and young people living in children's homes.
- 4.2 Middlesbrough Council currently operate a community of children's residential homes and supported accommodation for children in care or who have left our care. Middlesbrough Council's residential home occupancy is mainly high at 90% occupancy, and Middlesbrough Council's supported accommodation occupancy is 100% This means children who come into care are more often placed in high-cost placements with external providers.
- 4.3 Middlesbrough Council will reduce the reliance on externally commissioned high-cost placements for children and young people by growing the in house offer and developing commissioned partnerships. The unit costs of external residential care placements are increasing and the need for placements for children in the future is forecasted to increase.
- 4.4 Middlesbrough Council will deliver the developments through a project approach – a residential and supported accommodation project, which will follow the Middlesbrough Council Project Management Framework.

4.5 The project aims to:

- Increase the number of in-house residential placements available, which are more cost effective than externally sourced placements.
- Partner with commissioned providers to expand the offer of residential and supported accommodation for children and young people.
- Review the current children’s residential and supported accommodation provision, which includes opportunities to sell beds to other local authorities.
- Implement a children’s residential and supported accommodation demand forecasting model to ensure the care for our children and young people is known in advance to help with placement planning.

4.6 The projects key objectives are:

Ref:	Objective Description
1.	Improve the process for forecasting demand for children who require a regulated placement by having a Permanence and Sufficiency strategy in place by March 2024.
2.	To increase the number of MBC owned Children's residential homes by a minimum of 2 properties (totalling a minimum of 4 beds) starting from October 2024 by buying new build properties from homebuilders or properties on the open market (this is to be reviewed annually).
3.	To reduce the number of children and young people in high cost, private placements year on year starting from April 2024.
4.	Review the purpose of the current in house residential and supported accommodation, that includes the sale of bed spaces specifically for children with disabilities, to meet current and forecasted demand starting from September 2024.
5.	To increase the number of placements provided by commissioned partnership contracts for residential and supported accommodation starting from April 2024.

4.7 There would be a particular focus on the education of each child and young person. The virtual school head teacher would play a key role in each child’s placement to ensure that they receive the best education opportunities possible.

4.8 Below sets out the preferred option showing how Middlesbrough Council would grow the residential and supported accommodation for Middlesbrough children and young people. This would take a project approach consisting of 3 workstreams:

#### **4.8.1 Workstream 1: Capital Developments - Inhouse Residential Children's Homes**

- Purchasing properties from either new build development sites, or properties on the open market over 4 years, which equates to a minimum of 15 beds (5 properties), which would be refurbished into children's homes.
- 2 x Children's Homes purchased in 24/25 (6 beds), 1 x Children's Home purchased in 25/26 (3 beds) and 2 x Children's Homes purchased in 26/27 (6 beds).
- The net saving is based on 2 x 3 bed children's home operating in 25/26 with an assumed occupancy rate of 83%.
- From 27/28 the number of residential placements will look to increase, if required, in line with forecasted demand (in place March 2024).

##### Net Savings

- 24/25 No saving (due to operational set up)
- 25/26 £340,000 (6 beds/2 properties)
- 26/27 £170,000 (additional 3 beds/1 property)
- 27/28 £340,000 (additional 6 beds/2 properties)

#### **4.8.2 Workstream 2: Partnership Commissioned arrangements.**

- Partnering with commissioned providers to complement the residential and supported accommodation placements for Middlesbrough children. This would form part of the Children's Care residential and supported accommodation offer. A procurement exercise would identify a partner organisation who would bring additional children's residential care homes.
- The independent sector market will be invited to enter into dialogue with us under a formal procurement process to offer more innovative solutions to the issues being faced concerning Childrens Placements. Through a procurement process the authority can consider moving forward with any potential solution that meet our needs, on a more cost-effective basis.
- This would involve investment from the £4.5m approved capital programme (allocated in Q3 2022/23), with a risk share agreement and the share of operating profits.
- From 27/28 the number of supported accommodation placements provided by the partnership provider will look to increase, if required, in line with forecasted demand.

##### Net Savings

- 24/25 No Saving
- 25/26 £21,000
- 26/27 £268,000
- 27/28 £333,000

### **4.8.3 Workstream 3. Optimise in-house resources.**

- Implement a Permanence and Sufficiency strategy to outline the placements offer for Middlesbrough children and young people.
- Reviewing the purpose of the current inhouse residential and supported accommodation offer, which includes identifying opportunities for selling bed spaces from Gleneagles to other local authorities. This will create greater resilience and flexibility to prevent placement breakdowns of complex foster care arrangements for children with disabilities resulting in further high-cost residential placements.
- Implementing a residential and supported accommodation demand forecasted model.

#### **Net Savings**

- 24/25 No Saving
- 25/26 £89,000 - 1 bed sale (part year)
- 26/27 £177,000 - 1 bed sale
- 27/28 £177,000 - 1 bed sale

## **4.9 Residential and Supported Accommodation Capital Investment and costs and Savings from the preferred options**

### **4.9.1 Capital Investment**

Capital investment of £4.5m was approved by Executive and Budget Meeting in February 2023 for the development of Internal Residential provision and incorporated into the Council approved programme for 2023/24 onwards. Middlesbrough Council will also consider the feasibility of utilising the Towns Fund and Levelling Up Fund to help grow the residential and supported accommodation for our children and young people.



	<b>WS1: Capital Developments</b>	<b>WS2: Partnership Commissioning arrangements</b>	<b>WS3: Optimise In-House Resource</b>
Identity Consult Fees	(0.092)	-	-
<b>Total Capital Cost 2023/24</b>	(0.092)	-	-

1st Commissioned Partnership	-	(0.525)	-
2nd Commissioned Partnership	-	(0.300)	-
1st Property	(0.550)	-	-
1st Property Renovation Cost	(0.050)	-	-
2nd Property	(0.550)	-	-
2nd Property Renovation Cost	(0.050)	-	-
<b>Total Estimated Capital Cost 2024/25</b>	(1.200)	(0.825)	-

3rd Property	(0.550)	-	-
3rd Property Renovation Cost	(0.050)	-	-
<b>Total Estimated Capital Cost 2025/26</b>	(0.600)	-	-

4th Property	(0.550)	-	-
4th Property Renovation Cost	(0.050)	-	-
5th Property	(0.550)	-	-
5th Property Renovation Cost	(0.050)	-	-
Commissioned Partnership	-	(0.525)	-
<b>Total Estimated Capital Cost 2026/24</b>	(1.200)	(0.525)	-

<b>Total Estimated Capital Cost</b>	<b>4.442</b>	<b>(3.092)</b>	<b>(1.350)</b>	<b>-</b>
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4.9.2 Estimated Costs of Capital Financing

The table below shows the estimated year on year cost of capital financing (principal and interest) at a rate of 7%, with an estimated ongoing cost of £0.359m per annum from the 2026/27 financial year. It should be noted that the capital financing costs arising from the £4.5m capital investment have already been factored into the Council’s capital financing budget over the period of the MTFP and the following is provided for information only.

	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>26/27 £m</b>	<b>27/28 £m</b>	<b>Total £m</b>
Estimated cost of capital financing	0.224	0.293	0.359	0.359	<b>1.235</b>

4.9.3 Costs of Internal Residential

Internal Residential staffing numbers and costs.

- A 2 bedded children home has 10 staff and would cost £480,000 per annum. Registered manager, deputy manager, 2 x senior residential managers and 6 residential workers.
- A 3 bedded children home has 11 staff and would cost £520,000 per annum. Registered manager, deputy manager, 2 x senior residential managers and 7 residential workers.
- A 4 bedded children home has 15 staff and would cost £616,000 per annum. Registered manager, deputy manager, 2 x senior residential managers and 11 residential workers.

4.10 Key Risks

Assurance will be given through the savings plan governance arrangements, (chaired by Executive Director of Children’s Services), ensuring that the achieved savings will be matched against the most relevant savings category to avoid savings being double counted (review of placements, development of internal resources and SHiFT).

4.11 Milestone Plan

A high-level milestone plan which outlines the activity and timescales for delivery is included in appendix 2.

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

5.1 Several alternatives have been put forward by the Head of Service for Placements, and the Head of Commissioning and Procurement. These options were considered by the Director of Children’s Care. These options are tabled below:

Option Description	Reason not being considered.
For the residential and supported accommodation offer to stay as is.	<ul style="list-style-type: none"> <li>• Lack of flexibility within in house offer.</li> <li>• Drift and delay of young people’s plans resulting in young people remaining longer than planned.</li> <li>• Lack of options for mainstream young people on the edge of care to prevent family breakdown.</li> <li>• Lack of options for MBC foster carers for support.</li> <li>• Lack of oversight and decision making regarding commissioned admissions and matching.</li> </ul>
Renovating potential in-house MBC assets: Pallister Park, West Lodge (children’s residential homes) and MICC (supported accommodation).	<ul style="list-style-type: none"> <li>• High renovation costs of £1 million for Pallister Park and £700k for West Lodge.</li> <li>• Timescales too long to bring children back to Middlesbrough and not soon enough to improve spend on high-cost placements.</li> </ul>
For the commissioning arrangements to stay as they are.	<ul style="list-style-type: none"> <li>• Not being able to grow placement spaces in Middlesbrough and the surrounding areas, and address children living in high-cost external placements.</li> </ul>
Develop further commissioning arrangements (non-partnership).	<ul style="list-style-type: none"> <li>• Missed opportunity to form a partnership with a commissioned provider that would give a greater return to MBC.</li> </ul>
To transfer Middlesbrough Council’s residential and supported accommodation offer to an external provider to run privately on behalf of Middlesbrough Council.	<ul style="list-style-type: none"> <li>• Length of time to progress the process.</li> </ul>

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

If the decision is made not to support the growth of Middlesbrough Council residential and supported accommodation offer, then this project will not be progressed, and this would no longer provide an opportunity to achieve savings. Our children matter to us

most, and Middlesbrough Council’s ambition is to return Middlesbrough Children back to Middlesbrough, when it is safe and appropriate to do so.

## 6.1 Financial (including procurement and Social Value)

6.1.1 As detailed in the Quarter Three 2023/24 budget monitoring the total External Residential budget is forecast to be approximately £4.2m over-spent, against a current £10.2m budget. This pressure has increased from Quarter 2 by approximately £0.9m mainly due to a very complex young person placed externally and also the increase overall in external paid placements, not budgeted for 2023/24. The overspend on this budget is greater than the overall forecast Children’s Care over-spend.

6.1.2 The previous savings plan put forward to deliver hasn’t progressed, due to challenges in purchasing and renovating existing MBC properties, therefore the projects proposed in the report are replacing the previous projects.

6.1.3 The detail of the proposed capital investment in the residential and supported accommodation proposed projects and associated costs and savings are detailed in paragraph 4.9.

6.1.4 The table below shows the estimated annual revenue saving for a typical 3 bed children’s home that is fully operational.

<b>3 bed property</b>	<b>£</b>
Estimated revenue costs for running a 3 bed children’s home.	520,000
Estimated savings for 3 x children compared to annual external residential cost (assuming 84% occupancy).	(697,000)
<b>Estimated annual net revenue saving for 3 bed children’s home.</b>	<b>(177,000)</b>

6.1.5 The total revenue savings up to and including 2026/27 is £1.065m (£1.915m up to 2027/28). All savings shown are net savings. A breakdown of the savings linked to each workstream is shown below:

<b>Description for savings categories</b>	<b>24/25 £m</b>	<b>25/26 £m</b>	<b>26/27 £m</b>	<b>Total (in line with MTFP reporting) £m</b>	<b>27/28 £m</b>	<b>Total £m</b>
WS1: Capital Developments	0.000	(0.340)	(0.170)	<b>(0.510)</b>	(0.340)	<b>(0.850)</b>
WS2: Partnership Commissioning Arrangements	0.000	(0.021)	(0.268)	<b>(0.289)</b>	(0.333)	<b>(0.622)</b>
WS3: Optimise In-house resource	0.000	(0.089)	(0.177)	<b>(0.266)</b>	(0.177)	<b>(0.443)</b>
<b>Executive Report Savings as at February 2024</b>	<b>0.000</b>	<b>(0.450)</b>	<b>(0.615)</b>	<b>(1.065)</b>	<b>(0.850)</b>	<b>(1.915)</b>

6.1.6 The table below shows the financial implications for each theme.

	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
<b>Theme 1</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Operational costs	0.200	1.05	0.525	1.05
Reduced costs from External residential from theme 1	(0.200)	(1.390)	(0.695)	(1.390)
<b>Estimated cost avoided per annum</b>	<b>0.000</b>	<b>(0.340)</b>	<b>(0.170)</b>	<b>(0.340)</b>
<b>Cumulative Net saving</b>	<b>0.000</b>	<b>(0.340)</b>	<b>(0.510)</b>	<b>(0.850)</b>

	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
<b>Theme 2</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Operational costs	-	1.690	0.800	2.490
Reduced costs from commissioned providers from theme 2	-	(1.711)	(1.068)	(2.823)
<b>Estimated cost avoided per annum</b>	<b>-</b>	<b>(0.021)</b>	<b>(0.268)</b>	<b>(0.333)</b>

	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
<b>Theme 3</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Operational costs	0.000	0.316	0.405	0.405
Income from other Local Authorities	0.000	(0.405)	(0.582)	(0.582)
<b>Saving to Internal Residential</b>	<b>0.000</b>	<b>(0.089)</b>	<b>(0.177)</b>	<b>(0.177)</b>

6.1.7 The demand forecasting model will run alongside the developments to assess sufficiency requirements within the different classifications of children's homes provision.

## 6.2 Legal

The Children Act 1989 (section 22G) requires local authorities to take steps that secure, so far as reasonably practicable, sufficient accommodation within the authority's area which meets the needs of children that the local authority are looking after, and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the local authority's area ('the sufficiency duty'). This proposal goes towards meeting that duty.

### 6.2.1 Dealing with the relevant aims of this report:

#### A. Purchase new build properties from home builders or from the private market to transform into Children's Homes

The process of acquiring any properties will require input from Legal Services, Procurement and Planning Services.

The Council will follow the relevant legal processes when acquiring properties. At this stage the following matters should be considered:

##### i. Planning Concerns

The proposals fall under a grey area when it comes to planning use classes. Different Local Authorities across the country have adopted different approaches when it comes to addressing whether the proposed uses identified in this report fall within the standard dwellinghouse use class (C3). If they do not a formal change of use shall be required to be lawful.

Planning Services should be consulted to consider all relevant planning considerations such as limits of residential occupancy, property suitability and additional traffic etc.

Each property will need to be considered separately from a planning perspective.

Consideration to be given to the implications of formal planning objections/appeals.

##### ii. New build Properties

National recognised home builders such as Taylor Wimpey and Persimmon usually have standard restrictive use covenants in their conveyancing documentation which may result in a challenge to the Council's proposed use of such properties. Advice to be sought from Legal Property at the outset of each transaction to identify any such restrictions. It may be more appropriate to approach builders who are also existing registered providers of social housing.

An inflated premium is often charged for new build properties, however the benefit of 10-year warranties should be available to reduce risks of significant maintenance costs during that period.

**B. Partnering up with commissioned providers**

Partnering up with commissioned providers will require input from Legal Services to agree all legal documentation such as framework/service level agreements, leases and any other necessary documentation.

Consideration to be given to cases where children in our care become 18 years old and legally able to enter into tenancy agreements in their own right (depending of course on whether our continuing involvement is/is not required).

**C. Optimise in-house resources.**

Optimising the use of existing Council owned properties will require input from Legal Services, Procurement and Planning Services in each case.

**D. Identify opportunities to sell bed space to other local authorities.**

Input from Legal Services shall be required to agree service level agreements, leases and any other necessary documentation.

The Council's governance processes shall continue to be observed throughout.

**Risk**

WS1: Risk Description	Mitigating Actions
There is a low pool of registered managers (locally and regionally).	<p>Workforce development plans to attract this role and other roles in Middlesbrough Council.</p> <p>Deputy managers have been identified as emerging talent who have already expressed a view of wanting to progress</p>
Recruitment of staff to manage and work in the residential homes and supported accommodation properties may be challenging.	<p>HR recruitment process, iTrent and recruiting manager - with an option to use external advertising sites is required. New recruitment website and user experience.</p> <p>Current recruitment campaign showing interests in vacant positions.</p>
Homebuilders' property availability: Low stock of suitable and sizeable properties/parking restrictions/restricted supply in Middlesbrough that could provide	<p>Head of Placements and Resources, and colleagues from Valuation and Estates being made aware of/looking for properties in the area.</p>

<p>a residential home/supported accommodation for children.</p>	
<p>Buying a property without planning permission - do we buy subject to planning or without planning permission; and are prepared to sell or buy with planning - could take months and owner could decide to sell in that time.</p>	<p>Decision made to buy without planning permission due to risks of losing the property to another buyer. Valuation and Estates and colleagues to be subject matter experts on valuation and reselling risk. Agents are also looking for properties outside of Middlesbrough (surrounding areas).</p>
<p>Not receiving planning permission for the housing development properties to be converted into children's homes.</p>	<p>Working closely with MBC planning team and using the knowledge and expertise of residential homes subject matter experts within the project team (Head of Placements and resources) to ensure the children's homes regulations are considered.</p>
<p>Homebuilder may not sell properties to Middlesbrough Council due to the purpose.</p>	<p>Consider the private market if there are properties that meets, he relevant requirements.</p>
<p><b>WS2: Risk Description</b></p>	<p><b>Mitigating Actions</b></p>
<p>Children not being placed in vacant beds due to problems with matching children.</p>	<p>Governance in place to ensure matching children does not delay the placement of Middlesbrough Children.</p> <p>Recruitment of permeant social workers will enable social work practice and understanding of young people to improve thus enabling managers to ability to understand and manage the risk locally.</p> <p>Consideration given to seconding a deputy manager from MBC to commissioned partner (evidence of a successful partnership with NYCC and MBC)</p>
<p>The chosen commissioned partnership not being able to provide a service.</p>	<p>Partnership having a good reputation and are financially assured.</p>
<p><b>WS3: Risk Description</b></p>	<p><b>Mitigating Actions</b></p>



<p>Identifying and securing analytics resource that can design and implement the demand forecasting model.</p>	<p>Prioritising resource from the existing analytics team resource, requested by Middlesbrough Council’s Children’s Services leadership, due to the savings requirements and potential income generation.</p> <p>Improvement Lead for Placements and Transformation Lead to support with forecasting future demand.</p>
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**6.3 Human Rights, Public Sector Equality Duty and Community Cohesion**

6.3.1 There are no human rights, Public Sector Equality Duty or community cohesion issues that arise from the recommendations in this report.

**6.4 Climate Change / Environmental**

6.4.1 There are no climate change/environmental issues that arise from the recommendations in this report.

**6.5 Children and Young People Cared for by the Authority and Care Leavers**

6.5.1 The recommendation in this report outlines the ambition for Middlesbrough Councils offer for Middlesbrough children and young people who are in our care or have left our care.

**6.6 Data Protection / GDPR**

6.7.1 A Data Sharing Impact Assessment will be in place for the sharing of information with commissioned partner.

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

Action	Responsible Officer	Deadline
Complete the project business case in line with the MBC Programme Management Office (and seek approval).	Project Sponsor Director of Children’s Care and Programme Manager.	23/02/24
Implement governance arrangements and operational project resource.	Project Sponsor Director of Children’s Care and Programme Manager.	01/03/24
Begin the delivery of the project milestone plan.	Project Sponsor Director of Children’s Care and Programme Manager.	04/03/24

**Appendices**

1	Children in Care and Care Leavers Analysis
2	High Level Milestone Plan

**Background papers**

Body	Report title	Date
None		

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## Appendix 1

### Middlesbrough Children in Care and Care Leavers Analysis as of January 2024.

#### 1. Purpose

- 1.1 This is an appendix to the Executive Report titled 'Increased Residential and Supported Accommodation for Children in our Care and Care Leavers'. The information in this appendix is included to highlight the need for increasing our children and young people's placements in Middlesbrough.

#### 2. The Age of Middlesbrough Children looked after

- 2.1 Middlesbrough Council understands the age profile of Middlesbrough children and young people in care. The table below shows the age of Middlesbrough children and young people. More than half (51.6%) of the 528 Children looked after are aged 12 years or older.

Age of children and young people	Count	%
0	22	4.2%
1	26	4.9%
2	19	3.6%
3	20	3.8%
4	13	2.5%
5	24	4.5%
6	25	4.7%
7	22	4.2%
8	22	4.2%
9	21	4.0%
10	19	3.6%
11	23	4.4%
12	37	7.0%
13	33	6.3%
14	42	8.0%
15	44	8.3%
16	48	9.1%
17	57	10.8%
18	11	2.1%
Grand Total	528	100.0%

### 3. Category of Need of Middlesbrough Children looked after

3.1 Central government ask local authorities to categories the type of need children looked after have. The table below shows the need of children and young people in Middlesbrough who are looked after. More than 4 out of 5 children looked after were referred to Children’s Social Care with the primary reason of “Abuse or Neglect”.

Category of Need	Count	%
N1 Abuse or Neglect	439	83.1%
N2 Disability	2	0.4%
N4 Family in Acute Stress	19	3.6%
N5 Family Dysfunction	62	11.7%
N6 Socially Unacceptable Behaviour	5	0.9%
N8 Absent Parenting	1	0.2%
Grand Total	528	100.0%

### 4. Children’s Services Analysis Tool (ChAT) information

4.1 All local authorities across England complete a report called the Children’s Services Analysis Tool (ChAT) which better visualizes the data that is shared. The charts below are also taken from 9<sup>th</sup> January 2023 Inspection of Local Authority Children’s Services Annex A list. The following charts show children looked after placements by type & provision and age & gender.

### 5. Placement type for Middlesbrough Children looked after

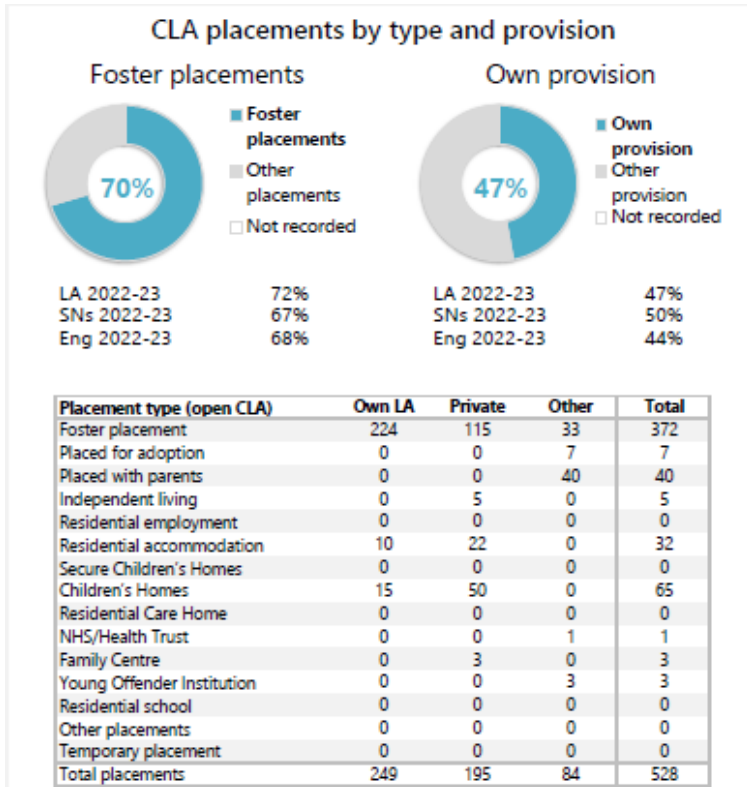
5.1 Children looked after are placed with various types of care providers based on their need and availability. These care providers can be either Middlesbrough’s own providers (“in-house”), a private agency (“external”) or other voluntary/public sector provider. Generally residential placement types and those provided by private agencies are the costliest.

5.2 For placement types, 7 out of 10 children looked after (70%) were placed with Foster Carers. As a proportion of children looked after placements it is higher than in the England (68%) and Statistical Neighbour (67%) 2022-23 averages.

5.3 For placement providers, just under half (47%) were care provisions situated in Middlesbrough. This is a higher proportion than the 2022-23 England average (44%) but lower than the Statistical Neighbour average (50%).

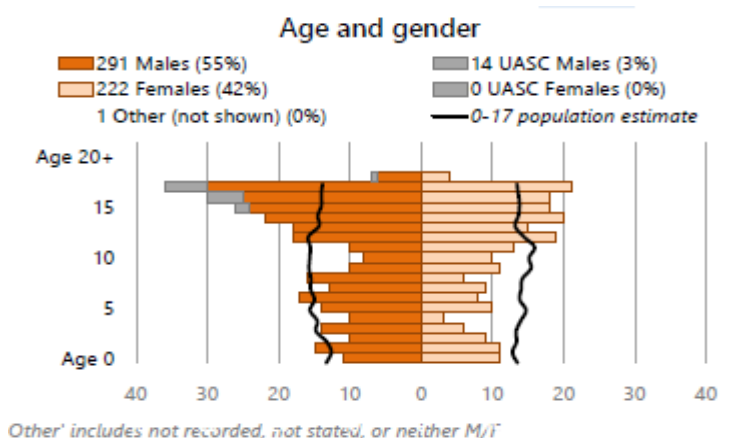
## 6. The Type of Placements where Middlesbrough Children looked after and Care Leavers Reside

6.1 Out of the 528 Middlesbrough children and young people, there were 50 children looked after placed in private Children’s Homes (9.4% of children looked after).



## 7. Age and Gender of Children looked after

7.1 The majority of children looked after are Males (55% of children looked after are males).



## 8. Monthly Placement trends for Middlesbrough Children looked after

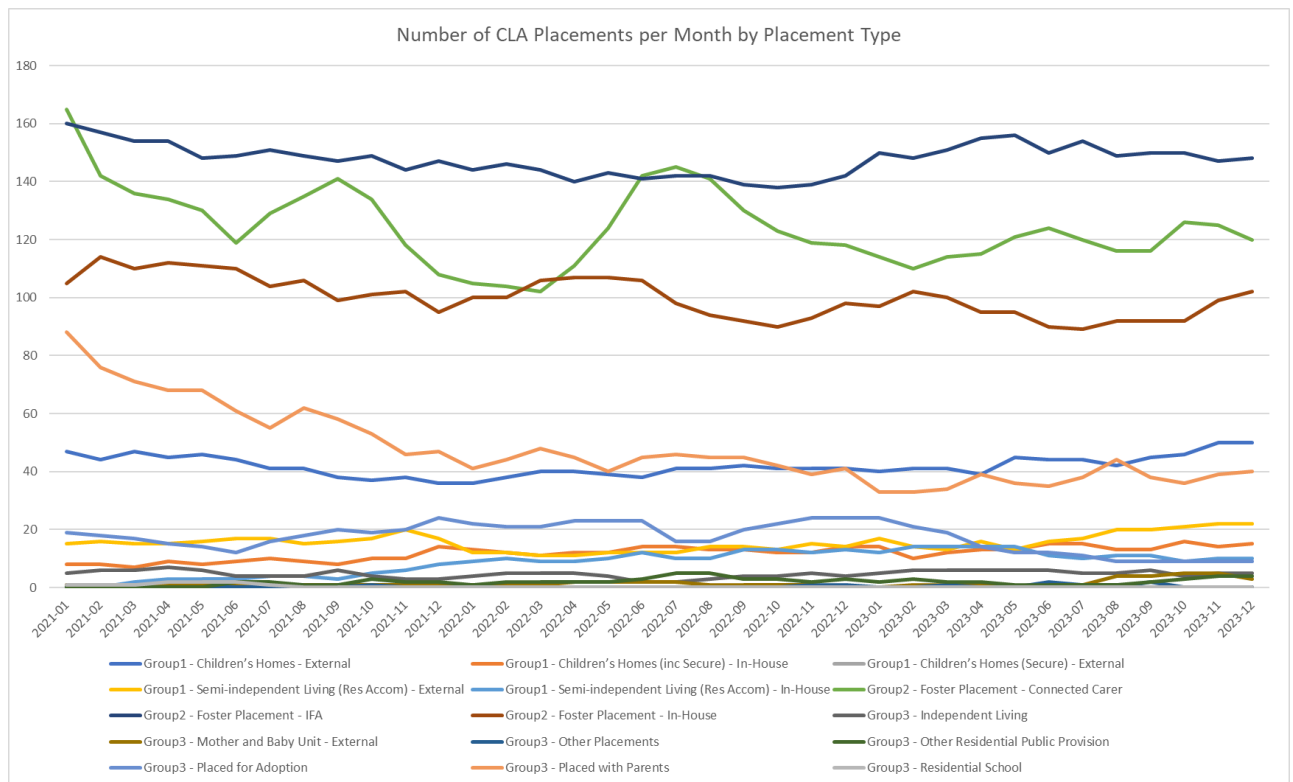
The 4 charts below show the monthly placement trend for children and young people for the last 3 years.

### 8.1 Children looked after Placement Type by Month

8.1.1 The chart below shows the number of children looked after by placement type, month-by-month, over the last 3 years.

8.1.2 The 3 lines at the top represent the 3 types of fostering placements. There have been consistently more fostering placements provided by private Independent Fostering Agencies (IFA) than those in-house, i.e. provided by Middlesbrough.

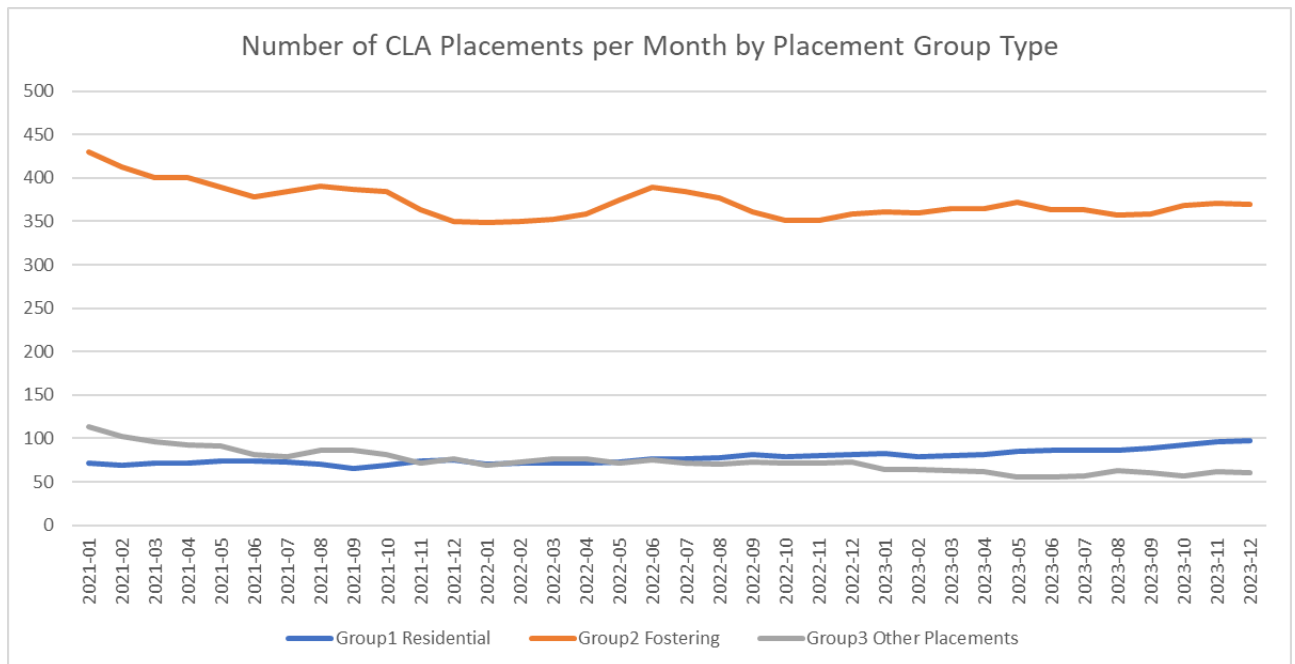
8.1.3 Connected Carer foster placements are more variable, with large increases in the summers of 2021 and 2022, but are generally decreasing. There's been a steady decline in the number of children looked after placed with their own parents too.



## 9. Number of Children looked after grouped by Fostering, Residential and Other Groups

9.1 The following chart shows the number of children looked after grouped into Fostering, Residential and Other groups.

9.2 The number of fostering placements decreased since June 2022 and is still the most common type of placement. The more costly Residential placements have almost doubled from January 2021 to December 2023, when it totalled 97 placements.

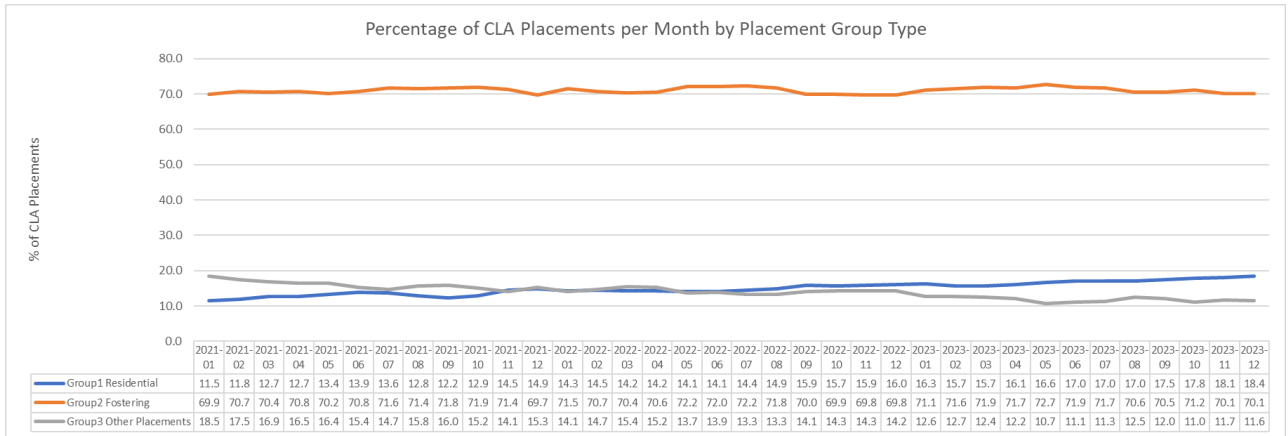


## 10 Percentage of Children looked after grouped by Fostering, Residential and Other Groups

10.1 The following chart shows the percentage of children looked after grouped into Fostering, Residential and Other groups.

10.2 Whilst the overall number of children looked after, and thus fostering placements have decreased, the percentage of fostering placements remained stable between 69-72%. The proportion of residential placements steadily increased from 11.5% in January 2021 to 18.4% in December 2023.

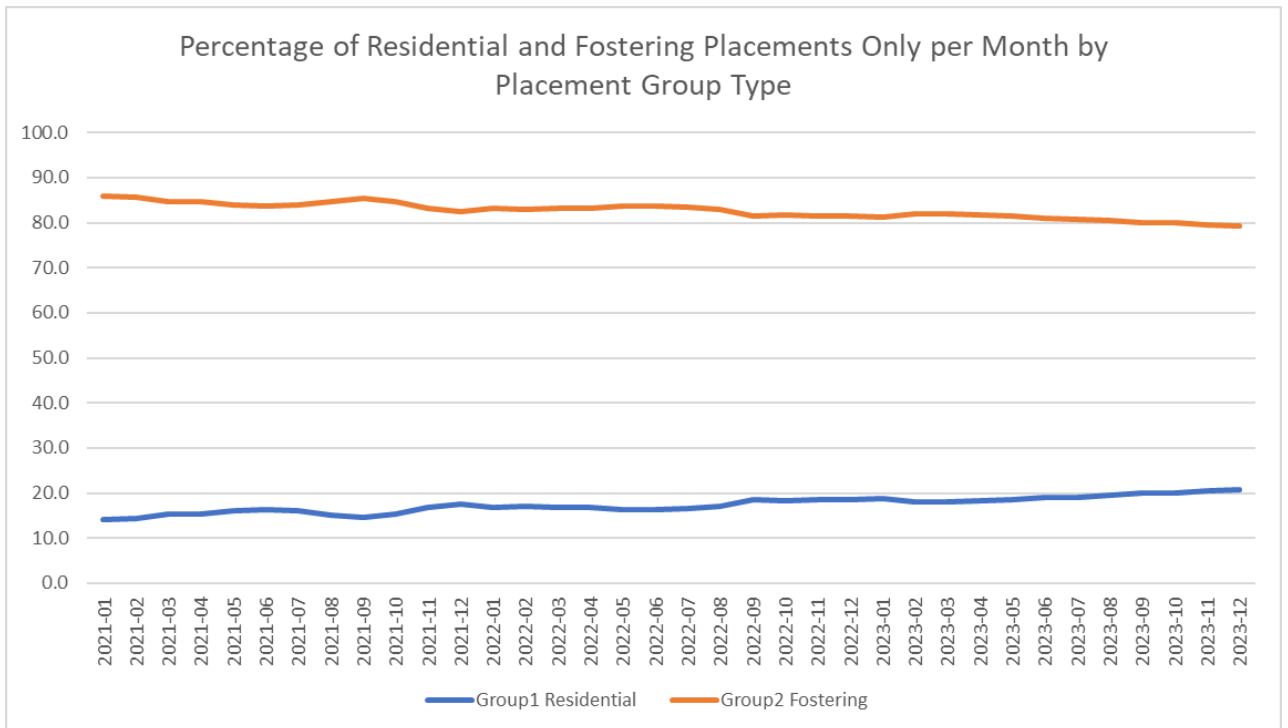
## Increased Residential and Supported Accommodation for Children in our Care and Care Leavers



### 11. Percentage of Children Looked After Grouped into Fostering and Residential Placements (excluding other placements)

11.1 The following chart shows the percentage of children looked after grouped into Fostering and Residential placements. Other placements are excluded.

11.2 The decrease in percentage of Fostering and the increase of Residential is more evident in this chart.





## 12. Children looked after trend on 31<sup>st</sup> March 2023

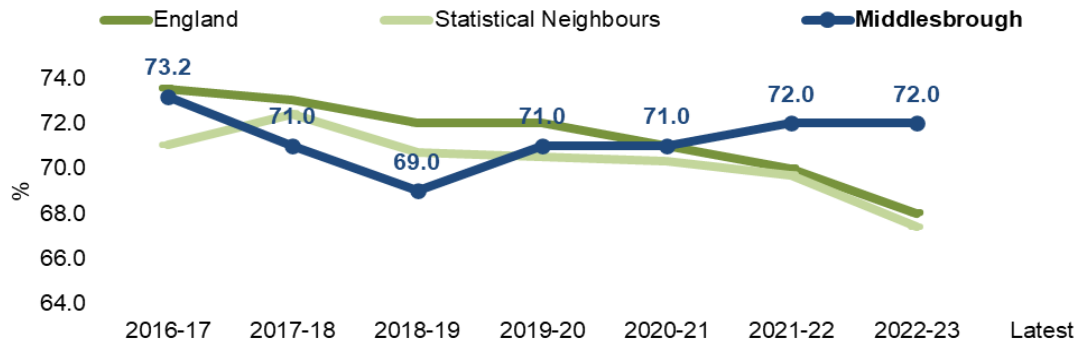
- 12.1 The table and charts below show the children looked after trend on 31<sup>st</sup> March 2023 which is taken from nationally published data from the past 7 years.
- 12.2 Middlesbrough had an increasing children looked after cohort culminating in a large increase of almost 20% at the end of 2019-20. This coincided with the start of Covid lockdowns. Totals since then have gradually decreased to pre-covid levels but are not yet back those at the end of 2016-17.
- 12.3 In 2019-20 the totals in all placement types increased but as children looked after decreased in the subsequent years, the number of placements in “Secure Units, Children’s Homes and Semi-Independent Accommodation”, i.e., residential placements, stayed at the same level and then, more recently, increased.

		Middlesbrough						
		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
: Children looked after at 31 March by placement								
All children looked after at 31 March	Number	440	445	519	619	570	502	513
Foster placements	Number	322	317	360	442	405	359	369
Placed for adoption	Number	x	x	12	17	17	17	20
Placement with parents	Number	56	58	75	71	68	48	34
Other placement in the community	Number	x	x	c	7	6	c	6
Secure units, children's homes and semi-independent living accommodation	Number	55	58	59	75	74	71	80
Other residential settings	Number	x	x	c	c	0	c	c
Residential schools	Number	0	0	0	0	0	0	0
Other placement	Number	0	0	0	c	0	0	c
% Foster placements	%	73.2	71.0	69.0	71.0	71.0	72.0	72.0
% Placed for adoption	%	x	x	2.0	3.0	3.0	3.0	4.0
% Placement with parents	%	12.7	13.0	14.0	11.0	12.0	10.0	7.0
% Other placement in the community	%	x	x	c	1.0	1.0	c	1.0
% Secure units, children's homes and semi-independent living accommodation	%	12.5	13.0	11.0	12.0	13.0	14.0	16.0
% Other residential settings	%	x	x	c	c	0.0	c	c
% Residential schools	%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% Other placement	%	0.0	0.0	0.0	c	0.0	0.0	c

## 13. Percentage of Children Looked After in Fostering Placements on 31<sup>st</sup> March over the past 7 years

- 13.1 The chart in 13.2 shows the percentage of children looked after in Fostering Placements on 31<sup>st</sup> March over the past 7 years.
- 13.2 Nationally the percentage of Foster Placements has declined whilst Middlesbrough’s has remained at 72% and is now above the England and Statistical Neighbour averages in 2022-23.

CLA at 31 March by placement: % Foster placements

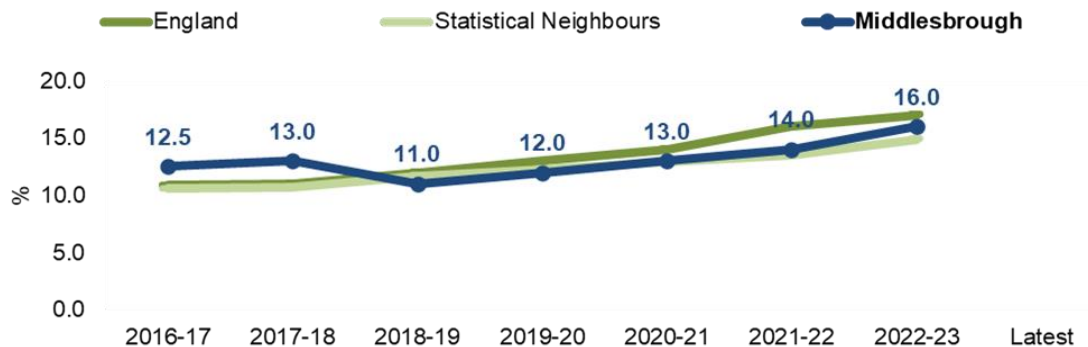


**14. Percentage of Children Looked After in Residential Placements on 31<sup>st</sup> March over the past 7 years**

14.1 This chart shows the percentage of children looked after in Residential Placements on 31<sup>st</sup> March over the past 7 years.

14.2 Nationally the percentage of Residential Placements increased, and this is reflected in Middlesbrough’s own percentage increasing from 12.5% in 2016-17 to 16.0% in 2022-23.

CLA at 31 March by placement: % Secure units, children's homes and semi-independent living accommodation



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**Appendix 2**

**High Level Milestone Plan**

**Theme 1: Capital Developments - Inhouse Residential Children's Homes**

<b>No.</b>	<b>Milestone Description:</b>	<b>Due Date:</b>	<b>Responsible:</b>
1.1	Begin open dialogue with home builder for property/properties that equates to 4 beds.	March 2024	Head of Service for Placements and Resources
1.2	Agree the purchase of property/properties.	March 2024	Head of Service for Placements and Resources
1.3	Identify plot/plots with homebuilder and secure property/properties.	April 2024	Head of Service for Placements and Resources
1.4	Planning permission in place.	April 2024	Head of Service for Placements and Resources
1.5	Agree specialist fix out.	April 2024	Head of Service for Placements and Resources
1.6	Key Turn/handover of property.	July 2024	Head of Service for Placements and Resources

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1.7	Statement of purpose in place with OFSTED.	July 2024	Head of Service for Placements and Resources
1.8	Final specialists fix out in place (OFSTED Ready).	September 2024	Head of Service for Placements and Resources
1.9	Children's home go live once registered with OFSTED.	October 2024	Head of Service for Placements and Resources
1.10	First child living/staying in the children's home.	October 2024	Head of Service for Placements and Resources
1.11	Four children living in the property.	December 2024	Head of Service for Placements and Resources

\* The demand forecasting model (achieved in Optimizing In-House Resources milestone 3.3) will determine how many additional children's homes beds are required. This model will be in place by March 2024.

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**Theme 1a: Staffing**

<b>No.</b>	<b>Milestone Description:</b>	<b>Due Date:</b>	<b>Responsible:</b>
1a.1	DMT sign off for staffing arrangements	January 2024	Head of Service for Placements and Resources
1a.2	LMT sign off for staffing arrangements	January 2024	Head of Service for Placements and Resources
1a.3	Registered manager recruitment starts	February 2024	Head of Service for Placements and Resources
1a.4	Registered manager in place	June 2024	Head of Service for Placements and Resources
1a.5	Deputy manager in place	July 2024	Head of Service for Placements and Resources
1a.6	Residential workers in place	July 2024	Head of Service for Placements and Resources

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**Theme 2: Partnership Commissioning arrangements.**

No.	Milestone Description:	Due Date:	Responsible:
2.1	Commence open dialog with potential partners	April 2024	Head of Service Commissioning and Procurement
2.2	6 bed supported accommodation placement - go live.	April 2025	Head of Service Commissioning and Procurement
2.3	Commissioning arrangements for partnership in place. 1 x 4 bed children's home from April 2025.	April 2025	Head of Service Commissioning and Procurement
2.4	12 bed supported accommodation placement for unaccompanied asylum seeker children and young people - go live.	December 2025	Head of Service Commissioning and Procurement
2.5	Commissioning arrangements for partnership in place. An additional 4 bed children's home from April 2026.	April 2026	Head of Service Commissioning and Procurement

\* The demand forecasting model (achieved in Optimizing In-House Resources milestone 3.3) will determine how many additional beds are required from the partnership with commissioned providers. This model will be in place by March 2024.

Increased Residential and Supported Accommodation for Children in our Care and Care Leavers

**Theme 3. Optimise in-house resources.**

<b>No.</b>	<b>Milestone Description:</b>	<b>Due Date:</b>	<b>Responsible:</b>
3.1	Permanence and Sufficiency strategy in place.	February 2024	Head of Service for Placements and Resources
3.2	Reallocating resources from vacant posts to Gleneagles, creating the flexibility to offer emergency support and respite to other local authorities for children with complex learning disabilities.	February 2024	Head of Service for Placements and Resources
3.3	Demand forecasting model in place.	March 2024	Head of Service for Placements and Resources
3.5	Bed space identified and made available to local authorities.	September 2024	Head of Service for Placements and Resources

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<b>MIDDLESBROUGH COUNCIL</b>	
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<b>Report of:</b>	Director of Finance (S151 Officer)
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<b>Relevant Executive Member:</b>	Executive Member for Finance and Governance
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<b>Submitted to:</b>	Executive
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<b>Date:</b>	28 February 2024
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<b>Title:</b>	Prudential Indicators and Treasury Management Strategy 2024/25
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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 £250,000
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<b>Subject to call in?</b>	No
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<b>Why:</b>	Part of the statutory budget setting process
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<b>Proposed decision(s)</b>
<p>For Executive to review and endorse the following and refer for consideration and approval by Council at the budget meeting on 8 March 2024:</p> <ul style="list-style-type: none"> <li>- The Prudential Indicators (PI) and limits for 2024/25 to 2026/27 relating to capital expenditure and treasury management activity.</li> <li>- The Treasury Management Strategy (TMS) for 2024/25, which includes the Annual Investment Strategy for 2024/25.</li> <li>- The Minimum Revenue Provision (MRP) Policy 2024/25.</li> <li>- An Authorised Limit for External Debt of £372m for the financial year.</li> </ul>

## Executive summary

The Council is required to approve annually a Treasury Management Strategy and a set of Prudential Indicators, which self-regulate the level of capital financing activities of the Council and the affordability of the capital programme. These need to be set on an annual basis to comply with the Local Government Act 2003 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Codes of Practice on Capital Finance and Treasury Management.

The Treasury Management Strategy is important from both a financial and governance perspective as it sets the framework within which the Council manages its borrowing and investments, how it delivers these services, and how it controls the risks attached to financial decisions made. It also sets out the parameters and criteria that govern the day-to-day cashflow management activity and how these impact on medium to long term financial planning. These include achieving value for money from any borrowing undertaken, managing risk, and protecting any resources that have been invested.

The Prudential Indicators are an integral part of the CIPFA Capital Finance Code and demonstrate whether the capital programme is affordable, sustainable, and prudent. They include the level of capital expenditure over the next three years, how this has been financed, the maximum level of external debt and the cost to the revenue budget.

The MRP policy governs how the Council plans to account for the repayment of loan principal in relation to its borrowing activities and has a fundamental impact upon the annual revenue cost of borrowing and over the long term. The Council adopted its current MRP policy in 2021/22 which is based on a 2% annuity model in line Government permitted prudent methodologies available to and used by all local authorities. The effect of this methodology compared to others available, is to improve annual affordability over the medium term which are offset by higher revenue charges in 25 – 50 years' time.

The Council's underlying need to borrow is measured by the Capital Financing Requirement (CFR) which is forecast to be £331.863m at the end of 2024/25 rising to £352.332m by 2026/27. This results in the annual cost of revenue cost of borrowing of £11.154m (7.8% of Net Revenue Budget) in 2024/25 rising to £14.496m (9.8% of Net Revenue Budget) as shown below. This level of borrowing is provided to include the contingency sums repayable if the Council is required to utilise the full amount of Exceptional Financial Support (EFS) of £13.4m as explained further below. The actual level of borrowing will be less provided that revenue savings are delivered to plan and capital receipts from planned asset sales realised to fund transformation as set out in the 2024/25 Budget and MTFP report.

	<b>2022/23 actual</b>	<b>2023/24 forecast</b>	<b>2024/25 forecast</b>	<b>2025/26 forecast</b>	<b>2026/27 forecast</b>
Financing costs (£m)	8.058	9.376	<b>11.154</b>	12.814	14.496
Net Revenue Budget (£m)	118.329	126.354	<b>143.190</b>	148.601	148.127
Proportion of net revenue budget (%)	6.8%	7.4%	<b>7.8%</b>	8.6%	9.8%

Whilst the Council is not an outlier compared to other authorities in terms of its level of total debt (see the graph below), it is approaching the CIPFA advisory limit of 10% for revenue affordability on borrowing to fund its future capital investment. The Council will therefore need to strictly prioritise its capital investment decisions over the medium and longer term and secure its financing through third party funds such as contributions and grants or further capital receipts from the sale of assets in order to maintain borrowing at affordable levels over the longer term.

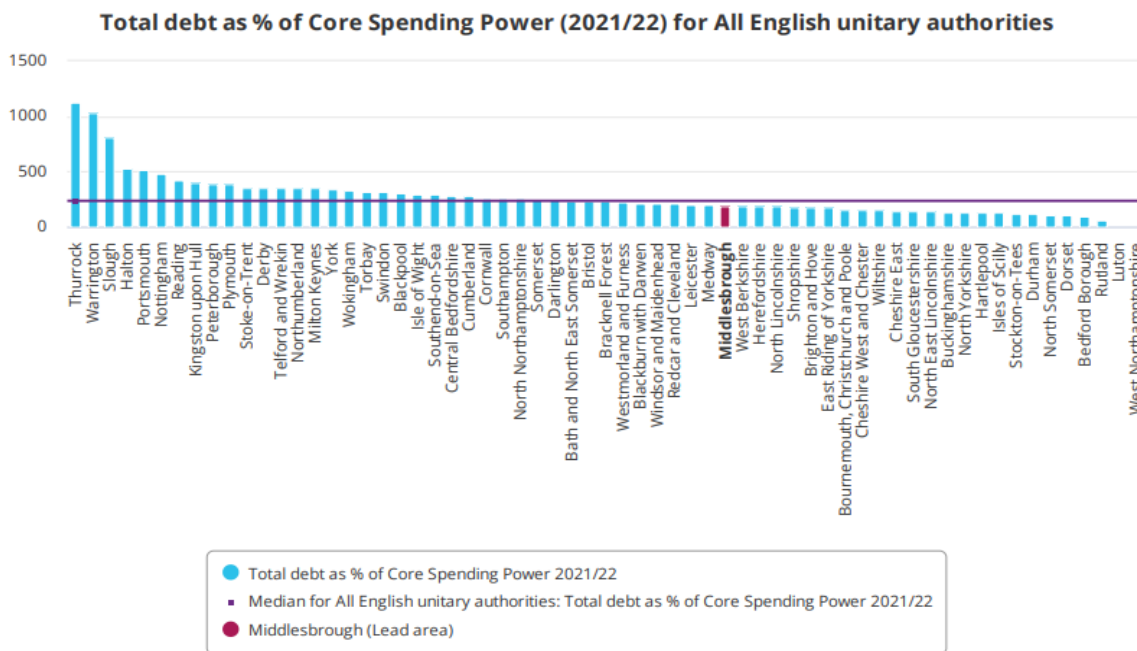
### Total debt as percentage of core spending power

'Total debt' is Capital Financing Requirement, a measure of capital indebtedness that the council has built up over many years of capital financing decisions, but based on a methodology. (It is perhaps more accurate to describe this as the amount of capital expenditure that has not yet been funded by capital receipts, capital grants or revenue contributions and which therefore will need to be funded in future years. As such is some kind of measure of capital indebtedness, but arguably not a perfect one.

Core Spending Power is a measure of the funding the government makes available to councils for service delivery but it excludes several important elements that may be contributing to the servicing of debt including schools grants, investment income, service income and housing rents.

In 2021/22, the total debt as a percentage of Core Spending Power for Middlesbrough was 190.1%, which was below the All English unitary authorities median percentage of 229.4%.

Note the metric on total debt as a percentage of core spending power used by Oflog uses different financial years for the denominator and numerator, whereas LG Inform uses the same financial year so the numbers will differ slightly.



**Source:**

Calculated by LG Inform, N/A, [Total debt as % of Core Spending Power](#), Data updated: 22 Nov 2023

The Council is reliant upon the capitalisation of £4.7m of revenue expenditure to balance its 2024/25 revenue budget. In the absence of available capital receipts this will be funded by borrowing via Exceptional Financial Support (EFS) over a period of up to 20 years. The period and rate of borrowing will be determined at an appropriate point during 2024/25, taking account the Council's financial performance, prevailing interest rates and the impact and affordability of revenue repayments over the period. This will be a professional judgement of the s151 Officer, based upon the expert advice of the Head of Finance and Investments and the Council's external Treasury Management advisers. A contingency amount of £0.6m is provided in relation to setting the revenue budget.

EFS of up to a further £3.5m is required to provide capital financing to cover the risk of any shortfall in the delivery of savings and up to £4.6m for any shortfall on the timing of realising planned capital receipts required to fund transformation expenditure under Flexible Capital Receipts regulations. Provided that savings are delivered to plan, and

flexible receipts are realised in accordance with expected profiles, it will not be necessary to draw down this borrowing.

However, this does emphasise that the successful delivery of all savings to plan during 2024/25 is critical to the Council's financial recovery and its medium term financial sustainability. Further, that investment in transformation must deliver substantial revenue savings in excess of the projected budget gap of £7.965m in the 2024/25 Budget and MTFP report presented elsewhere on this agenda, given that further financial challenges are likely to occur within the financial planning period that are not yet known.

The revenue costs of borrowing under EFS of up to £13.4m for a period of up to 20 years (£1.150m maximum per annum) is factored into the TM Strategy and is within the Prudential Indicators and authorised limits. This reflects the borrowing required to support the proposed budget and MTFP as set out elsewhere in this agenda.

## 1. Purpose

This report outlines the Council's prudential indicators for the financial years 2024/25 – 2026/27 and sets the framework and approves the limits within which the treasury management operations for this period. It fulfils key legislative and guidance requirements:

- (a) The setting of the prudential indicators in relation to the expected capital activities and treasury management prudential indicators (included as treasury indicators) in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice.
- (b) The treasury management strategy statement which sets out how the Council's treasury function will support capital decisions taken above, day to day treasury management activities on service delivery and any limitations on these, via the treasury prudential indicators.
- (c) The approval of the Council's Minimum Revenue Provision (MRP) Policy, which sets out how the Council will pay for borrowing to fund capital investment through the revenue budget each year.
- (d) The key indicator is the Authorised Limit, the maximum amount of debt the Council could enter into during the financial year. This amount acts as the legal limit for debt activity.
- (e) The investment strategy which sets out the Council's criteria for choosing the investment counterparties and limiting exposures to the risk of loss.

The information contained in the report regarding the Council's capital expenditure plans, Treasury Management and Prudential Borrowing activities indicate that they are:

- Within the statutory framework and consistent with the relevant codes of practice.
- Prudent, affordable, and sustainable.
- An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

## 2. **Recommendations**

That the Executive review and endorse and recommend for approval and adoption at the Council meeting on the budget on 8 March 2024:

- To approve the Prudential Indicators and limits for 2024/25 to 2026/27 relating to capital expenditure and treasury management activity set out in tables 1 to 10 of Appendix 1.
- To approve the Treasury Management Strategy for 2024/25, which includes the Annual Investment Strategy for 2024/25 at Appendix 1
- To approve the Minimum Revenue Provision (MRP) Policy for 2024/25 at Appendix 1.
- To approve an Authorised Limit for External Debt of £372m for the 2024/25 financial year.

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

The recommendations above will fulfil the following for the local authority:

- a) To comply with the Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing & Communities (DLUHC) guidance on investments.
- b) To comply with the Treasury Management Code of Practice for Local Authorities.
- c) To comply with the requirements of the Local Government Act 2003 Part 1.
- d) To approve a financial governance framework within which officers will operate when making both borrowing and investment decisions and entering financial transactions.

## 4. Background and relevant information

4.1. The PI & TMS for 2024/25 covers the following areas:

- How the capital programme is financed including the impact of Exceptional Financial Support required to set a lawfully balanced revenue budget.
- The relevant prudential Indicators to monitor the performance, revenue budget affordability and sustainability of the capital expenditure being proposed in line with the requirements of the prudential code.
- Treasury Management arrangements in place for investing surplus funds and borrowing to fund capital expenditure.
- The types of investments the Council makes as part of managing its cash balances – the Annual Investment Strategy.
- Knowledge and skills of staff involved in the Treasury Management process.
- Minimum Revenue Provision policy – including outlining how much the Council accounts for the revenue costs of re-paying borrowing incurred in relation to historical and future capital investment to support the operational delivery of services.

4.2 Capital Expenditure relates to how the Council plans to invest in long-term assets and infrastructure (such as property, equipment, vehicles, roads etc.). The Council must consider how this expenditure is paid for and what the long-term financial implications are of undertaking this investment. The Council is also permitted to borrow funds to finance the capital programme under the Local Government Act 2003. It needs to consider the impact on the revenue budget of the level of borrowing being proposed, how it funds the repayment of this debt and the period over which this debt is repaid.

4.3 The Council must ensure the capital programme and its plans to borrow to finance it are prudent and affordable. Where elements of this are funded by borrowing (either externally or internally), the Council must set aside budgetary allocations in the general fund revenue budget to meet the cost of this debt. These budgets include the interest payable to lenders on external borrowing and the setting aside of funds to re-pay the principal element of debt (known as the Minimum Revenue Provision).

### Prudential Indicators and Capital Investment Plans

4.4 The Council demonstrates the concepts of affordability, sustainability, and prudence on its investment plans by setting a range of Prudential and Treasury Management indicators. These are set out in **Appendix 1** and are key metrics to the Director of Finance and Council when setting the budget plans each year.

4.5 Any variance from these indicators during a year indicates either a higher level of indebtedness or a lower level of prudence on the capital activities of the Council than when the budget was set. The following paragraphs give a brief commentary on these key indicators as we approach the start of the 2024/25 financial year.

4.6 There is total outstanding debt of **£233.491m** on 31 December 2023, with a further **c£25m** of borrowing expected to be required before 31 March 2024.

- 4.7 The forecast overall total long term external debt at the end of 2023/24 of **£259.498m** should be compared with the estimated *Capital Financing Requirement* (the underlying value which the Council needs to borrow to fund capital activities) of **£299.928m**. The Council therefore has an expected under-borrowed position of **£40.430m**, which provides some savings in interest payments as other revenue and capital cash has been used in lieu of external borrowing. This is a key strategic decision each year as to whether the under-borrowing position is increased or reduced and is influenced by the expectation of interest rates available to generate income on investments vs interest rates incurred on borrowing.
- 4.8 **Table 6 in Appendix 1** shows the profile of outstanding external debt over the whole of the medium-term financial planning period, and this will rise to a maximum of **£333.294m** by 31<sup>st</sup> March 2026 before starting to reduce in the following financial year. This increase in debt is a direct result of the amount required to fund the capital programme in each year, the EFS borrowing required, and any additional cash flow demands in each financial year.
- 4.9 The Council holds revenue budgets for repaying debt and interest (known as Capital Financing Costs). The repayment of debt costs for 2024/25 are **£11.154m** (7.8% of the net revenue budget for 2024/25). For comparison purposes the forecast capital financing costs in 2023/24 are expected to be £9.376m (which represented 7.4% of the planned net revenue budget for 2023/24).

**Table 1: Prudential Indicators**

<b><u>Prudential Indicator</u></b>	<b>2023/24 (£m)</b>	<b>2024/25 (£m)</b>	<b>2025/26 (£m)</b>	<b>2026/27 (£m)</b>
<b>Capital Financing Requirement (underlying need to borrow)</b>	<b>299.928</b>	<b>331.863</b>	<b>355.426</b>	<b>352.332</b>
External Borrowing	259.498	310.535	333.294	329.910
Internal Borrowing	40.430	21.328	22.132	22.422
<b>Authorised limit for External Debt</b>	<b>328.000</b>	<b>372.000</b>	<b>396.000</b>	<b>393.000</b>
Annual Capital Financing Cost	9.376	11.154	12.814	14.496
% of Net Revenue Budget on debt costs	7.4%	7.8%	8.6%	9.8%

- 4.10 The table above illustrates the key figures from paragraphs 4.6 to 4.9 and how these change over the period to 2026/27. It also shows that the proportion of capital financing costs is increasing over the period due to the level of external debt required to fund the capital programme and to provide for EFS of up to £13.4m in order to set a balanced and robust revenue budget.
- 4.11 Although the Council does not have relatively high debt levels than its comparator authorities, the strain on the revenue budget is increasing. When CIPFA introduced the Capital Finance Code of Practice in 2007, an amount of 10% of the net revenue



budget was advised as being a threshold for sustainability and financial prudence. Whilst some councils have exceeded this limit, the S151 Officer advises Members to constrain capital investment funded by borrowing going forward as a key criteria for achieving its financial sustainability plans.

- 4.12 It is a statutory requirement for the Council to set an authorised limit for external debt at the start of each financial year. This is an amount beyond which it would be ultra-vires (or outside of its powers) to exceed in a particular financial year. The authorised limit for 2023/24 is £328m, with this increasing to **£372m** for 2024/25 due to an increase in the level of borrowing required.
- 4.13 It should be noted that the authorised limit for the Council is currently higher than either the expected level of external debt or the capital financing requirement. This is common practice to enable local authorities to build in contingency for unexpected urgent capital expenditure, potential unexpected debt re-financing opportunities and the remote possibility of needing to borrow for any further exceptional revenue purposes. The Council's authorised legal limit is recommended to be set at £40m above its capital financing requirement. It is not recommended to go beyond the specified capital financing requirement other than for temporary and specifically defined borrowing purposes.

#### Treasury Management

- 4.14 Treasury Management is defined as *'the management of the Council's cash flows, borrowing and investments, and the associated risk'*. The main risks that affect a local authority include credit risk, interest rate risk, liquidity risk and refinancing risk.
- 4.15 The Council is generally cash rich in the short term as many grants and contributions are paid in advance of need. Because of this, any excess cash is invested with an appropriate counterparty until the funds are required. When making an investment, the Council follows the advice set out in the Local Government Act 2003 and within the Treasury Management Code with paramount consideration given to the security of the sum invested, followed by the liquidity position of the Council and finally the interest rate achievable on the investment.
- 4.16 Given that credit criteria are the most important factor when making an investment decision, the Council receives regular updates from its professional expert external treasury management adviser, Arlingclose, on changes in credit ratings for individual financial institutions. They also advise on maximum amounts to be invested with each counterparty and maximum durations for any fixed term deposits made. This framework helps to protect against the loss of any sums invested (credit risk), ensures liquidity is not compromised and earns interest to support the revenue budget (not a major factor at present).
- 4.17 On 31 December 2023, the Council had cash balances of **£21.847m** invested either on fixed term deposit with central government or in liquidity accounts with appropriate banks. The strategic level of cash holdings is a minimum of £15m, below which the Council will look to borrow to maintain liquidity.

- 4.18 In relation to external borrowing, the Council seeks to achieve a low but certain cost of finance, whilst retaining the flexibility to borrow for short-term periods and to respond to demands of the Investment Strategy as needed. The Council therefore looks to create a balance between taking advantage of generally lower rates of interest for short term borrowing (predominantly from other local authorities) versus the need to achieve certainty over rates of borrowing in the longer term from either government or financial institutions (mainly from the PWLB or other banks).
- 4.19 Of the **£233.491m** of external debt on 31 December 2023, 80% is long term from the Public Works Loan Board – the government agency for local authority borrowing and 20% is long term with financial institutions (generally banks). There is £18.3m short-term borrowing in place at present.
- 4.20 Current long term interest rates for borrowing from the PWLB are between 4.5% and 5.25% depending on the length of the loan (local authorities can borrow up to 50 years from central government) with short term rates being between 5.5% and 6.0% for up to one year in duration.
- 4.21 On local authority borrowing, there has been much interest from both regulators and the media in recent years around individual councils taking significant amounts of long-term debt from the PWLB for the sole purposes of commercial activity – generally property investment. Under the Prudential Code, local authorities have lots of freedom to conduct and self-regulate their own borrowing and investment activities.
- 4.22 Both the Government and the Chartered Institute of Public Finance & Accountancy have said that borrowing for the sole purposes of commercial investment is against the spirit of the Code. The PWLB has prevented any local authority applications for this type of activity from 1 April 2021 with Section 151 Officers having to confirm each year that their investment plans do not contain any of these types of activity.
- 4.23 Although the Council has undertaken some capital projects in recent years that have generated a revenue income stream, the primary aim has always been to regenerate the areas involved and to grow the wider economy within the Town. As a result, these activities can continue under the Code and with funding from the PWLB.

#### Knowledge & Skills

- 4.24 This Strategy provide details of the knowledge and experience in place by Officers and the access to external advice and guidance made available to enhance this. Council officers have a broad range of skills to ensure treasury management decisions are informed and risk-assessed on a consistent basis. The Council uses external consultants (Arlingclose) to provide up to date and specialist advice which is bespoke for local government sector regulations, particularly focusing on risks and opportunities.
- 4.25 The Council also participates in a treasury management benchmarking club run by Arlingclose. This club provides access to data on other local authorities' approaches

to Treasury Management, including strategic information, and the wider performance outputs of the Treasury Management activities.

- 4.26 As part of the Treasury Management Code, it is also a best practice requirement that elected members have the necessary skills & knowledge to scrutinise the Council's plans and processes in this area. This has been achieved in the past by providing training for Members but this training is planned to be delivered during 2024.

#### Minimum Revenue Provision

- 4.27 The Council is required under the Local Government Act 2003 Part 1 to maintain a policy for the repayment of historic external debt incurred from the annual revenue budget. The policy is split into different elements which are influenced by when the borrowing was originally incurred, the type of assets and the useful economic life of the assets the borrowing is funding. The Council has in previous years amended this policy to reflect the useful economic life of the funded assets more accurately and then in 2021/22 moved to an annuity basis of calculating these revenue costs. **No changes are being proposed to the MRP policy for 2024/25 financial year** and there is no further scope to make annual savings beyond those currently achieved through the current policy on a prudent basis. This policy is set out at the end of **Appendix 1** for information.

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

- 5.1 It is a statutory requirement to approve the annual treasury management strategy and set of prudential indicators by the Council. As a result, there are no alternatives available.

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

The adoption of this report is an integral part of the annual process for the Council. Ensuring that the capital programme and its financing is within available and affordable revenue resources is a key judgement for the S151 Officer and will inform the Council's view of whether to approve the medium-term financial plans.

#### **6.1 Financial (including procurement and Social Value)**

- 6.1.1 All relevant financial implications are outlined within the body of this report and the supporting **Appendix 1**. The capital programme and financing being recommended in the budget report remains affordable within the revenue budget parameters but needs to be strictly managed and prioritised going forward. The treasury indicators and processes remain robust and within prudent limits. The policy on minimum revenue provision also remains in line with the appropriate regulations and government guidance.
- 6.1.2 **Table 1 in Paragraph 4.9** outlines the key debt metrics and the capital financing costs as a % of the net revenue budget over the medium-term financial planning period.

## **6.2 Legal**

- 6.2.1 There are no direct legal implications of this report. All activity on capital financing, investments and borrowing is under current local authority powers under either the local government act or the capital finance and accounting regulations.
- 6.2.2 If for any reason the Council exceeded its authorised limit for external debt in a financial year, the S151 Officer would be required to report this to Council at the earliest opportunity. This would need to set out any implications of this action and would recommend a new authorised limit for the financial year for approval.

## **6.3 Risk**

- 6.3.1 Any risk related issues are set out within the report. Risk management is an integral part of the Council's treasury management strategy, and these are considered as part of business-as-usual activities and are set out in more detail within the Treasury Management Practices document.

## **6.4 Human Rights, Public Sector Equality Duty and Community Cohesion**

- 6.4.1 There are no applicable issues to consider within this report.

## **6.5 Climate Change / Environmental**

- 6.5.1 There are no applicable issues to consider within this report.

## **6.6 Children and Young People Cared for by the Authority and Care Leavers**

- 6.6.1 There are no applicable issues to consider within this report.

## **6.7 Data Protection / GDPR**

- 6.7.1 There are no applicable issues to consider within this report.

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

<b>Action</b>	<b>Responsible Officer</b>	<b>Deadline</b>
To implement and monitor the 2024/25 prudential indicators and treasury management strategy	Head of Finance & Investments	1 April 2024 (and during the 2024/25 financial year)

### **Appendices**

1	Prudential Indicators & Treasury Management Strategy for 2024/25
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### **Background papers**

There are no background papers to this report.

**Contact:** Justin Weston, Head of Finance & Investments

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**PRUDENTIAL INDICATORS &**  
**TREASURY MANAGEMENT STRATEGY - 2024/25**

**Introduction**

The Treasury Management Strategy (TMS) report gives a high-level overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of local public services at the Council. In addition, it also gives an overview of how the associated risks are managed and the implications for future financial sustainability.

The following information is a requirement of the 2021 Code of Practice on Treasury Management, issued by the Chartered Institute of Public Finance & Accountancy, and has been produced in an accessible way to enhance members' understanding of these often-technical areas

**Capital Expenditure and Financing**

Capital Expenditure is where the Council spends money on assets, such as property, IT and vehicles that will be used for more than one financial year. In local government, this also includes spending on assets owned by other bodies, finance leases and loans & grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are generally not capitalised.

In the 2024/25 financial year, the Council is planning a total capital expenditure of £88.549m as summarised below.

**Table 1: Prudential Indicator: Estimates of Capital Expenditure**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Estimate £m</b>	<b>Estimate £m</b>	<b>Estimate £m</b>	<b>Estimate £m</b>
<b>Total Capital Expenditure</b>	<b>47.129</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>

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**

	2023/24	2024/25	2025/26	2026/27
<b>FUNDED BY:</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Prudential Borrowing	19.300	23.037	28.009	1.913
EFS Borrowing	-	13.400	0.000	-
Capital Receipts	-	6.000	6.000	6.000
Flexible Receipts	3.000	13.700	7.700	5.300
Grants	23.644	29.897	27.931	-
Contributions	1.185	2.515	3.578	-
<b>Total FUNDING</b>	<b>47.129</b>	<b>88.549</b>	<b>73.218</b>	<b>13.213</b>

Any external debt (prudential or EFS) 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**

	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £
Cost to Revenue Budget	3.383	3.888	<b>4.503</b>	4.946	5.507

- The Council's minimum revenue provision statement for 2024/25 is available towards the end of this report.

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 £31.935m or 10.6% during the 2024/25 financial year. This increase is due to the new capital expenditure funded by external debt of £36.437m less the MRP set aside of £4.503m.

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**

	<b>31/3/2023 actual £m</b>	<b>31/3/2024 forecast £m</b>	<b>31/3/2025 budget £m</b>	<b>31/3/2026 budget £m</b>	<b>31/3/2027 budget £m</b>
<b>TOTAL CFR</b>	284.748	299.928	<b>331.863</b>	355.426	352.332

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets, or be used to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.

The Council plans to receive c£25m of capital receipts in the coming financial year as follows. These amounts have increased significantly for the next few years due to the asset review being undertaken by the Council.

**Table 5: Capital receipts**

	<b>2022/23 actual £m</b>	<b>2023/24 forecast £m</b>	<b>2024/25 budget £m</b>	<b>2025/26 budget £m</b>	<b>2026/27 budget £m</b>
<b>TOTAL</b>	<b>0.755</b>	<b>3.037</b>	<b>24.475</b>	<b>13.240</b>	<b>9.709</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 adopted and used in the past two financial years, the Flexible Use of Capital Receipts Policy where these proceeds may be used for funding service transformation costs that would otherwise be classed as revenue expenditure. This is mainly to fund the current year's revenue budget overspend and would be a device to protect reserves.

### **Treasury Management**

Treasury Management is concerned with keeping sufficient but not excessive cash resources, available to meet the Council's spending needs, while managing the risks involved in these investments. Surplus cash is invested until required, whilst a shortage of cash will be financed by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. Cash balances can be a combination of both revenue and capital cash given that there are timing differences between funds being received from various sources and those being spent on the operational plans of the Council.

The Council is typically cash rich in the short-term as revenue income is received 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 on 31 December 2023 had £233.5m of borrowing at an average interest rate of 3.3% and £21.8m of treasury investments at an average rate of around 4%.

Both investment and borrowing rates available to the Council are at high levels currently due to the dramatic increase in the level of bank rate over the last 12 months and to curb the high levels of inflation that have been prevalent in the economy in recent months.

**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 future. This is a little easier than in previous years due to long-term borrowing rates being lower than the cost of short-term loans for the first time in a decade. It is anticipated that all borrowing in the 2024/25 financial year will be from the PWLB, unless bank rate reduces rapidly during the financial year.

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**

	<b>31.3.2023 actual £m</b>	<b>31.3.2024 forecast £m</b>	<b>31.3.2025 budget £m</b>	<b>31.3.2026 Budget £m</b>	<b>31.3.2027 budget £m</b>
External Debt	245.889	259.498	<b>310.535</b>	333.294	329.910
Capital Financing	284.748	299.928	<b>331.863</b>	355.426	352.332

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 2024/25

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**

	<b>2023/24 limit £m</b>	<b>2024/25 limit £m</b>	<b>2025/26 limit £m</b>	<b>2026/27 limit £m</b>
Authorised Limit (OB + £20m)	328.000	<b>372.000</b>	396.000	393.000
Operational Boundary (CFR + £20m)	308.000	<b>352.000</b>	376.000	373.000

**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>31/3/2023 actual £m</b>	<b>31/3/2024 forecast £m</b>	<b>31/3/2025 budget £m</b>	<b>31/3/2026 budget £m</b>	<b>31/3/2027 budget £m</b>
Short-term investments	29.107	15.000	<b>15.000</b>	15.000	15.000
Longer-term investments	0.000	0.000	<b>0.000</b>	0.000	0.000
<b>TOTAL</b>	<b>29.107</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>	<b>15.000</b>

**Governance:** Decisions on treasury management in relation to investment and borrowing are made daily 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>2022/23 actual £m</b>	<b>2023/24 forecast £m</b>	<b>2024/25 forecast £m</b>	<b>2025/26 forecast £m</b>	<b>2026/27 forecast £m</b>
Financing costs (£m)	8.058	9.376	<b>11.154</b>	12.814	14.496
Net Revenue Budget (£m)	118.329	126.354	<b>143.190</b>	148.601	148.127
Proportion of net revenue stream	6.8%	7.4%	<b>7.8%</b>	8.6%	9.8%

**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 have remained 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 £3.1m 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.

However, the level of revenue budget strain is increasing over the capital programme being proposed as part of the 2024/25 budget process and this may not be sustainable given the revenue budget position and low level of reserves. The Council will need to reduce its reliance on external borrowing to fund the capital programme going forwards and target capital grants and contributions or capital receipts from the asset review.

Taking the figures above in Tables 1 to 9 and the key message of caution to be exercised in the future on capital financing decisions. 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, and any borrowing plans have been fully costed and reviewed.

**Table 10 – Total Borrowing required for each year of the MTFP**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Capital Programme	19.300	23.037	31.500	1.913
EFS	-	13.400	-	-
Debt Restructuring	10.000	-	-	-
Revenue purposes	10.000	10.000	5.000	-
<b>Total</b>	<b>39.300</b>	<b>46.437</b>	<b>37.000</b>	<b>1.913</b>

This considers any debt needed by the Council to either finance the capital programme, in respect of leasing arrangements, or to finance any debt restructuring required.

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 considered; as have plans for capital expenditure, estimates of the capital financing requirement, and estimates of cash flow requirements for all purposes.

### **Prudence – Treasury Management Indicators**

It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2024/25, 2025/26 and 2026/27 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 2024/25, 2025/26 and 2026/27 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 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 more than 25 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.

### **Treasury Management Practices**

Further details of how the treasury management function operates, the procedures used to manage banking, treasury and capital market transactions, how risk is managed by the in-house team and how these fit with the CIPFA Code of Practice is included in the Council's set of Treasury Management Practices.

Minor operational and terminology changes to this are made by the Director of Finance on an ongoing basis to keep the TMP's updated. If any significant changes are required to the document, either because of organisational or regulatory changes, this will be brought to full Council for approval.

## **ANNUAL INVESTMENT STRATEGY & TREASURY**

### **MANAGEMENT POLICY STATEMENT 2024/25**

1. In accordance with revised guidance from the Department for Levelling Up Housing and Communities (DLUHC) {formerly the Ministry of Housing, Communities and Local Government (MHCLG)} a local authority must prepare and publish an Annual Investment Strategy which must be approved by 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 for Capital Finance, requires that a local authority must have regard to such guidance as the Secretary of State issues relating to prudent investment practice.
4. In addition, the Chartered Institute of Public Finance & Accountancy (CIPFA) has published a revised Code of Practice for Treasury Management in the Public Services in December 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 2024/25**

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 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, TMPs and CIPFA's *Standard of Professional Practice on Treasury Management*.
10. Middlesbrough Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
11. The Council is very circumspect in its use of credit rating agencies with the section on Specified Investments setting out the current policy. Ratings are monitored on a real time basis as and when information is received from either our treasury management consultants or any other recognised source. Decisions regarding inclusion on the Approved List are made based on market intelligence drawn from 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 Council must determine a category of borrowers, who must be of "high credit quality" classified as **Specified Investments**, with whom it can invest surplus cash with minimal procedural formalities and further identify a category of borrowers classified as **Non-Specified Investments**, with whom it can also invest but subject to prescribed limits.
14. Although the guidance definition of Non-Specified Investments is "one not meeting the definition of a Specified Investment", the authority is required to identify which categories of investments are identified as prudent to use and the limits on any such investment either individually or in total. It is because some organisations do not subscribe to credit rating agencies that they have to be included as Non-Specified Investments, rather than any concern over their creditworthiness.



15. The guidance defines investment in such a way as to exclude pension fund and trust fund investments. In practice, Middlesbrough Council, in its role as Administering Authority for the Teesside Pension Fund, follows similar procedures as approved by Members as part of compliance with the CIPFA Code of Practice, albeit with different limits.

### **LIMITS & DEFINITION OF SPECIFIED INVESTMENTS**

16. The following are currently determined as meeting the criteria for Specified Investments:
- The investment is made with the UK Government, or a local authority (as defined in the Local Government Act 2003), or a police authority, or fire, or a UK Nationalised Industry, or UK Bank, or UK Building Society.
  - The investment is made with a Money Market Fund that, at the time the investment is made, has a rating of AAA.
  - The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document which, at the time the investment is made, has a short-term "investment grade" rating with either Standard & Poors, Moody's Investors Search Ltd or Fitch Ratings Ltd (or in the case of a subsidiary the parent has such a rating). Where ratings awarded differ between the rating agencies any one award below investment grade will prevent the investment being categorised as a Specified Investment. The rating of all listed bodies must be monitored monthly. Where officers become aware of a downward revision of rating, that moves the body out of the "investment grade" category, between such monthly checks, the body should be removed from the list of Specified Investments and, if considered appropriate, the investment should be recalled.
17. All specified investments must be denominated in sterling and must be one where the 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.

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| <ul style="list-style-type: none"><li>• The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 90%</li><li>• The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which is has no limit.</li><li>• The maximum investment in any one group (i.e., a bank and its wholly owned subsidiaries) is £15m.</li></ul> |
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### **LIMITS & DEFINITION OF NON-SPECIFIED INVESTMENTS**

18. These categories of investment currently meet the criteria for non-specified investments:

- The investment is made with a UK bank, or UK building society, or a UK subsidiary of an overseas bank.
  - The investment is made with one of the bodies listed in section 4 of Schedule 1E of the current version of the Treasury Management Practices document, which is not a Specified Investment.
  - The investment is for a period of one year or longer.
19. All non-specified investments must be denominated in sterling. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum % of the total of all investments which can be non-specified investments, at the time the investment is made, is 10%.
- The maximum investment with any one counterparty is £3 million.
- The maximum investment in any one group (i.e., a bank and its wholly owned subsidiaries) is £3m.
- The maximum % of the total of all investments that have an outstanding period of one year or longer, at the time the investment is made, is 10%.

20. 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.
21. 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.
22. The Council 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

23. 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.'*
24. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered to manage those risks.
25. 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.
26. 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 2024/25

### INTRODUCTION

27. 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.
28. 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.
29. 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”

30. 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

31. 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

32. 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

33. 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.

34. The formula allows an authority to make **voluntary extra provision** in any financial year that this is affordable.
35. 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**

36. 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.
37. Councils will normally need to follow the standard procedures for calculating depreciation when making this revenue provision.

#### **Option 5: 2% Annuity Method**

38. This method recognises the time value of money and the useful life of the assets funded from borrowing and is seen as a fairer way of charging MRP. It is supported by the Council’s treasury management advisers (Arlingclose) and is being adopted by many local authorities nationally as an equitable and affordable basis for calculating the revenue costs of repaying debt. The adoption of this option for 2024/25 is consistent with the methodology approved in 2023/24.

**2024/2025 MINIMUM REVENUE PROVISION -  
STATEMENT FOR MIDDLESBROUGH COUNCIL**

39. 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.
40. For supported capital expenditure, Middlesbrough Council intends to use **option 5 - a 2% annuity basis** for the coming financial year.
41. For unsupported capital expenditure, Middlesbrough Council intends to use **option 5 - a 2% annuity basis** for the coming financial year.

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