

THE CHAIR AND ALL MEMBERS OF THE COUNCIL

Tuesday 11 February 2025

Dear Member

COUNCIL - WEDNESDAY 19TH FEBRUARY, 2025

You are hereby summoned to attend a meeting of the Council of the Borough of Middlesbrough to be held on **Wednesday 19th February, 2025 at 7.00 pm** in the Council Chamber to transact the following business, namely:-

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

To receive any declarations of interest.

4. Announcements/Communications

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

5. Council Tax Reduction Scheme 2025/26 5 – 98

6. 2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting 99 - 272

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



Charlotte Benjamin, Director of Legal and Governance Services

PLEASE NOTE THERE IS RESTRICTED
DISABLED ACCESS TO THE COUNCIL CHAMBER

Inspection of Papers – Documents referred to on this Summons may be inspected between 9.00 am and 4.00 pm Monday to Friday at the Town Hall, Middlesbrough. Copies may also be downloaded from the Council's Website.

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

Should you have any queries in regard to the items on this agenda please contact Susan Lightwing/Scott Bonner, Democratic Services on (Direct Line 01642 729708/729712 or e-mail on: scott_bonner@middlesbrough.gov.uk; susan_lightwing@middlesbrough.gov.uk.

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MIDDLESBROUGH COUNCIL

Report of:	Director of Finance and Transformation (S151 Officer)
Relevant Executive Member:	Executive Member for Finance
Submitted to:	Council
Date:	19 February 2025
Title:	Council Tax Reduction Scheme 2025/26
Report for:	Decision
Status:	Public
Council Plan priority:	A successful and ambitious town
Key decision:	Yes
Why:	Decision(s) will have a significant impact in two or more wards
Subject to call in?:	Yes
Why:	Non urgent report

Executive summary

This report outlines the proposed Council Tax Reduction (CTR) scheme (sometimes referred to as Council Tax Support) scheme for 2025/26. Each Billing Authority in England has a statutory requirement to design and locally fund a Council Tax Reduction scheme by no later than 11 March each year, approved by a full Council decision.

The proposed scheme for 2025/26 will incorporate the minor legislative amendments to be made by government through regulations that the Council will be obliged to include.

It is recommended that the scheme's income bandings are subject to an inflation uplift to reflect the rate applied by government to working age benefits, so that the current level of support for claimants is maintained and continues to provide appropriate support for the town's financially vulnerable residents.

It is requested, therefore, that Council:

Approve the Council Tax Reduction Scheme for 2025/26.

1. Purpose

1.1 To seek approval of the Council Tax Reduction Scheme for 2025/26.

2. Recommendations

2.1 That Full Council approve the Council Tax Reduction Scheme for 2025/26.

3. Rationale for the recommended decision(s)

3.1 The proposed scheme will assist low income households and support the collection of council tax whilst remaining affordable for the Council to provide.

3.2 CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme, which was administered by councils on behalf of the Department for Work and Pensions. As part of the introduction, the Government placed the duty to create a local scheme for working age claimants with Billing Authorities.

3.3 Middlesbrough Council, as the Billing Authority, has a statutory requirement to revise or design and fund a CTR scheme by no later than 11 March each year which must be approved by a Full Council decision.

4. Background and relevant information

The current scheme

4.1 In 2022/23, the Council moved to an income-banded scheme. By doing so, it moved away from the previous complex means-tested schemes to simplify the claiming process, reduce the administrative burden and cost of multiple 'in year' changes and associated recalculation of council tax instalments, and to support its achievement of greater collection rates.

4.2 The scheme implemented a 90% maximum discount, with lower discount bands of 72%, 36% and 23%, aligned to the level of net weekly income and composition of each household (providing for up to two dependent children).

4.3 The CTR scheme is an income band scheme, based on the household size and income, this differs from discounts and exemptions which are not means-tested. Where a 100% exemption is granted, such as a student exemption, CTR will not apply as there is nothing to pay. If, on the other hand, a resident is in receipt of a single person discount or other discount, CTR may still be awarded based on the income and household composition.

4.4 The 2024/25 scheme maintained the current income-banded scheme, but also included support for Care Leavers, who were able to apply for CTR as opposed to receiving a local council tax discount. This was a technical adjustment and made no difference to the level of support available to Care Leavers, which remained unchanged.

4.5 In addition, the only other change for 2024/25 related to the childcare cost element for residents who receive Universal Credit that includes additional financial support due to incurring these costs. The Council agreed to disregard such costs as income within the CTR scheme and by doing so, supported those households with children taking paid employment.

The 2025/26 scheme

4.6 For 2025/26, it is proposed that the current income-banded scheme be retained subject to the proposed amendments, including that the scheme income ranges are increased in line with inflation. A number of Local Authorities have already implemented an income banded scheme with many more Local Authorities also opting for similar schemes. The main reasons for doing so is that a banded scheme is far easier to administer, removes the need for residents to report certain changes, opportunity for ‘take up’ is made simpler as residents can determine entitlement far easier than the previous scheme. Removing the level of complexities means that applying for support with Council Tax payments is far easier.

4.7 On 30 October 2024, the Chancellor announced in the Autumn Statement that state benefits, including Universal Credit and other working age benefits, would increase in line with inflation at 1.7% from April 2025.

4.8 The increase in income from state benefits due to the inflation uplift could result in a lower discount rate band being applied in some cases, based on the existing CTR income ranges set. This would result in a reduction in the level of support which, for some households would add in excess of £300.00 per year to their bill.

4.9 The CTR scheme provides for income band ranges to be increased “by the appropriate level of inflation decided by the Council”. It is therefore proposed to adjust the income band ranges for 2025/26 to reflect the inflation increase applied to state benefits and thereby maintain the level of support as far as possible for applicants.

4.10 The weekly income range for the current 2024/25 scheme are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £117.48	£0 - £187.96	£0 - £258.45	£0 - £164.47	£0 - £240.83	£0 - £305.44
Band 2	72%	£117.49 - £211.46	£187.97 - £281.94	£258.46 - £346.56	£164.48 - £281.94	£240.84 - £330.11	£305.45 - £399.42
Band 3	36%	£211.47 - £252.58	£281.95 - £299.57	£346.57 - £411.17	£281.95 - £340.68	£330.12 - £375.93	£399.43 - £469.91
Band 4	23%	£252.59 - £299.57	£299.58 - £328.93	£411.18 - £528.65	£340.69 - £399.42	£375.94 - £434.66	£469.92 - £563.89
	0%	Over £299.57	Over £328.93	Over £528.65	Over £399.42	Over £434.66	Over £563.89

4.11 The proposed new weekly income ranges for 2025/26 are as follows:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Band 1	90%	£0 - £119.48	£0 - £191.16	£0 - £262.84	£0-£167.27	£0 -£244.92	£0 - £310.63
Band 2	72%	£119.49 - £215.05	£191.17 - £286.73	£262.85 - £352.45	£167.28 - £286.73	£244.93 - £335.72	£310.64 -£406.21
Band 3	36%	£215.06 -£256.87	£286.74 - £304.66	£352.46– £418.16	£286.74 -£346.47	£335.73 – £382.32	£406.22 -£477.90
Band 4	23%	£256.88 - £304.66	£304.67 - £334.52	£418.17 – £537.64	£346.48 - £406.21	£382.33 -£442.05	£477.91 -£573.48
	0%	Over £304.66	Over £334.52	Over £537.64	Over £406.21	Over £442.05	Over £573.48

4.12 The cost of implementing the new ranges has been modelled and estimated at £0.061m against the current scheme expenditure. Due to the variables contained within the scheme, the actual cost may alter according to prevailing individual circumstances.

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

5.1 The Council could reduce the level of support offered to working age residents in receipt of CTR. However, the Council recognises the financial challenges placed on residents and is therefore proposing that the current level of support is maintained which incorporates the proposal to increase the income bandings in line with inflation.

5.2 In addition, the Council is not in a financial position to consider awarding additional support through higher discounts or different income ranges without affecting other Council services due to the current budgetary pressures. If the Council chose to increase the maximum award for working age residents to 95%, this would incur an additional cost of circa£0.65m. Similarly, if the maximum award was increased to a 100% maximum award, this would result in additional costs of circa£1.3m. If this were to be considered, a full consultation exercise would also need to be carried out which has not taken place during the current financial year.

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

Topic	Impact
Financial (including procurement and Social Value)	There is an additional cost to the Council of circa £0.061m from a total current CTR scheme cost of £21.26m. Any additional expenditure incurred as a result of an increased take up of CTR will be reported as part of the budget monitoring process to ensure this is factored into projected expenditure in 2025/26.
Legal	The Local Government Finance Act Section 67 (2012 Act) inserted into Local Government Finance Act 1992 (Functions to be discharged by the Authority) making or revising a Council Tax Reduction Scheme – Section 13 (2) confirms that each Billing Authority in England must make a CTR scheme by no later than 11 March each year. Any scheme cannot be made by officers, with the above

	legislation confirming that authorisation of the full scheme must be subject to full Council approval.
Risk	The scheme supports the delivery of the Council's strategic priority to reduce poverty as set out in the Council Plan 2024-2027. The CTR scheme will enable residents to pay their required council tax instalments which, in turn, will mean that the Council has funding to work with communities and other public services in Middlesbrough to improve the lives of local people.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no disproportionate adverse impacts on any group or individuals with characteristics protected in UK equity law. The previous impact assessment carried out when the scheme was revised for 2022/23 is still relevant.
Climate Change / Environmental	There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.
Children and Young People Cared for by the Authority and Care Leavers	The CTR scheme will have no negative impact on children and young people cared for by the authority and care leavers. The scheme will provide support for those residents who were Care Leavers and apply for help with their council tax instalments through the CTR scheme.
Data Protection	The collection and use of personal data will be managed in accordance with the Council's data protection policy which can be found here: Data protection Middlesbrough Council

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

Action	Responsible Officer	Deadline
Following approval by Full Council, the updated Council Tax Reduction Scheme will be published on the Council's website by 31 March 2025.	Janette Savage	31 March 2025

Appendices

1	Middlesbrough Council's Council Tax Reduction Scheme, S13A and Schedule 1a of the Local Government Finance Act 1992
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Background papers

Body	Report title	Date
No background papers were used in the preparation of this report		

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

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1.0 Introduction to the Council Tax Reduction Scheme

1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1st April 2025.

1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2025 for a period of one financial year.

1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (England) (Amendment) Regulations 2017;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022;
- The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2024;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2025; and
- Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

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

1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain.

(1) In this scheme—

(a) a person is a “pensioner” if—

(i) he has attained the qualifying age for state pension credit; and

- (ii), he is not and, if he has a partner, his partner is not—
 - (aa) a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance, or
 - (bb) a person with an award of universal credit; and
- (b) a person is a “person who is not a pensioner” if—
 - (i) he has not attained the qualifying age for state pension credit; or
 - (ii) he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is—
 - (aa) a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance, or
 - (bb) a person with an award of universal credit.
- (2) For the purposes of sub-paragraphs (a)(ii)(bb) and (b)(ii)(bb) in paragraph (1) an award of universal credit is to be disregarded during:
 - (a) during the relevant period; or
 - (b) where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award the relevant period.
- (3) In this scheme—
 - “assessment period” has the same meaning as in the Universal Credit Regulations 2013;
 - “relevant period” means the period beginning with the day on which P and each partner of P has attained the qualifying age for state pension credit and ending with the day on which the last assessment period for universal credit ends

The three prescribed classes are as follows;

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

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

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

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

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

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

- week and his applicable amount;
- (f) not have capital savings above £16,000; and
- (g) who has made an application for a reduction under the authority's scheme.

Class C: alternative maximum Council Tax Reduction

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

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

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

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

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

Disregard of certain incomes

1.5 For those who have reached the qualifying age for state pension credit, the Council has resolved to enhance the government scheme (as defined by the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 to disregard in full the following:

- (a) a war disablement pension;
- (b) a war widow's pension or war widower's pension;
- (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
- (d) a guaranteed income payment;
- (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;

- (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
- (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

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

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

- 1.6 The adopted scheme for working age applicants is an income band scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- (a) has not attained the qualifying age for state pension credit; or
 - (b) has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.
- 1.7 The Council has resolved that there will be **two** classes of persons who will receive a reduction under the scheme. Working age applicants must not be of a prescribed class exempted from reduction. The reduction for working age applicants within the definition of Class D below will be as provided for in Schedule 1, unless they or their partner are within the definition of Class E and entitlement exists under Schedule 4, subject to the terms otherwise applicable from section 2 on.

Class D

To obtain reduction the individual (or partner) must:

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

Class E

To obtain reduction the individual must:

- (a) be a defined care leaver and under the age of 25;
- (b) be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- (c) is not deemed to be absent from the dwelling;
- (d) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (e) be somebody in respect of whom a maximum Council Tax Reduction amount can be

calculated; and
(f) has made a valid application for reduction.

Council Tax Reduction Scheme

Details of reduction to be given for working age applicants for the financial year 2025/26

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

2.1 In this policy–

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

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

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

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

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

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

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

‘attendance allowance’ means–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

‘claim’ means a claim for council tax reduction;

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

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

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

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

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

‘couple’ means;

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

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

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

‘designated authority’ means any of the following;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

‘independent hospital’–

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

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

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

‘Jobseekers Act’ means the Jobseekers Act 1995;

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

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

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

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

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

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

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

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

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

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

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

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

‘MFET Limited’ means the company limited by guarantee (number 7121661) of that name, established for the purpose in particular of making payments in accordance with arrangements made with the Secretary of State to persons who have acquired HIV as a result of treatment by

the NHS with blood or blood products;

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

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

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

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

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

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

(b) if the applicant is polygamously married—

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

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

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

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

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

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

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

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

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

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

'partner' means—

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

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

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

'payment' includes part of a payment;

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

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

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

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

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

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

'personal pension scheme' means—

(a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as

amended by the Public Service Pension Act 2013;

(b) an annuity contractor trust scheme approved under section 20 or 21 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 2004;

(c) a personal pension scheme approved under Chapter 4 of Part 14 of the Income and Corporation Taxes Act 1988 which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(g) of Schedule 36 to the Finance Act 2004;

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

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

(a) a person is a husband or wife by virtue of a marriage entered into under law which permits polygamy; and

(b) either party to the marriage has for the time being any spouse additional to the other party.

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

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

(a) in the case of a woman, pensionable age; or

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

'qualifying contributory benefit' means;

(a) severe disablement allowance;

(b) incapacity benefit;

(c) contributory employment and support allowance;

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

'qualifying income-related benefit' means;

(a) income support;

(b) income-based jobseeker's allowance;

(c) income-related employment and support allowance;

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

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

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

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

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

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

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

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

(a) an employment zone programme;

(b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);

(c) the Employment, Skills, and Enterprise Scheme;

(d) a scheme prescribed in regulation 3 of the Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;

(e) Back to Work scheme.

'single applicant' means an applicant who neither has a partner nor is a lone parent;

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

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

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

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

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

‘student’ has the meaning prescribed in section 43;

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

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

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

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

(a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People’s Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;

(b) to a person for his maintenance or in respect of a member of his family; and

(c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

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

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

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

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

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

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

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

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

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

‘water charges’ means;

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

(b) as respects Scotland, any water and sewerage charges established by Scottish Water under

a charges scheme made under section 29A of the Water Industry (Scotland) Act 2002, in so far as such charges are in respect of the dwelling which a person occupies as his home;

'week' means a period of seven days beginning with a Monday;

'Welfare Reform Act' means the Welfare Reform Act 2007;

'Working Tax Credit Regulations' means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended.

- 2.2 In this policy, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.
- 2.3 For the purpose of this policy, a person is on an income-based jobseeker's allowance on any day in respect of which an income-based jobseeker's allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker's allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker's allowance is not payable); or
 - (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker's allowance is payable to him or would be payable to him but for regulation 27A of the Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
 - (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker's allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
 - (d) in respect of which an income-based jobseeker's allowance or a joint-claim jobseeker's allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).
- 2.4 For the purposes of this policy, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
 - (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income-related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.
- 2.5 For the purposes of this policy, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.
- 2.6 In this policy, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

3.0 Requirement to provide a National Insurance Number

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

3.2 This subsection is satisfied in relation to a person if—
(a) the claim for reduction is accompanied by;

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

3.3 Paragraph 3.2 shall not apply—

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

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

4.1 This scheme applies to a person if:

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

4.2 For the purpose of this scheme an award of universal credit shall be disregarded where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award.

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

Persons treated as not being in Great Britain

5.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.

5.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man, or the Republic of Ireland.

5.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man, or the Republic of Ireland unless the person has a right to reside in one of those places.

5.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—

- (a) regulation 13 of the EEA Regulations;
- (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
 - (i) a jobseeker for the purpose of the definition of "qualified person" in regulation 6(1) of those Regulations, or
 - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;

- (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).

5.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—

- (a) (Removed by the Council Tax Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
- (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
- (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
- (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.

5.4B Paragraph (5A)(b) does not apply to a person who—

- (a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and
- (b) would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)

5.5 A person falls within this paragraph if the person is—

- (za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—
 - (i) the Afghan Relocations and Assistance Policy; or
 - (ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);
- (zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;
- (zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—
 - (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
 - (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
 - (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;
- (zd) a person who was residing in Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon immediately before 7th October 2023, left Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights, or Lebanon in connection with the Hamas terrorist attack in Israel on 7th October 2023 or the violence which rapidly escalated in the region following the attack and—
 - (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971,
 - (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act, or
 - (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;
- (ze) a person who was residing in Sudan before 15th April 2023, left Sudan in connection with the violence which rapidly escalated on 15th April 2023 in Khartoum and across Sudan and—

(i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
(ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
(iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act

- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a);
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens' Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion, or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker's allowance and has a right to reside other than a right to reside falling within paragraph (4).

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

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

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

“His Majesty’s forces” has the same meaning as in the Armed Forces Act 2006; and **“relevant person of Northern Ireland”** has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971.

Persons subject to immigration control

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

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

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

6.0 Transitional provision

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

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

6.2 The events are—

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

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

7.0 Temporary Absence (period of absence)

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

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

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

- (ii) the part of the dwelling in which he usually resided is not let or sub-let;
- (iii) the person is a person to whom sub-paragraph (3) applies; and
- (iv) subject to sub-paragraph (2D), a period of absence within Great Britain is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period and;

(d) subject to sub-paragraphs (2F), (3C), (3E) and (3G) and where sub-paragraph (2E) applies, a period of absence outside Great Britain not exceeding 4 weeks, beginning with the first day of that absence from Great Britain where and for so long as— (i) the person intends to return to the dwelling; (ii) the part of the dwelling in which he usually resides is not let or sub-let; and (iii) the period of absence from Great Britain is unlikely to exceed 4 weeks;

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

7.2B Where—

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

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

7.2D Where —

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

7.2E This sub-paragraph applies where—

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

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

1. the person's partner or a child or young person for whom the person or the person's partner is responsible;
2. the person's close relative;
3. the close relative of the person's partner; or
4. the close relative of a child or young person for whom the person or the person's partner is responsible,

then the period of 4 weeks in the opening words of sub-paragraph (2)(d) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person to return to Great Britain within the first 4 weeks (and the reference in subparagraph (iii) of that paragraph to a period of 4 weeks shall, where the period is extended, be taken as referring to the period as so extended).”;

7.3 This sub-paragraph applies to a person who—

- (a) is a person to whom sub-paragraph (3A) applies;

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

- 7.3A This sub-paragraph applies to a person (“P”) who is—
- (a) detained in custody on remand pending trial;
 - (b) detained pending sentence upon conviction; or
 - (c) as a condition of bail required to reside—
 - (i) in a dwelling, other than a dwelling P occupies as P’s home; or
 - (ii) in premises approved under section 13 of the Offender Management Act 2007(a), and who is not also detained in custody following sentence upon conviction.
- 7.3B This sub-paragraph applies where—
- (a) a person is temporarily absent from Great Britain;
 - (b) the person is a member of His Majesty’s forces posted overseas, a mariner or a continental shelf worker;
 - (c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.
- 7.3C Where sub-paragraph (3B) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—
- (a) the person intends to return to the dwelling;
 - (b) the part of the dwelling in which he usually resided is not let or sub-let;
 - (c) the period of absence from Great Britain is unlikely to exceed 26 weeks.
- 7.3D This sub-paragraph applies where—
- (a) a person is temporarily absent from Great Britain;
 - (b) the person is a person described in any of paragraphs (b), (c), (g) or (j) of subparagraph (3);
 - (c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.
- 7.3E Where sub-paragraph (3D) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—
- (a) the person intends to return to the dwelling;
 - (b) the part of the dwelling in which he usually resided is not let or sub-let;
 - (c) the period of absence is unlikely to exceed 26 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.
- 7.3F This sub-paragraph applies where—

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

7.3G Where sub-paragraph (3F) applies, a period of absence from Great Britain not exceeding 4 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as—

- (a) the person intends to return to the dwelling;
- (b) the part of the dwelling in which he usually resided is not let or sub-let;
- (c) the period of absence is unlikely to exceed 4 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.

7.4 This sub-paragraph applies to a person who is—

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

7.5 Where sub-paragraph (4) applies to a person, then, for any day when he is on temporary release—

- (a) if such temporary release was immediately preceded by a period of temporary absence under sub-paragraph (2)(b) or (c), he must be treated, for the purposes of sub-paragraph (1), as if he continues to be absent from the dwelling, despite any return to the dwelling;
- (b) for the purposes of sub-paragraph (3)(a), he must be treated as if he remains in detention;
- (c) if he does not fall within paragraph (a), he is not to be considered to be a person who is liable to pay council tax in respect of a dwelling of which he is a resident.

7.6 In this paragraph—

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

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

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

- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;

“medically approved” means certified by a medical practitioner;

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

“patient” means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution;

“prescribed area” means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of

Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;

“residential accommodation” means accommodation which is provided in—

- (a) a care home;
- (b) an independent hospital;
- (c) an Abbeyfield Home; or
- (d) an establishment managed or provided by a body incorporated by Royal Charter or constituted by Act of Parliament other than a local social services authority;

“training course” means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department, or the Secretary of State.

Transitional provision

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

7.8 Paragraph (7) does not apply to a person who, on 1st April 2017, is temporarily absent from Great Britain and is—

- (a) a member of His Majesty’s forces posted overseas;
- (b) absent in the capacity of a continental shelf worker; or
- (c) absent in the capacity of a mariner.

7.9 In this section—

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

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

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

- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
- (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;

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

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

8.0 Membership of a family

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

- (a) a married or unmarried couple;
- (b) married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
- (c) two people of the same sex who are civil partners of each other and are members of

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

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

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

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

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

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

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

9.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;

- a. the person who is receiving child benefit in respect of him; or
- b. if there is no such person;
 - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or
 - ii. in any other case the person who has the primary responsibility for him.

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

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

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

10.2 A child or young person shall not be treated as a member of the applicant's household where he is;

- (a) placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- (b) placed with the applicant or his partner prior to adoption; or
- (c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002.

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

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

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

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

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

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

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

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

- (a) the applicant shall be treated as possessing capital and income belonging to each such member; and

(b) the income and capital of that member shall be calculated in accordance with the following provisions of this scheme in like manner as for the applicant.

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

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

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

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

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

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

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

13.0 Calculation of income on a weekly basis

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

14.0 Average weekly earnings of employed earners.

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

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

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

15.0 Average weekly earnings of self-employed earners

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

15A.0 Minimum Income Floor

15A.1 Where no start up period (as defined within 15A.2) applies to the applicant or partner, the income used by the Council in the calculation of their award will be the gross amount declared by the applicant or a substituted amount whichever is the higher. This substituted amount shall not be less than 35 hours multiplied by the national living wage (or national minimum wage as appropriate) From that, the Council will deduct only an estimate for tax, national insurance and a pension contribution (where a pension contribution is being made).

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

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

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

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

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

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

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

16.0 Average weekly income other than earnings

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

17.0 Calculation of average weekly income from tax credits

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

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

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

18.0 Calculation of weekly income

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

18.2 The weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the quotient by 7.

19.0 Earnings of employed earners.

- 19.1 Earnings means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes—
- (a) any bonus or commission;
 - (b) any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
 - (c) any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
 - (d) any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
 - (e) any payment by way of a retainer;
 - (f) any payment made by the applicant's employer in respect of expenses not wholly, exclusively, and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of—
 - (g) (i) travelling expenses incurred by the applicant between his home and his place of employment;
 - (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
 - (h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
 - (i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
 - (j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
 - (k) any statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;

- (l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- (m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended.

19.2 Earnings shall not include—

- (a) any payment in kind;
- (b) any payment in respect of expenses wholly, exclusively, and necessarily incurred in the performance of the duties of employment;
- (c) any occupational pension

20.0 Calculation of net earnings of employed earners.

20.1 For the purposes of this scheme, the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall be his net earnings.

20.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week. This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.

20.3 Net earnings shall be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;

- (a) any amount deducted from those earnings by way of
 - i) income tax;
 - ii) primary Class 1 National Insurance contributions
- (b) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- (c) one-half of the amount calculated in accordance with paragraph 20.5 in respect of any qualifying contribution payable by the applicant; and

20.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.

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

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

20.6 Where the earnings of an applicant are estimated an appropriate estimate of net earnings shall be determined in line with paragraph (3) above.

21.0 Earnings of self-employed earners

21.1 'Earnings', in the case of employment as a self-employed earner, means the gross income of the employment

21.2 'Earnings' shall not include any payment in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority, or voluntary organisation in respect of persons temporarily in the applicant's care nor shall it include any sports award.

- 21.3 This paragraph applies to–
- (a) royalties or other sums paid as a consideration for the use of, or the right to use, any copyright, design, patent, or trademark; or
 - (b) any payment in respect of any–
 - (i) book registered under the Public Lending Right Scheme 1982; or
 - (ii) work made under any international public lending right scheme that is analogous to the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trademark, or an original contributor to the book of work concerned.

22.0 Calculation of net profit of self-employed earners

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

- 22.7 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 22.8 For the avoidance of doubt–
- (a) deduction shall not be made in respect of any sum unless it has been expended for the purposes of the business;
 - (b) a deduction shall be made thereunder in respect of–
 - i. the excess of any value added tax paid over value added tax received in the assessment period;
 - ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
 - iii. any payment of interest on a loan taken out for the purposes of the employment
- 22.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of
- (a) income tax; and
 - (b) national insurance contributions calculated by the authority in line with 23.2;
 - (c) one-half of the amount any qualifying pension contribution in accordance with (11).
- 22.10 For the avoidance of doubt where an applicant is engaged in employment as a self-employed earner and he is also engaged in one or more other employments as a self-employed or employed earner any loss incurred in any one of his employments shall not be offset against his earnings in any other of his employments.
- 22.11 The amount in respect of any qualifying premium shall be calculated by multiplying the daily amount of the qualifying premium by the number equal to the number of days in the assessment period; and for the purposes of this section the daily amount of the qualifying premium shall be determined.
- (a) where the qualifying premium is payable monthly, by multiplying the amount of the qualifying premium by 12 and divided the product by 365;
 - (b) in any other case, by dividing the amount of the qualifying premium by the number equal to the number of days in the period to which the qualifying premium relates.
- 22.12 In this section, ‘qualifying premium’ means any premium which is payable periodically in respect of a personal pension scheme and is so payable on or after the date of claim.

23.0 Deduction of tax and contributions of self-employed earners

- 23.1 The amount to be deducted in respect of income tax under section 22 shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.
- 23.2 The amount to be deducted in respect of national insurance contributions under section shall be the total of–
- (a) the amount of Class 2 National Insurance contributions payable at the rate applicable to the assessment period except where the applicant’s chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
 - (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the

percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

- 23.3 In this section 'chargeable income' means—
- (a) the earnings derived from the employment less any expenses deducted under section 22;
 - (b) in the case of employment as a child minder, one-third of the earnings of that employment.

24.0 Calculation of income other than earnings

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

reduction immediately before he abandoned or was dismissed from his course, had that person, at that time, been entitled to housing benefit;

D = the number of reduction weeks in the assessment period.

24.9 Where a relevant payment is made by two or more instalments in a quarter, the amount of a relevant payment to be taken into account for the assessment period for the purposes of paragraph (1) in respect of a person to whom paragraph (8) applies, shall be calculated by applying the formula in paragraph (8) but as if–

A = the total amount of relevant payments which that person received, or would have received, from the first day of the academic year to the day the person abandoned the course or was dismissed from it.

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

(a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;

(b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes–

i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or

ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of those date is earlier;

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

(a) 1st January and ending on 31st March;

(b) 1st April and ending on 30th June;

(c) 1st July and ending on 31st August; or

(d) 1st September and ending on 31st December;

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

25.0 Capital treated as income and Notional Income

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

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

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

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

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

25.7 Except in the case of–

(a) a discretionary trust;

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

(c) a personal pension scheme, occupational pension scheme or a payment made by the

Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;

- (d) rehabilitation allowance made under section 2 of the 1973 Act;
- (e) child tax credit; or
- (f) working tax credit,

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

25.8 Any payment of income made–

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

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

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

25.10 Where an applicant is in receipt of any benefit (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April

in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from 1st April in that year.

25.11 Where—

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

25.12 Paragraph (11) shall not apply—

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

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

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

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

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

26.0 Capital limit

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

27.0 Calculation of capital

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

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

28.0 Disregard of capital of child and young person

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

29.0 Income treated as capital.

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

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

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

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

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

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

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

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

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

30.0 Calculation of capital in the United Kingdom

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

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

31.0 Calculation of capital outside the United Kingdom

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

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

(b) in a case where there is such a prohibition, at the price which it would realise if sold in the United Kingdom to a willing buyer,

less, where there would be expenses attributable to sale, 10 per cent. and the amount of any encumbrances secured on it.

32.0 Notional capital

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

32.2 Except in the case of

(a) a discretionary trust; or

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

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

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

(e) any sum to Schedule 3 refers; or

(f) child tax credit; or

(g) working tax credit,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33.0 Diminishing notional capital rule.

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

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

34.0 Capital jointly held.

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

35.0 Students - Student related definitions

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

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

'access funds' means;

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

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

'contribution' means;

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

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

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

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

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

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

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

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

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

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

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

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

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

'grant income' means:

(a) any income by way of a grant;

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

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

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

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

'period of study' means—

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

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

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

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

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

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

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

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

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

‘standard maintenance grant’ means–

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

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

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

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

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

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

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

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

36.0 Students who are excluded from entitlement to council tax reduction.

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

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

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

36.3 Paragraph 36.2 shall not apply to a student:

- (a) who is a person on income support, an income-based jobseeker's allowance or an income-related employment and support allowance;
- (b) who is a lone parent;
- (c) who is in receipt of a Personal Independence Payment;
- (d) who has a partner who is also a full-time student, if he or that partner is treated as responsible for a child or young person;
- (e) (who is a single applicant with whom a child is placed by a local authority or voluntary organisation within the meaning of the Children Act 1989),
- (f) who is;
 - (i) aged under 21 and whose course of study is not a course of higher education, or
 - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);
- (g) in respect of whom
 - i) a supplementary requirement has been determined under paragraph 9 of Part 2 of Schedule 2 to the Education (Mandatory Awards) Regulations 2003;
 - (ii) an allowance, or as the case may be, bursary has been granted which includes a sum under paragraph (1)(d) or regulation 4 of the Students' Allowances (Scotland) Regulations 1999 or, as the case may be, under paragraph (1)(d) of regulation 4 of the Education Authority (Bursaries) (Scotland) Regulations 1995, in respect of expenses incurred;
 - (iii) a payment has been made under section 2 of the Education Act 1962 or under or by virtue of regulations made under the Teaching and Higher Education Act 1998;
 - (iv) a grant has been made under regulation 13 of the Education (Student Support) Regulations 2005 or under regulation 13 of the Education (Student Support) Regulations (Northern Ireland) 2000; oron account of his disability by reason of deafness.

36.4 For the purposes of paragraph (3)(f)(i) the student must have begun or been enrolled or accepted onto the course before attaining the age of 19.

36.5 The reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

36.6 An intercalating student may be eligible for a reduction if the following circumstances are met:

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
 - (i) engaged in caring for another person; or
 - (ii) ill;
- (b) he has subsequently ceased to be engaged in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph (7).

36.7 The period specified for the purposes of paragraph (6) is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
 - (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,
- which shall first occur.

37.0 Students - Calculation of grant income

37.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs (2) and (3), be the whole of his grant income.

37.2 There shall be excluded from a student's grant income any payment;

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the student's disability;
- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
- (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
- (f) intended to meet the cost of books and equipment;
- (g) intended to meet travel expenses incurred as a result of his attendance on the course;
- (h) intended for the childcare costs of a child dependant.
- (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

37.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;

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

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

37.4 There shall also be excluded from a student's grant income the grant for dependants known as the parents' learning allowance paid pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998 or section 22 of the Teaching and Higher Education Act 1998.

37.5 Subject to paragraphs (6) and (7), a student's grant income shall be apportioned;

- (a) subject to paragraph (8), in a case where it is attributable to the period of study, equally between the weeks in that period beginning with the reduction week, the first day of which coincides with, or immediately follows the first day of the period of study and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period of study;
- (b) in any other case, equally between the weeks in the period beginning with the reduction week, the first day of which coincides with, or immediately follows, the first day of the period for which it is payable and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the period for which it is payable.

37.6 Any grant in respect of dependants paid under section 63(6) of the Health Services and Public Health Act 1968 (grants in respect of the provision of instruction to officers of hospital authorities) and any amount intended for the maintenance of dependants under Part 3 of Schedule 2 to the Education (Mandatory Awards) Regulations 2004 shall be apportioned equally over the period of 52 weeks or, if there are 53 reduction weeks (including part-weeks) in the year, 53.

37.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

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

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

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

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

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

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

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

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

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

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

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

41.0 Treatment of student loans

41.1 A student loan shall be treated as income.

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

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

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

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

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

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

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

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

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

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

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

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

42.0 Students - Treatment of fee loans

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

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

43.0 Students - Treatment of payments from access funds

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

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

43.3 Where a payment from access funds is made—

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

that payment shall be disregarded as income.

44.0 Students - Disregard of contribution

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

45.0 Further disregard of student's income

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

46.0 Students - Income treated as capital.

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

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

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

47.0 Students - Disregard of changes occurring during summer vacation.

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

48.0 Maximum Council Tax Reduction

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

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

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

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

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

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

49.0 Date on which entitlement is to begin.

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

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

50.0 Date on which change of circumstances is to take effect.

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

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

51.0 Making an application.

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

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

52.0 Procedure by which a person may apply for a reduction under the authority's scheme¹

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

52.2. An application may be made;

- (a) in writing,

¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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

52.4 Where an application made in writing is defective because—

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

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

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

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

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

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

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

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

53.0 Date on which an application is made²

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

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

² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

(b) in a case where

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

the date on which the change takes place;

(c) in a case where;

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

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

(d) in a case where;

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

the date on which the change takes place;

(e) in a case where;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

54.0 Submission of evidence electronically

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

55.0 Use of telephone provided evidence.

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

56.0 Information and evidence³

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

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

(a) the application is accompanied by;

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

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

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

56.3 Sub-paragraph (2) does not apply;

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

(b) to a person who;

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

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

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

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

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

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

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

³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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

57.0 Amendment and withdrawal of application⁴

- 57.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.
- 57.2 Where the application was made by telephone the amendment may also be made by telephone.
- 57.3 Any application amended is to be treated as if it had been amended in the first instance.
- 57.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.
- 57.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 57.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 57.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.

58.0 Duty to notify changes of circumstances⁵

- 58.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;
- (a) between the making of an application and a decision being made on it, or
 - (b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.
- 58.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;
- (a) in writing; or
 - (b) by telephone—
 - (i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification

⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

may not be given by telephone; or

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

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

- 58.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying:
- (a) changes in the amount of council tax payable to the authority;
 - (b) changes in the age of the applicant or that of any member of his family;
 - (c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.
- 58.4 For the purposes of sub-paragraph (3)(c) "relevant benefit" means income support, an income-based jobseeker's allowance or an income-related employment and support allowance or universal credit.
- 58.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.
- 58.6 The duty imposed on a person by sub-paragraph (1) includes in the case of a person falling within alternative maximum council tax reduction, giving written notice to the authority of changes which occur in the number of adults in the dwelling or in their total gross incomes and, where any such adult ceases to be in receipt of state pension credit, the date when this occurs.
- 58.7 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances.

59.0 Decisions by the authority⁶

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

60.0 Notification of decision⁷

- 60.1 The authority must notify in writing any person affected by a decision made by it under its scheme;
- (a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;
 - (b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.
- 60.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;
- (a) informing the person affected of the duty imposed by paragraph 9(1);

⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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

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

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

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

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

60.8 This sub-paragraph applies to—

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

61.0 Time and manner of granting council tax reduction⁸

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

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

⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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

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

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

62.0 Persons to whom reduction is to be paid⁹

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

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

63.0 Shortfall in reduction¹⁰

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

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

64.0 Payment on the death of the person entitled¹¹

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

⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

65.0 Offsetting

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

66.0 Payment where there is joint and several liability¹²

66.1 Where;

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

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

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

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

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

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

67.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Reduction with the DWP or HMRC as appropriate and in accordance with Data Protections requirements¹³.

68.0 Collection of information

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

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

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

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

¹³ Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

69.0 Recording and holding information.

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

70.0 Forwarding of information.

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

71.0 Persons affected by Decisions.

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

72.0 Terminations

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

73.0 Procedure by which a person may make an appeal against certain decisions of the authority¹⁴

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

¹⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

73.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act¹⁵.

74.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act¹⁶

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

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

74.2 Where;

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

75.0 Exceptional Hardship Scheme

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

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

76.0 Interpretation for the use of electronic communication

76.1 In this Part;

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

77.0 Conditions for the use of electronic communication

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

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

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

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

¹⁵ As amended by the Tribunal Procedure (Amendment No 3) Rules 2014

¹⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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

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

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

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

78.0 Use of intermediaries

78.1 The authority may use intermediaries in connection with;

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

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

79.0 Effect of delivering information by means of electronic communication.

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

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

are satisfied.

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

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

80.0 Proof of identity of sender or recipient of information

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

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

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

81.0 Proof of delivery of information

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

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

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

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

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

82.0 Proof of content of information

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

83.0 Counter Fraud and compliance

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

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

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

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

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

Schedule 1

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

1. The authority's Council Tax Reduction scheme from 2025/26 shall be calculated on the basis of the following Banded Discount Scheme:

Discount Band	Discount	Single Person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
WEEKLY Income Ranges							
Band 1*	90%	£0 - £119.48	£0 - £191.16	£0 - £262.84	£0 - £167.27	£0 - £244.92	£0 - £310.63
Band 2	72%	£119.49 - £215.05	£191.17 - £286.73	£262.85 - £352.45	£167.28 - £286.73	£244.93 - £335.72	£310.64 - £406.21
Band 3	36%	£215.06 - £256.87	£286.74 - £304.66	£352.46 - £418.16	£286.74 - £346.47	£335.73 - £382.32	£406.22 - £477.90
Band 4	23%	£256.88 - £304.66	£304.67 - £334.52	£418.17 - £537.64	£346.48 - £406.21	£382.33 - £442.05	£477.91 - £573.48
	0%	Over £304.66	Over £334.52	Over £537.64	Over £406.21	Over £442.05	Over £573.48

2. The amount of discount to be granted is to be based on the following factors:
- The maximum Council Tax Reduction as defined within this scheme;
 - The Council Tax family as defined within this scheme;
 - The income of the applicant and partner as defined within this scheme; and
 - The capital of the applicant and partner as defined within this scheme.
3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.
4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme).
5. Any applicant and any partner whose capital is greater than £10,000 shall not be entitled to any Council Tax Reduction whatsoever including where the authority determines that 8 below applies, but not where 7 only applies.
6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation decided by the Council.
7. *Where an applicant or partner is in receipt of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance, discount will be awarded at Band 1 level except where the authority determines that 8 below applies.
8. Where an applicant is otherwise entitled to discount in bands 1 to 4, where that band is determined as a result of state benefit entitlement, but the authority has evidence or there has been a failure to respond to a request for evidence concerning income or capital that would otherwise mean no discount then no discount may be granted.

Schedule 2

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

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

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

- (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
 - (a) a former partner of the applicant, or a former partner of any member of the applicant’s family; or
 - (b) the parent of a child or young person where that child or young person is a member of the applicant’s family.

- 18. 100% of any of the following, namely
 - (a) a war disablement pension (except insofar as such a pension falls to be disregarded under paragraph 9 or 10);
 - (b) a war widow’s pension or war widower’s pension;
 - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

- 19. £15 of any;
 - (a) widowed mother’s allowance paid pursuant to section 37 of the Act;
 - (b) widowed parent’s allowance paid pursuant to section 39A of the Act.

- 20. (1) Any income derived from capital to which the applicant is or is treated as beneficially entitled.

- 21. Where the applicant makes a parental contribution in respect of a student attending a course at an establishment in the United Kingdom or undergoing education in the United Kingdom, which contribution has been assessed for the purposes of calculating–
 - (a) under, or pursuant to regulations made under powers conferred by, sections 1 or 2 of the Education Act 1962 or section 22 of the Teaching and Higher Education Act 1998, that student’s award;
 - (b) under regulations made in exercise of the powers conferred by section 49 of the Education (Scotland) Act 1980, that student’s bursary, scholarship, or other allowance under that section or under regulations made in exercise of the powers conferred by section 73 of that Act of 1980, any payment to that student under that section; or
 - (c) the student’s student loan,
 an amount equal to the weekly amount of that parental contribution, but only in respect of the period for which that contribution is assessed as being payable.

- 22. (1) Where the applicant is the parent of a student aged under 25 in advanced education who either;
 - (a) is not in receipt of any award, grant, or student loan in respect of that education; or
 - (b) is in receipt of an award under section 2 of the Education Act 1962 (discretionary awards) or an award bestowed by virtue of the Teaching and Higher Education Act 1998, or regulations made thereunder, or a bursary, scholarship, or other allowance under section 49(1) of the Education (Scotland) Act 1980, or a payment under section 73 of that Act of 1980,
 and the applicant makes payments by way of a contribution towards the student’s maintenance, other than a parental contribution defined within this scheme.
 - (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
 - (a) the weekly amount of the payments; or

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

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

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

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

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

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

(b) the payment is made either

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

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

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

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

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

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

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

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

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

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

64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.
67. Carers Allowance.
68. The support component of Employment and Support Allowance.
69. Where the applicant, partner or any dependant / young person is deemed to be disabled, a further disregard of £40 shall be made from their weekly income.
70. Any Local Welfare Payment paid to the applicant by the authority;
71. Any payment of Council Tax Rebate paid under the Government announcement on 3rd February 2022.
72. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
 - (a) an applicant's entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled.

"The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.
73. The Disabled Child , Child Care, Limited Capability for Work, Limited Capability for Work and Work Related Activity, Carers or Severe Disability elements of Universal Credit (this includes any transitional award).
74. **Provision for all applicants: Homes for Ukraine scheme**
 - (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
 - (a) an applicant's entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled.
 - (2) In this regulation—

"the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

Schedule 3
Capital to be disregarded.

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

for a period of 26 weeks from the date on which the claim for council tax reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged

or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.

(3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.

(4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

11. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) an income-related benefit;
 - (b) an income-based jobseeker's allowance;
 - (c) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
 - (d) working tax credit and child tax credit
 - (e) an income-related employment and reduction allowance

but only for a period of 52 weeks from the date of the receipt of arrears or of the concessionary payment.

12. Any sum
- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
 - (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement, or improvement.

13. Any sum –
- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
 - (b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.

14. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.

15. The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.

16. Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.

17. (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.

(2) But sub-paragraph (1)

(a) applies only for the period of 52 weeks beginning with the day on which the

applicant first receives any payment in consequence of that personal injury;
(b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
(c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
(d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.

(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).

18. The value of the right to receive any income under a life interest or from a life rent.
19. The surrender value of any policy of life insurance.
20. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
21. Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
22. (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;
 - (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.
23. Any social fund payment.
24. Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.
25. Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
26. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
27. Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation, or the Charitable Fund.
28. Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of—

- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts and which is made to or for the benefit of—

- (a) the person who is suffering from haemophilia or who is a qualifying person;
- (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
- (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.

(4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts where—

- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent; or
 - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.

(5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts where

- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was or had been a member of his family; and
- (b) the payment is made either;
 - (i) to that person's parent or step-parent; or
 - (ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian, but only for a period of two years from the relevant date.

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

(7) Any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund, the Caxton Foundation, and the London Bombings Relief Charitable Fund.

29. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.
- (2) In this paragraph 'dwelling' includes any garage, garden, and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.
30. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.
31. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.
32. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.
33. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
34. The value of the right to receive an occupational or personal pension.
35. The value of any funds held under a personal pension scheme
36. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.
37. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation, or the Independent Living Fund (2006).
38. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
39. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
40. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
- (a) to purchase premises intended for occupation as his home; or
 - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,
- for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs, or alterations to be completed and the applicant to commence occupation of those premises as his home.

41. Any arrears of supplementary pension which is disregarded under this scheme but only for a period of 52 weeks from the date of receipt of the arrears.
42. (1) Any payment or repayment made—
 (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),
 but only for a period of 52 weeks from the date of receipt of the payment or repayment.
 (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers, or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
43. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.
44. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
45. Any payment made either by the Secretary of State for Justice or by Scottish Ministers under a scheme established to assist relatives and other persons to visit persons in custody, but only for a period of 52 weeks from the date of the receipt of the payment.
46. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
47. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
48. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum council tax reduction), the whole of his capital.
 (2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum council tax reduction), sub-paragraph (1) shall not have effect.
49. (1) Any sum of capital to which sub-paragraph (2) applies and
 (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;
 (b) which can only be disposed of by order or direction of any such court; or
 (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.
 (2) This sub-paragraph applies to a sum of capital which is derived from;
 (a) an award of damages for a personal injury to that person; or
 (b) compensation for the death of one or both parents where the person concerned is under the age of 18.
50. Any sum of capital administered on behalf of a person in accordance with an order made under

section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from

- (a) award of damages for a personal injury to that person; or
- (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

51. Any payment to the applicant as holder of the Victoria Cross or George Cross.
52. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
53. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
- (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
54. (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to—
 - (i) regulations made under section 518 of the Education Act 1996;
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act ;
- or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
55. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.
56. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.
57. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st

February 2001 in consequence of the imprisonment or interment of–

- (a) the applicant;
- (b) the applicant's partner;
- (c) the applicant's deceased spouse or deceased civil partner; or
- (d) the applicant's partner's deceased spouse or deceased civil partner,

by the Japanese during the Second World War, £10,000.

58. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant's family who is
- (a) a diagnosed person;
 - (b) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
 - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
 - (d) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
 - (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
 - (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending–
 - (i) two years after that date; or
 - (ii) on the day before the day on which that person–
 - (aa) ceases receiving full-time education; or
 - (bb) attains the age of 20,whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant's family who is–
- (a) the diagnosed person's partner or the person who was the diagnosed person's partner at the date of the diagnosed person's death;
 - (b) a parent of a diagnosed person, a person acting in place of the diagnosed person's parents or a person who was so acting at the date of the diagnosed person's death; or
 - (c) a member of the diagnosed person's family (other than his partner) or a person who was a member of the diagnosed person's family (other than his partner) at the date of the diagnosed person's death,
- but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to–
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
 - (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or
 - (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending–
 - (i) two years after that date; or

- (ii) on the day before the day on which that person
 - (aa) ceases receiving full-time education; or
 - (bb) attains the age of 20,
 whichever is the latest.

- (5) In this paragraph, a reference to a person—
 - (a) being the diagnosed person’s partner;
 - (b) being a member of a diagnosed person’s family;
 - (c) acting in place of the diagnosed person’s parents,
 at the date of the diagnosed person’s death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home, or an independent hospital on that date.
- (6) In this paragraph— ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease; ‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions; ‘trust payment’ means a payment under a relevant trust.

- 59. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
 - (a) was a slave labourer or a forced labourer;
 - (b) had suffered property loss or had suffered personal injury; or
 - (c) was a parent of a child who had died,
 during the Second World War.
- 60. (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.

(2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
- 61. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 62. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 63. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 64. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments),
- 65. Any Windrush compensation payment.
- 66. Any payment made under the We Love Manchester Emergency Fund.
- 67. Any payment made under the London Emergency Trust.
- 68. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
 - (a) an applicant’s entitlement to a reduction under the scheme; or
 - (b) the amount of any reduction to which the applicant is entitled.
 “The Energy Rebate Scheme 2022” means the scheme to provide financial support in respect of

energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.

69. Provision for all applicants: Homes for Ukraine scheme

(1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—

(c) an applicant’s entitlement to a reduction under the scheme; or

(d) the amount of any reduction to which the applicant is entitled.

(2) In this regulation—

“the Homes for Ukraine scheme” means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022.

Schedule 4

Class E - Care Leavers

1. The Council has determined that defined care leavers will have an entitlement under this scheme where they are liable to pay Council Tax.

Definition of a Care Leaver for the purposes of this scheme

2. The term 'care leaver' is defined in The Children (Care Leavers) Act 2000 and refers to eligible, relevant, and former relevant children:
 - The person is someone for whom a council has acted previously as a corporate parent;
 - Relevant children are those young people aged 16 and 17 who have already left care, and who were 'looked after' for at least 13 weeks from the age of 14 and have been 'looked after' at some time while they were 16 or 17; and
 - Former relevant children are those young people aged 18, 19 or 20 who have been eligible and/or relevant.
3. Care leavers can also be classified as a 'qualifying' care leaver. This category applies to young people who:
 - (a) Left care after 1st October 2001, after they had turned 16, but who are not 'eligible' or 'relevant' because they did not fulfil the 13-week criteria;
 - (b) Were accommodated, but in residential education, mental/health provision private fostering or Special Guardianship; or
 - (c) For the purposes of this policy 'qualifying care leavers' will be treated in the same way as 'care leavers'.
4. Additionally former care leavers born before 2001 will be designated as a qualifying care leaver for the purposes of this policy.

Entitlement to a reduction

5. Where the care leaver meets the definition as defined above **and** either the care leaver or their partner (if they have one) is liable for Council Tax, all income and capital (of the care leaver and their partner) shall be disregarded.
6. In such cases, the maximum Council Tax Reduction as calculated under Section 48 shall be 100%.

Transition from S13A(1)(C)

7. Previously the Council provided assistance to care leavers under Section 13A(1) (c) of the Local Government Finance Act 1992. Where the care leaver is moved to this scheme, any claim for reduction received no later than 30th June 2024, shall be treated as effective from 1st April 2024. Section 52.10 shall not apply to care leavers defined in this schedule.

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance and Transformation (s151 Officer)
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Relevant Executive Member:	Elected Mayor of Middlesbrough Executive Member for Finance
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Submitted to:	Council
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Date:	19 February 2025
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Title:	2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting
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Report for:	Decision
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Status:	Public
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Council Plan priority:	All
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Key decision:	Yes
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Why:	Decision(s) will incur expenditure or savings above £250,000 and have a significant impact in two or more wards
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Subject to call in?:	No
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Why:	Part of the statutory budget setting process
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Executive summary

This report provides for approval by Full Council of the proposed budget for 2025/26 and the Medium Term Financial Plan (MTFP) to 2028/29, following on from the report presented to Executive on 5 February 2025.

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.

The report incorporates the following sections following the conclusion of the recent budget consultation and the Final Local Government Finance Settlement (LGFS) for 2025/26 published on 3 February 2025:

- 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 (Appendix 1)
- Medium Term Financial Plan (MTFP) 2025/26 to 2028/29 (Appendix 2)
- Proposed 2025/26 Net Revenue Budget of £143.304m (Appendix 2)
- Council Tax setting including an increase of 4.99% for 2025/26 (Appendix 7)
- Budget Consultation feedback (Paragraphs 4.8 to 4.16 and Appendix 3)
- Reserves Policy (Appendix 4)
- Fees and Charges Policy (Appendix 5)
- Proposed Capital Programme and Capital Strategy Report for 2025/26 to 2028/29 totalling £170.290m (including £74.798m for 2025/26), and the associated financing (Appendix 6)
- Schools Budgets (Appendix 8)

This report contains a number of issues for consideration and approval by Council, and also a number of issues to note. These are detailed in Section 2.

This report reflects the Final Local Government Finance Settlement published on 3 February 2025, and updates on the minor changes from the report to Executive on 5 February 2025 which was based on the Provisional Local Government Finance Settlement published on 18 December 2024.

Council approval of the 2025/26 budget and proposed Council Tax is required by the statutory deadline of 11 March 2025.

The report should be read in conjunction with the Prudential Indicators and Treasury Management Strategy 2025/26 report elsewhere on this agenda. That 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 2025/26 net revenue budget of £143.304m, and a Medium Term Financial Plan (MTFP) for the period 2025/26 to 2028/29 following the issuing of the Final Local Government Finance Settlement (LGFS) 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 2025/26 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 £74.798m for 2025/26 and totalling £170.290m over the period from 2025/26 to 2028/29 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. The Prudential Indicators and Treasury Management Strategy 2025/26 report elsewhere on this agenda 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. It includes the Minimum Revenue Provision (MRP) Policy which governs how the Council accounts for debt repayment in accordance with statutory regulations.
- 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 2025/26 sets out the plan for replenishing and maintaining unrestricted 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 charges 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 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

- 2.1 That the Council is requested **to approve the following** as set out in **2.1.1 to 2.1.8** below
- 2.1.1 Budget proposals for savings and income generation of £7.036m in 2025/26 rising to £8.686m in 2028/29, as set out in Appendix 2 (Annex 1 and 2).
- 2.1.2 Budget growth of £2.521m in 2025/26 rising to £2.918m in 2026/27 for re-investment in services aligned to the Recover, Reset, and Deliver plan.as set in Appendix 2 (Annex 4)
- 2.1.3 Budget provision of £0.311m in 2025/26 and a further £0.100m in 2026/27 to address the removal of previously approved savings in line with the priorities outlined in the Council Plan and after listening to residents' views as set out in Appendix 2 (Annex 3)
- 2.1.4 An increase in Council Tax of 4.99% resulting in a Council Tax level (Band D) of £2,074.34 excluding parish, Fire, and Police precepts in line with both the Government's referendum limits and the s151 Officer's advice (paragraphs 4.29 to 4.32 and detailed in Appendix 7)
- 2.1.5 The proposed General Fund revenue budget for 2025/26 with a net budget requirement of £143.304m
- 2.1.6 The Financial Reserves Policy for 2025/26 (Appendix 4) including the proposed contributions to reserves to strengthen the Council's financial resilience, and which proposes:
- a minimum General Fund Balance of least 7% of the Net Revenue budget over the MTFP period to 2028/29. In the 2025/26 proposed budget the level is 7.75% equivalent to £11.1m.
 - the building up of the Financial Resilience Reserve to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council's financial resilience
- 2.1.7 The proposed Fees & Charges Policy for 2025/26, and the schedule of fees and charges arising from the application of the approved policy for 2025/26 (Appendix 5)
- 2.1.8 The Capital Strategy 2025/26 and the proposed 2025/26 to 2028/29 Capital Programme totalling £170.290m which includes the addition of new Council funded schemes, and the associated financing statement (Appendix 6).

- 2.2 The Council is requested to **note** the key issues as set out at **2.2.1 to 2.2.13** below:
- 2.2.1 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 (Appendix 1)
- 2.2.2 The updated financial planning assumptions in the Council's Medium Term Financial Plan following the publication of the Final Local Government Finance Settlement on 3 February 2025. These include some minor changes from those contained in the report to Executive on 5 February 2025 which was based on the Provisional Local Government Finance Settlement published on 18 December 2024. (Appendix 2)
- 2.2.3 The creation of a Delivery Risk Budget of £2m on a one-off basis in 2025/26 only to protect against unplanned use of reserves (Appendix 2).
- 2.2.4 The transfer of the estimated surplus on the Collection Fund for 2024/25 of £3.052m to a new Savings Delivery Risk Reserve to help provide against the risk of non-delivery or delay of savings and to rebuild reserves (Appendix 2).
- 2.2.5 The creation of a Middlesbrough Priorities Fund totalling £4.367m for 2025/26 only (Appendix 2)
- 2.2.6 Whilst the budget is balanced for 2025/26 and 2026/27 there will still be a budget gap of £2.726m in 2027/28 rising to £5.170m by 2028/29. Further savings proposals arising from the Transformation Programme will be required as a minimum to meet these budget gaps (Appendix 2)
- 2.2.7 The feedback of the budget consultation exercise (paragraphs 4.8 to 4.16 and Appendix 3)
- 2.2.8 The estimated balances on unrestricted usable revenue reserves as at 1 April 2025 of:
- General Fund balance - £11.100m
 - Usable Earmarked reserves – unrestricted £10.269m
- 2.2.9 The inclusion of transformation and redundancy expenditure which can be capitalised under the Flexible Use of Capital Receipts strategy (FUoCR) of £7.500m in 2025/26 (as part of planned £26.700m Transformation Programme from 2024/25 to 2028/29), and that the annual Flexible Use of Capital Receipts (FUoCR) Strategy will be presented to Council for consideration and approval in April 2025.
- 2.2.10 The Council's estimated revenue cost of borrowing for 2025/26 is £12.060m which is equivalent to 8.4% of the Net Revenue Budget and is approaching the maximum affordable level (currently set at 10% over the MTFP period), therefore future capital investment will need to rely more heavily on external

funding and capital receipts in order to maintain borrowing at affordable levels.

2.2.11 Details of the Dedicated Schools Grant (DSG) Grant for 2025/26 and the allocation to schools (detailed in Appendix 8)

2.2.12 The forecast total cumulative DSG deficit of £20.693m on 31 March 2025, including £21.281m relating to the High Needs Block (Appendix 8)

2.2.13 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 (Appendix 8)

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 2025. 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 2025/26 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

Report of the Director of Finance and Transformation (s151 Officer) s25 of the Local Government Finance Act 2003 (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 by law to take this report into account when making its decisions in relation to setting the annual budget and setting the Council Tax for the financial year 2025/26.
- 4.3 Section 26 of the Local Government Act 2002 places an onus on the CFO (The Director of Finance and Transformation 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 2025/26 budget and MTFP report and the Treasury Management Strategy reports should be considered. It provides 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. It also sets out the accountabilities and responsibilities of all members and officers in relation to delivering in accordance with the 2025/26 Budget and MTFP in order to secure the financial future of the organisation.
- 4.5 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
 - 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 2025/26 to 2028/29 (Appendix 2)

- 4.6 This section of the report includes the following main highlights with further details contained in Appendix 2 with relevant paragraph numbers in Appendix 2 indicated:
- Details of Government funding including previous years funding and funding for 2025/26 (paragraphs 3.1 to 3.64)
 - Note that 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 £35m (43%) from £81.2m received in 2013/14 to £46.2m in 2025/26. This does not take into account inflation
 - The Final Local Government Finance Settlement (LGFS) was published on 3 February 2025 and this report updates the report to Executive on 5 February 2025 was based on the Provisional Local Government Finance Settlement (LGFS) published on 18 December 2024.
 - An update on the changes since the report to Executive on 4 December 2024 (Table 4)
 - The Final LGFS provided additional funding, however most of it was one-off for 2025/26 only

- Budget growth of £2.521m in 2025/26 rising to £2.918m in 2026/27 for re-investment in services aligned to the Recover, Reset, and Deliver plan (paragraph 4.58 and Annex 4)
- Confirmation of the financial impact of proposed savings following the budget consultation exercise, which total £7.036m in 2025/26 rising to £8.686m in 2028/29 (paragraphs 4.54 to 4.57)
- Budget provision of £0.311m in 2025/26 and a further £0.100m in 2026/27 to address the removal of previously approved savings in line with the priorities outlined in the Council Plan and after listening to residents' views (paragraph 4.59 and Annex 3)
- Total planned budget savings in 2025/26 of £11.876m rising to £15.393m in 2028/29 (paragraph 5.1 and Table 14). It should be noted these are in addition to over £112m of cumulative savings already made from 2013/14 to 2024/25.
- The creation of a Delivery Risk Budget of £2m on a one-off basis in 2025/26 only to protect against unplanned use of reserves (paragraph 4.16)
- The estimated surplus on the Collection Fund for 2024/25 of £3.052m will be transferred to new Savings Delivery Risk Reserve to help provide against the risk of non-delivery or delay in achieving saving and help rebuild reserves (paragraphs 4.49 and 4.72)
- The creation of a Middlesbrough Priorities Fund totalling £4.367m for 2025/26 only (paragraphs 4.61 to 4.63)
- Updated budget gaps for the MTFP period as a result of finalised financial planning assumptions, confirmation of income sources, planned expenditure, savings, and funding via the Final LGFS – with a balanced budget for 2025/26 and 2026/27 and a budget gap of £2.726m in 2027/28 rising to £5.170m by 2028/29 (Table 14)
- Proposes the 2025/26 Net Revenue Budget of £143.304m
- Proposes a Council Tax increase of 4.99% for 2025/26 comprising 2% ASC Precept and 2.99% Core Council Tax, in line with both the Government's referendum limits and the s151 Officer's advice (paragraphs 4.73 to 4.87).
- The continued building up of the Council's reserves to recommended levels in order to improve the Council's financial resilience in the future

4.7 This report highlights an improved financial position for the Council from that reported in the December 2024 Executive report with additional funding being provided to the Council in the 2025/26 Final LGFS. However, the majority of the additional funding is one-off for 2025/26 only and therefore does not provide any certainty for the medium term. There is therefore a need for the Council to continue to focus on its financial position and continue the momentum in transforming the Council services.

Budget Consultation Feedback 2025/26 (Appendix 3)

- 4.8 This section provides a summary of consultation activity and responses, along with impact assessments included at Appendix 3.
- 4.9 A 4 week public consultation on the 2025/26 MTFP proposals and Council Tax increase commenced on 5 December 2024 and concluded on 8 January 2025 with consultation taking place via a general public survey on the Council's website with

hard copies available upon request, a general consultation email address, and a range of targeted and general engagement events in person and online.

- 4.10 Following this consultation period, the recommendations are set in detail on how to proceed in light of the consultation and are set out below and in Appendix 3.

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

- The budget consultation was promoted to over 45,000 residents via an email Council newsletter and promoted on the Council website and social media (Facebook and X).
- 361 responses to the Council's consultation survey
- 3 consultation in person events led by the Mayor and Executive Member for Finance and attended by senior officers, were attended by approximately 25 people
- Elected Member briefings on budget proposals
- Elected Members were provided with details of the budget consultation to enable them to share with residents in their ward
- consultation with the Council's Overview and Scrutiny Board, and attendance of the Mayor and Executive Member for Finance at Overview and Scrutiny Board
- consultation with the local business sector, including a specific formal consultation meeting with the North East Chamber of Commerce on 24 January 2025

- 4.11 The on-line survey invited respondents to tell us about their views on the four budget proposals that were deemed to be subject to public consultation, the proposed Council Tax increase for 2025/26, and the proposed budget for 2025/26 in general.

- 4.12 Analysis of the budget consultation survey responses shows the following main points:

- 24.37% of respondents who answered the question were in favour of a Council Tax increase of 4.99%. 74.23% were against, and 5 individuals did not answer the question.
- The public were asked whether they would support a proposal to increase Council Tax further than the proposed 4.99%. 90% said no in response to that question.
- The survey asked those who disagreed with the budget proposal to provide alternative suggestions they thought should be considered. 361 comments were received. Most comments related to the impact of the increase, concern that more money would be collected but service levels would reduce, high salaries, and frustration at those who do not pay Council Tax.

- 4.13 Consultation responders were also asked if they agreed with the areas of budget growth that had been proposed in the budget. 65% of those who answered the question that asked if they agreed or disagreed with the areas of growth said they either agreed or strongly agreed. 14% disagreed or strongly disagreed. Analysis of the free text provided on this question identified most common comments could be

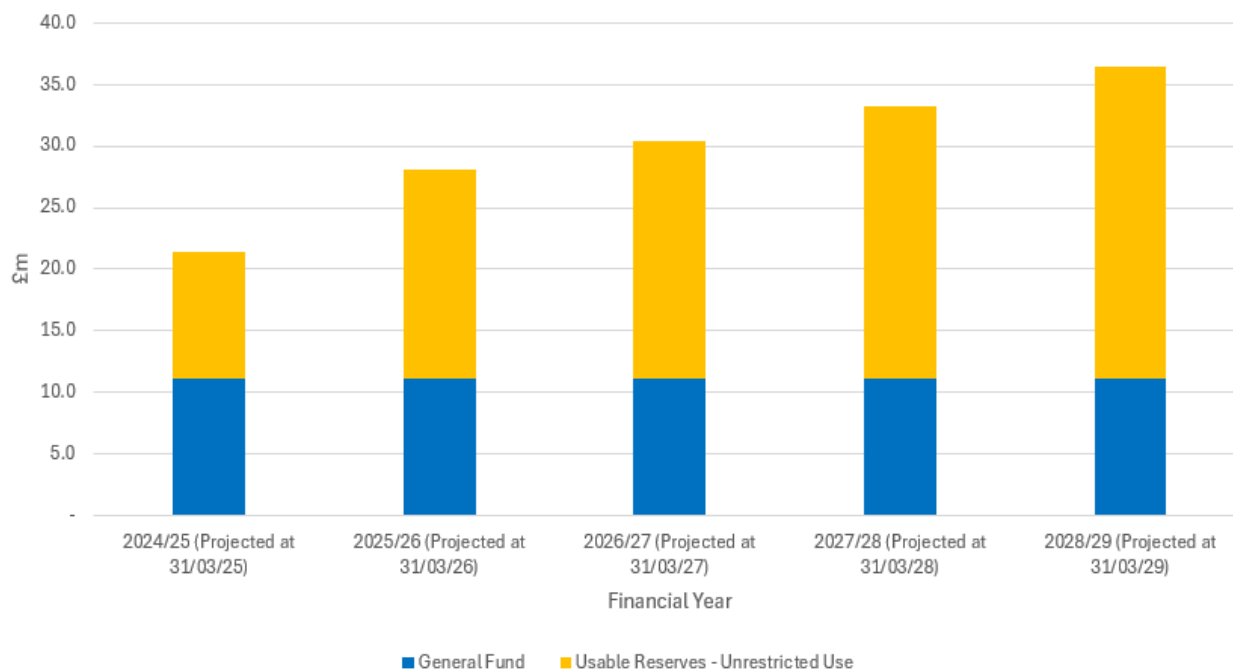
grouped around themes of support, a desire to see improved open spaces, more support for youth services and a desire for more events to be held in the town.

- 4.14 While Elected Members 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.
- 4.15 Following consultation, the recommendation is to proceed with savings and income assumptions presented in the December 2024 Executive Board MTFP report
- 4.16 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

Financial Reserves Policy (Appendix 4)

- 4.17 The Financial Reserves policy at Appendix 4 provides an overview of the Council's Reserves, the planned replenishment of the usable reserves over the term of the MTFP in order to achieve financial resilience, and sets out the principles governing their use. The Policy is reviewed and updated annually as part of the annual budget setting cycle.
- 4.18 The s151 Officer recommends that the minimum balance on the General Fund Reserve should be maintained at a level of at least 7% of the Net Revenue budget over the MTFP period to 2028/29. In the 2025/26 proposed budget the level is 7.75% equivalent to £11.1m.
- 4.19 In addition, the s151 Officer recommends the build up of the Financial Resilience Reserve to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council's financial resilience.
- 4.20 The summary forecast of all unrestricted usable reserves and the General Fund balance over the MTFP period to the end of 2028/29 after planned contributions is illustrated in the graph below, however this will depend on any unplanned drawdowns of reserves.

**Projected Unrestricted Reserves Balances from closing balance 2024/25
through to closing balance 2028/29**



Fees and Charges Policy (Appendix 5)

- 4.21 Appendix 5 details the Fees and Charges policy for 2025/6, which applies sector wide good practice on the levying of fees and charges into Middlesbrough’s context.
- 4.22 Appendix 5 Annex 1 provides a Schedule of proposed Fees and Charges for 2025/26 for services provided by the Council, arising from the application of the proposed policy for 2025/26.

Capital Programme 2025/26 to 2028/29 & Capital Strategy 2025/26 (Appendix 6)

- 4.23 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.
- 4.24 A review of the capital programme was undertaken in January 2025 and prior to setting the budget.
- 4.25 The main points arising from the review of the Capital Programme and the Capital Strategy are:
 - The addition of new Council funded schemes totalling £17.847m over the MTFP period to 2028/29, including £4.278m in 2025/26. These are for essential expenditure required to support the delivery of the Council’s objectives and priorities
 - The addition of £7.913m of Council resources for 2027/28 and 2028/29 for schemes deemed Business as Usual
 - The total capital expenditure over the MTFP period from 2025/26 to 2028/29 of £170.290m, with a programme of £74.798m for 2025/26. This is funded 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 the inclusion of transformation and redundancy expenditure which can be capitalised under the Flexible Use of Capital Receipts strategy (FUoCR) of £7.500m in 2025/26 (as part of planned £26.700m Transformation Programme from 2024/25 to 2028/29) and the annual Flexible Use of Capital Receipts (FUoCR) Strategy will be presented to Council for consideration and approval in April 2025.
- 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 £310.197m and external debt will increase to £292.388m to support these plans.
- Notes that a capital financing cost expected to be £12.060m or 8.4% of the revenue budget being proposed of £143.304m. This is less than the revenue budget allocated for this in the MTFP.

4.26 The summary proposed Capital Programme totalling £170.290m for the period 2025/26 to 2028/29 with a programme of £74.798m for 2025/26 is set out in Table 1 below . The funding of the capital programme, by a combination of external borrowing, grants and contributions, capital receipts and flexible capital receipts for transformation purposes, is also shown in Table 1 below. Further detail is included in Appendix 6.

Table 1: Summary of Capital Programme 2025/26 to 2028/29

Capital Programme By Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m	Council Funding £m	External Funding £m
Regeneration	32.716	36.791	3.330	3.070	75.907	33.043	42.864
Environment and Community Services	20.198	10.938	5.048	7.196	43.380	31.331	12.049
Public Health	0.779	-	-	-	0.779	0.779	-
Education and Partnerships	7.553	0.996	-	-	8.549	0.646	7.903
Children's Care	0.550	3.253	-	-	3.803	3.803	-
Adult Social Care	3.701	1.669	1.050	1.120	7.540	4.065	3.475
Legal and Governance Services	1.610	2.222	2.185	2.185	8.202	8.202	-
Finance	0.191	0.389	-	-	0.580	0.580	-
Total All Directorates	67.298	56.258	11.613	13.571	148.740	82.449	66.291
Transformation Programme:							
Transformation	2.500	2.500	2.000	0.750	7.750	7.750	-
Subject Matter Expertise	1.000	1.000	1.000	-	3.000	3.000	-
Redundancy	1.750	1.000	1.000	-	3.750	3.750	-
ICT	1.500	1.500	1.500	-	4.500	4.500	-
Contingency	0.750	0.750	0.750	0.300	2.550	2.550	-
Total Transformation	7.500	6.750	6.250	1.050	21.550	21.550	-
TOTAL CAPITAL EXPENDITURE	74.798	63.008	17.863	14.621	170.290	103.999	66.291
Funded by							
Borrowing	17.085	28.180	-	-	45.265	45.265	-
Capital Receipts	6.000	6.000	11.613	13.571	37.184	37.184	-
Flexible Use of Capital Receipts	7.500	6.750	6.250	1.050	21.550	21.550	-
Grants	43.230	15.558	-	-	58.788	-	58.788
Contributions	0.983	6.520	-	-	7.503	-	7.503
TOTAL FUNDING	74.798	63.008	17.863	14.621	170.290	103.999	66.291

- 4.27 Although the proportion of the net revenue budget being spent on Capital Financing costs is increasing, 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. Full details regarding this are included in the Prudential Indicators and Treasury Management 2025/26 report elsewhere on this agenda.
- 4.28 The Council needs to control 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.

Council Tax Setting 2025/26 (Appendix 7)

- 4.29 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.
- 4.30 It shows that if the final budget proposed in this report is approved by Council the Net Revenue Budget requirement for 2025/26 will be £143.304m with a Council Tax Requirement of £75.783m, equating to a Council Tax (Band D) for non-parish areas (Middlesbrough Council only element) of £2,074.34 and Band A of £1,382.89. This represents a total increase in Council Tax of 4.99% for 2025/26 comprising of a general increase of 2.99% and an adult social care precept of 2.00%.
- 4.31 This is in line with the Government's referendum limits and the s151 Officer's advice that the Mayor and Executive should adopt the current assumed maximum permissible Council Tax increase of 4.99% p.a. for 2025/26. This is necessary in light of the Council's financial position and the uncertainty over the medium term pending the Spending Review and Funding Reform during 2025. Any reduction in planned Council Tax will be a permanent loss in future funding.
- 4.32 Council Tax income has increased as a proportion of total income over the last 10 years as the level of RSG has reduced. This presents a particular financial challenge for the Council given it has a particularly low Council Tax base with 50.0% 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. This means that a higher rate of Council Tax is needed to raise the same income yield compared with many other councils. Every 1% of Council tax raises approximately £0.700m per year. Full details regarding this were provided in paragraphs 4.51 to 4.56 of the December 2024 Executive report

Schools Budget 2025/26 (Appendix 8)

- 4.33 Appendix 8 provides details of the Dedicated Schools Grant for 2025/26 totalling £207.169m after deductions for national non domestic rates and direct funding of high needs by Education & Skills Funding Agency (EFSA).
- 4.34 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.
- 4.35 The key points relating to the Schools budgets are:

- Total indicative grant funding for Middlesbrough is **£207.169m** for 2025/26, comprising of the following four blocks of funding:

DSG Block	2024/25 £m	2025/26 £m	Increase £m	Increase %
Schools Block	139.892	150.103	10.211	7.3
Central School Services Block	1.061	1.136	0.075	7.1
High Needs Block	30.650	33.283	2.633	8.6
Early Years Block	17.557	22.647	5.090	29.0
TOTAL DSG AFTER DEDUCTIONS	189.160	207.169	18.009	9.5

- This is an increase of **£18.009m (9.5%)** from the 2024/25 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 £6.400m during 2024/25 and it is currently forecast that there will be a total cumulative DSG deficit of £20.963m at 31 March 2025, including £21.281m relating to the High Needs Block which is partly offset by £0.588m of surplus forecast across the other blocks. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing from 2023 to 2024 by over 12.3% (up from 1804 to 2026) 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 2025/26 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, with any extension period only due to timing of grant and delivery of the programme.
- 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 the Government extended the arrangement to at least 31 March 2026. This is 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 £20.693m 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

- 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 2025. 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.

6.1.3 Council approval of the 2025/26 budget and proposed Council Tax will therefore be sought at the Council meeting on 19 February 2025 in order to comply with the statutory deadline of 11 March 2025 and to enable the billing of Council Tax to Middlesbrough households to be undertaken.

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 2025/26 to 2028/29 plays a fundamental role in ensuring that the Council 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 2025/26 outlined in the report.

6.4 Human Rights, Public Sector Equality Duty and Community Cohesion

- 6.4.1 Budget savings proposals for 2025/26 and beyond were initially assessed and categorised in Appendices 1 and 2 of the report to Executive on 4 December 2024 and then were subject to public consultation starting on 5 December 2024 and ending on 8 January 2025.
- 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 required to be undertaken. 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 four proposals set out at Appendix 2 of the December report have been subject to a screening impact assessment. As a result of that process two 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 were identified as being potentially relevant to the disability protected characteristic and one of those was also relevant to the age protected characteristic (EDC05). The impact assessment process found that the potential impacts of both proposals would be fully mitigated:

Proposal	Impact Assessment
<p>EDC05 – Recharge Discretionary Home to School transport services</p> <p><i>Where the council provides discretionary as opposed to statutory home to school transport services, these will be recharged to the relevant schools and/ or health services.</i></p>	<p>The individual IA found that the impact was mitigated because services will continue to be delivered in line with existing policy and taking into account identified needs of those transported and that its impact on schools and vulnerable children had been considered within the design of the proposal which correctly places responsibility for the costs with the school or health provider who have the responsibility to fund if needed.</p>
<p>ECS19 – Council Car Parking</p> <p><i>An increase in fees and charges above the 2% increase (average 3.5%) within the Fees and Charges policy for Council Car Parking - (See Fees and Charges Schedule)</i></p>	<p>The proposed increases are potentially relevant to the disability protected characteristic where individuals with less mobility may need to access car parking. Blue badge provisions would be unaffected by the proposals, therefore there are no concerns that the proposal could disproportionately impact on a group or individuals because they hold one or more protected characteristics and the potential impact is mitigated.</p>

6.4.8 As well as assessing the impact of proposals to reduce, remove or amend service provision, the impact assessment process also identified that the following growth

proposals would have a positive impact on the age and disability protected characteristics by increasing investment to:

- Improve practice and data quality for care packages in Adult Social Care
- Fund more youth services sessions
- Meet demand for overnight emergency accommodation

6.5 Climate Change / Environmental

6.5.1 The proposal REG08 Reduction in Energy Usage should have a positive impact on the Council's aspirations for climate change.

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

6.6.1 A number of the proposals within the 2025/26 proposed budget are relevant to these groups. As per paragraph 6.4.7 one of the proposals, EDC05 Recharge Discretionary Home to School Transport Service may impact these groups, but has been fully mitigated. Other proposals will ensure that service provision is reviewed to ensure it is fit for purpose.

6.7 Data Protection

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)

Action	Responsible Officer	Deadline
If approved by Council on 19 February 2025, the proposals set out in this report will form the basis of the 2025/26 revenue and capital budgets of the Council	Director of Finance and Transformation	19/2/25

Appendices

1	s151 Officer Statement on Robustness of the budget and adequacy of reserves, required under s25 of The Local Government Act 2003 (Pt 1)
2	Revenue Medium Term Financial Plan 2025/26 to 2028/29
3	Budget Consultation – impact assessments 2025/26
4	Financial Reserves Policy
5	Fees and Charges Policy
6	Capital Programme 2025/26 to 2028/29 and Capital Strategy 2025/26
7	Council Tax Setting 2025/26
8	Schools Budget 2025/26

Background papers

Body	Report title	Date
Executive	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	28/2/24
Executive	Prudential Indicators and Treasury Management Strategy Report – 2024/25	28/2/24
Council	2024/25 Revenue Budget, Medium Term Financial Plan, and Council Tax setting, and Treasury Management Strategy 2024/25	8/3/24
Council	Transformation of Middlesbrough Council	24/4/24
Executive	2025/26 Budget and MTFP Approach and Timetable	22/5/24
Executive	2023/24 Revenue and Capital Outturn and development of MTFP	26/6/24
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter One 2024/25	4/9/24
Executive	2025/26 Medium Term Financial Plan	4/9/24
Executive	Capital Programme Governance Improvement	13/11/24
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Two 2024/25	4/12/24
Executive	Treasury Management Mid-Year review – 2024/25	4/12/24
Executive	Calculation of Council Tax Base for 2025/26	4/12/24
Executive	2025/26 Draft Budget and Medium Term Financial Plan 2025/26 to 2028/29	4/12/24
Executive	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2024/25	5/2/25
Executive	Prudential Indicators and Treasury Management Strategy Report – 2025/26	5/2/25
Executive	2025/26 Revenue Budget, Medium Term Financial Plan, and Council Tax setting	5/2/25

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Appendix 1 - S151 Officer Section 25 Report

The robustness of the 2025/26 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 2025/26 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 Elected Members of the Council of the Director of Finance and Transformation'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 Transformation 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 2025/26 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 2025/26.

3 Chief Finance Officer Overall Opinion

- 3.1 At 2024/25 budget setting the Council's financial position was deemed critical by the previous s151 Officer due to demand pressures, a critically low level of revenue reserves, and it was unable to set a balanced revenue budget for 2024/25 without recourse to Exceptional Financial Support (EFS) from the Department for Levelling Up, Housing and Communities (DLUHC) - now renamed Ministry of Housing, Communities and Local Government (MHCLG).
- 3.2 Whilst the Council financial position has substantially improved through actions undertaken during 2024/25 and is now on a firmer setting, it is still fragile for the following major reasons and there needs to be a continuing focus on the Council's finances.
- 3.3 The Council is forecast to slightly underspend by £0.006m against its budget of £143.190m in 2024/25 (as per the Quarter Three budget monitoring), however it has still not been able to fully mitigate its financial pressures during 2024/25 mainly in relation to children's social care expenditure and has had to rely on underspends on central budgets to create an underspend position. It also has net savings totalling £3.048m which are forecast to be unachieved in 2024/25. It should also be noted that even if the Council breaks even against the budget of £143.190m it will still have to borrow or use capital receipts to fund the £4.7m used to balance the 2024/25 budget.
- 3.4 Whilst the Council reserves have improved during 2024/25 and now the balance on usable unrestricted reserves are forecast to be £21.369m at 31 March 2025, they are still at a relatively low position compared to other local authorities. However, the Council reserves are adequate to support the budget for 2025/26 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 the Council is capable of delivering an increase in its financial resilience over the MTFP period. The Council must aim to rebuild its usable unrestricted revenue reserves over the period of the MTFP as outlined in Section 11 of this report and the Reserves Policy in Appendix 4 of the budget report.
- 3.5 Given the Council's financial position and the uncertainty over the medium term pending the Spending Review and Funding Reform in 2025/26, the s151 Officer has advised the Mayor and Executive to adopt the current assumed maximum permissible Council Tax increase of 4.99% p.a. for 2025/26 and this

has been recommended in the proposed budget for 2025/26. Any reduction in planned Council Tax will be a permanent loss in future funding.

- 3.6 There is also a high level of budget savings planned to be made over the MTFP period to 2028/29 with £20.6m savings required over the period from 2025/26 to 2028/29, and these are on top of £15.3m of savings required for 2024/25, and £97m already made up to the end of 2023/24. This creates a risk in that these are not fully achieved or replaced with alternative savings of a similar value creating pressures on the budget and requiring the use of already low levels of reserves.
- 3.7 Whilst the budget is balanced for 2025/26 and 2026/27 there are still gaps in balancing the budget for 2027/28 and 2028/29. This will necessitate the need for the Council's Transformation Programme to generate savings to help bridge the budget gaps.
- 3.8 On the basis of the risks and issues set out in this report, in my opinion as Director of Finance and Transformation (s151 Officer), the budget estimate of £143.304m and a council tax requirement of £75.783m for 2025/26 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 £11.9m of planned savings for 2025/26 and a further £3.5m for 2026/27 on an ongoing basis
 - c. Identify and develop further transformational savings to enable implementation to secure delivery of a minimum of a £2.726m further savings by 2027/28 and an additional £2.444m of savings by 2028/29 based on the current budget gaps for those years
 - 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.

- b) The Council takes all necessary measures to realise the delivery of planned asset sales in 2025/26 (estimated to be £17m in 2025/26) which are critical to fund transformation investment over the MTFP, and the capital programme.

- c) The funding for the Transformation Programme is maintained at current levels over the period of the MTFP (i.e. £26.7m over the period from 2024/25 to 2028/29).
- d) That transformation and savings delivery plans are developed with continued momentum 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 outputs both financial and non-financial are realised as part of the Transformation Programme, and any expenditure is spent in accordance best value principles.
- f) 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 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.

Budget growth has been provided within the proposed 2025/26 budget and if this is approved by the Council as part of the budget setting for 2025/26 then this should provide adequate resources to enable additional capacity and increased qualified accountancy staff in order to implement a new operating model and structure for the Finance Function during 2025/26, 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 Council must continue to proactively address the areas for improvement set out in previous external bodies, such as DHLUC/Grant Thornton, Middlesbrough Independent Improvement and Advisory (MIIAB), the CIPFA Financial Management Review undertaken during 2024/25, and the recent LGA Corporate Peer Challenge. 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.
- 3.10 Whilst I am able to provide a high level of assurance for the 2025/26 budget I do have concerns that I will be unable to provide such assurance for the

medium term should the MTFP position change significantly. This medium term judgement reflects the following concerns;

- Continued inflationary pressures;
- Significant financial risks around our social care budgets;
- The inability to make transformation savings to address the medium term position;
- Further delays in fair funding reform and business rates baselining, from which we have a realistic expectation of additional funding; and
- Notwithstanding fair funding reform which should provide an improvement, a forecast tightening of government funding over the medium term;

4. Current Context and Financial Standing of the Council

2024/25 Financial Position

- 4.1 The Council approved a balanced budget for 2024/25 in February 2024 but due to the financial position at the time and the critically low level of usable earmarked revenue reserves there was a requirement to apply for Exceptional Financial Support (EFS) from the Department for Levelling Up, Housing and Communities (DLUHC) - now renamed Ministry of Housing, Communities and Local Government (MHCLG) - and £4.7m of EFS was required to balance the 2024/25 budget.
- 4.2 The forecast outturn position at Quarter One 2024/25 was a £3.742m overspend, but with improved monitoring and control measures implemented across the organisation by the Leadership Management Team, Elected Mayor and Executive the current forecast outturn position at Quarter Three is an underspend of £0.006m against the £143.190m budget set for 2024/25 (details are provided in the Quarter Three budget monitoring report to Executive on 5 February 2025).
- 4.3 The Council's approach to financial management and control must continue to be rigorous and continue to be reviewed and strengthened through 2025/26 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 the current momentum in the improvement in the Council's finances.
- 4.4 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.
- 4.5 The Quarter Three position on savings delivery is included in the Quarter Three budget monitoring report to Executive on 5 February 2025, and shows that there are £3.048m of net savings which are deemed to be undeliverable.

These are factored into the 2024/25 forecast budget position and have been reviewed to ensure they are achievable ongoing.

4.6 The table below summarises the main variances within the Council 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.

2024/25 Forecast Outturn Quarter Three	£m
Adult Social Care – unachieved savings	0.659
Adult Social Care – other - mainly by maximising a one-off grant	(0.471)
Children’s Social Care – increased numbers and complexity of external residential placements	2.361
Children’s Social Care –unachieved savings	2.110
Central – savings against centrally held inflation and contingency budgets	(4.273)
Other variances (ECS, Education & Partnerships, Regeneration, Legal and Governance, Finance, and Central)	(0.392)
Total	(0.006)

4.7 It is essential that robust measures are taken during 2025/26 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), in order to ensure the financial sustainability of the Council in the medium to longer term.

4.8 As reported previously the Council’s usable unrestricted reserves and the General Fund Balance had reduced considerably over the period 2015/16 to 2023/24 to a critically low level of £12.055m at 31 March 2024. Whilst the level of reserves has improved considerably during 2024/25 to a forecast level of £21.369m at 31 March 2025 (as per the Quarter Three budget monitoring) they are still at a relatively low level compared to other local authorities with further details being included in the Adequacy of Reserves Section 11.

4.9 The Council still has a 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 through 2025/26 is critical to stabilise the financial position.

- 4.10 The Council must now continue to have a firm grip and take firm and unwavering action in 2025/26 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 2025/26 to 2028/29.

5 Recommendations in relation to financial recovery and resilience

- 5.1 In September 2024 MHCLG withdrew the Best Value Notice in relation to the Council's failings in culture and governance. However there is still a continuing need to embed improvements in relation to securing financial sustainability and delivery of transformation, whilst effectively implementing new strategies to embed positive cultures.
- 5.2 The Council is progressing on its improvement journey and must seize opportunities to deliver modernisation and efficiency in its operations and embed more robust financial management practices with momentum 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 DLUHC/Grant Thornton, MIIAB, and CIPFA as part of its Financial Management Review during 2024/25. Ensuring that the Council has the appropriate skills, knowledge and capacity in place across service directorates and enabling services such as finance, HR, ICT and legal services is critical to the Council's success. This is being addressed within the development of the transformation programme resource plans and budget growth for these services.
- 5.4 Alongside the need to redesign and transform service delivery, there is a requirement to continue to review 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.
- 5.5 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 in previous years and are key themes within the transformation and savings programmes proposed for 2025/26 and over the medium term, and in turn are critical to securing financial sustainability of the Council.

- 5.6 Service Directors will be required to deliver fully on their savings plans during 2025/26 whilst proactively managing operational income and expenditure to remain within the budget allocations for which they are responsible and accountable without exception.
- 5.7 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. Budget growth has been provided within the proposed 2025/26 budget and if this is approved by the Council as part of the budget setting for 2025/26 then this should provide adequate resources to enable additional capacity and increased qualified accountancy staff in order to implement a new operating model and structure for the Finance Function during 2025/26, as part of the financial management improvement plan to ensure that it is adequate to meet the longer term needs of the Council. There is however a risk in recruiting the required resources due to lack of available suitably qualified and experienced accountancy staff within the local government sector, and other options may be required to be considered to achieve this objective.
- 5.8 A significant amount of work has been undertaken by the Finance Team to develop and improve the Council's approach to demand and cost modelling which is the foundation of robust financial management. Further work will be required during 2025/26 and will build upon the foundations laid during 2023/24 and 2024/25 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 established and embedded in the redesigned and transformed service models.
- 5.9 Budget holders and decision makers within service areas must become more proficient in understanding and managing the financial consequences of their decisions and further training will be provided throughout 2025/26.
- 5.10 Finance Business Partnering needs to be developed to provide greater 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.

- 5.11 There is a fundamental risk to achieving this requirement given there is insufficient capacity of appropriately skilled and experienced staff within the permanent Finance 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 has been mitigated by the provision of additional resources in the proposed 2025/26 budget as outlined above.

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 due to persistently high inflation which is built into budgets, and again only a one-off Local Government Finance Settlement being published for 2025/26.
- 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, Integrated Transport Unit and Waste 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 recommendations made in various external reviews, including the CIPFA Financial Management Review which took place in during 2024/25.
- 6.3 Models are assessed as adequate, but work will need to continue through 2025/26 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 proposed 2025/26 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 which capture the costs, benefits, risks, impact of proposals together with a high level profile of delivery timescales.

- A further review of income from fees and charges for discretionary services has been undertaken and a Fees and Charges policy which was first implemented in 2024/25 is proposed again for 2025/26 to provide a framework within which fees and charges should be managed .
- A review of savings proposals and their achievability by the Executive, Leadership Management Team, Departmental Management Teams and due diligence review by Finance to assess the robustness and deliverability of proposals.
- The Overview and Scrutiny Board 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 to ensure Council resources are utilised within affordable limits, whilst also ensuring provision for essential expenditure required to support the delivery of the Council's objectives and priorities
- The Treasury Management position reflects the annual requirement to meet capital financing costs of £12.060m in 2025/26 which is equivalent to 8.4% 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. Further training will be provided during 2025/26.

- 7.4 Enhanced monthly budget monitoring, forecasting and reporting arrangements will continue throughout 2025/26 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 2025/26 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 2023/24 annual audit report by the Head of Internal Audit (Veritau) gave a Reasonable Assurance conclusion in August 2024 in relation to the framework for governance, risk management and control operating in the Council. The report acknowledges the progress that the Council has made to address these previously identified issues as well as the corporate issues identified in the government's Best Value notices in January 2023 and January 2024 which are the subject of the CGIP and s24 Notice. This is a significant improvement from the Limited Assurance opinion given in 2021/22 and 2022/23 in which a number of governance weaknesses were identified that were not limited to a specific area or audit.
- 8.2 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 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.
- 8.3 Issues identified in relation to use of Purchase Cards in Children's Services has resulted in a revision and strengthening of policies and procedures for the use of purchase cards across the wider organisation. Weaknesses also remained in Children's Services in relation to commissioning and contract management with agreed actions now implemented. Children's Services use of agency staff identified a number of issues relating to policies, procedures, authorisation of recruitment, pre-employment checks and timesheet

authorisation, and the findings and management actions were presented to the Audit Committee in October 2024.

- 8.4 Further due diligence will be undertaken in relation to accounting practice including Dedicated Schools Grant and capitalisation of expenditure through 2025/26 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 2025/26 continued 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 It is critical that the Leadership Management Team and Executive have an unwavering focus upon ensuring the following during 2025/26:

- 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 sessions (monthly for Children's Care) 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.

- 9.4 The s151 Officer has made financial provision for a Savings Delivery Risk Reserve of £3.052m and a delivery risk budget of £2m in 2025/26, due to the following factors:

- the challenging nature of the savings programme which is predicated heavily upon new transformation, redesign and demand management

measures, and this is in addition to high levels of savings already made in previous years

- the fact that programmes of this magnitude can take a period of time of implement
- the Council's potential lack of sufficient resources and capacity to ensure delivery with momentum

9.5 It is anticipated that the amount of transformation expenditure will be up to £5.0m in 2025/26 (including ICT), with an estimate for redundancy costs of up to £1.750m in 2025/26, and a contingency budget of £0.750m. This will be funded from Flexible Use of Capital Receipts (FUoCR) and will mean that the estimated value of the FUoCR will be £7.5m in 2025/26, and once finalised this will be presented for consideration and approval by Council in April 2025. It is essential that the capital receipts are received during the year to fund the Transformation Programme and the Capital Programme

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 been increased from £31m in 2019/20 to £54m in 2024/25, with a further proposed increase of £3.5m for demand in 2025/26 and £1.5m p.a. for 2026/27 to 2028/29 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 **Special Educational Needs and Disabilities (SEND) Transport** - The budget for the Integrated Transport Unit which provides transport services has been reviewed in detail and rebased during 2024/25 with additional budget being provided in order to address the increasing numbers and complexity of SEND pupils requiring transport. Whilst intensive work has been undertaken to establish more robust demand and cost modelling to support financial planning and budgetary control, there is a need to continue to monitor this area closely.

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 2025/26 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 2025/26 is predicated on a total of £11.876m of savings being delivered in 2025/26 (£7.036m of new savings being delivered in addition to £4.840m of savings previously approved in 2024/25). This is in addition to the savings already implemented in 2024/25 totalling £15.302m. Also there are a total of £3.517m of savings planned for 2026/27, and there will be need to identify at least a further £5.170m of ongoing savings by 2028/29 through additional transformation themes to address the remaining budget gap over the MTFP planning period. The requirement to make nearly £36m of ongoing savings over the period from 2024/25 to 2028/29 creates a risk, and it needs to be noted that this is in addition to over £97m of budget savings already made from 2013/14 to 2023/24.
- 10.7 **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. A further actuarial review will take place during 2025/26.
- 10.8 **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 £17.809m in 2025/26. 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 current capital financing forecast cost of £12.060m for 2025/26.
- 10.9 **Finalisation of prior year Statement of Accounts** – The Council currently has prior years Statements of Accounts 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 MHCLG. 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.

10.10 **DSG deficits** - Whilst Middlesbrough received £30.650m for DSG High Needs for 2024/25, the Council are forecasting spending an estimated £36.852m expenditure in 2024/25, an in year pressure of £6.202m on High Needs which would increase the Council's overall DSG deficit position to £20.693m at 31 March 2025. The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing over recent years from 2022 to 2024 by over 12.3% (up from 1,804 in 2023 to a current level of 2,026) 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 2025/26.

10.11 **Utilisation of Reserves** – The proposed budget for 2025/26 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.

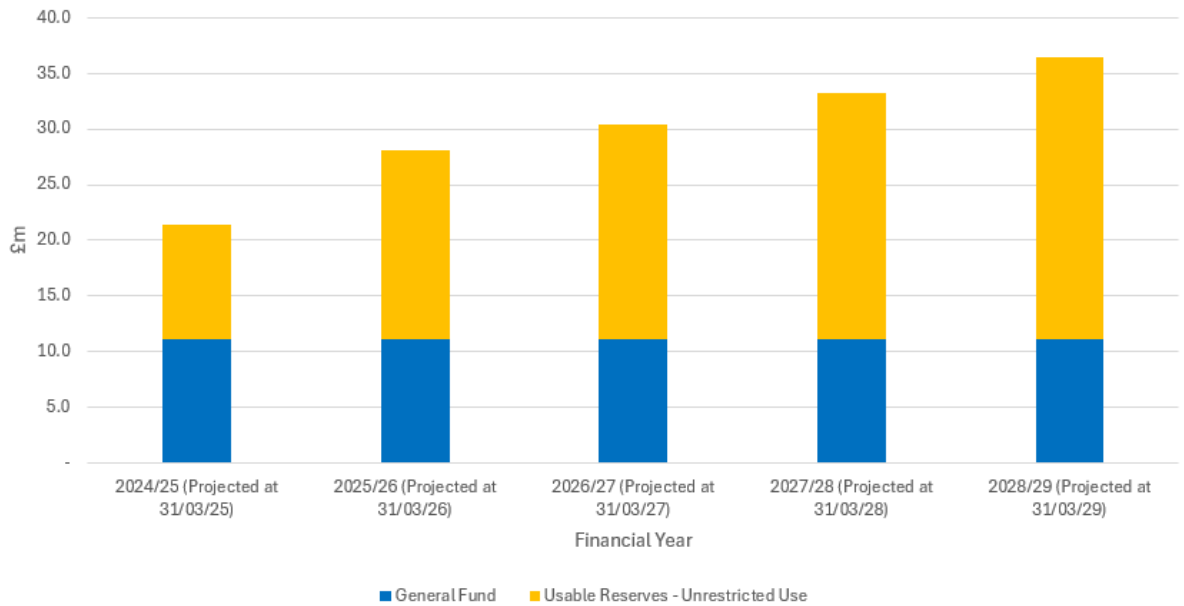
11 Adequacy of Reserves

11.1 The level of Council reserves has improved considerably during 2024/25 and now are forecast to stand at £11.1m for General Fund and £10.269m for useable unrestricted reserves on 31 March 2025 (as per Quarter Three budget monitoring report), however there are still at a relatively low position compared to other local authorities. 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 1 of the Reserves Policy in Appendix 4.

11.2 The Council must aim to rebuild its unrestricted revenue reserves over the period of the MTFP as outlined in the Reserves Policy in Appendix 4 of the budget report.

11.3 The Financial Reserves Policy at Appendix 4 sets out the plans to rebuild and maintain the level of reserves over the 2025/26 to 2028/29 period of the MTFP as reflected below to continue the recovery of the Council's financial position and rebuild its financial resilience:

**Projected Unrestricted Reserves Balances from closing balance 2024/25
through to closing balance 2028/29**



- 11.4 Following a review of the Reserves Policy (Appendix 4), the minimum level of the General Fund Balance, the s151 Officer recommends that the General Fund Balance should be maintained at a minimum level of at least 7% of the Net Revenue Budget over the period of the MTFP to 2028/29. The current level is £11.1m, a level equivalent to 7.75% of the net revenue budget.
- 11.5 Within usable unrestricted revenue reserves, the Financial Resilience Reserve (FRR) will continue to operate as a budget smoothing reserve to meet unanticipated financial pressures and in order to strengthen the Council’s financial resilience given the uncertain environment within which the Council is managing its operations and increasing demand for statutory services . The s151 Officer recommendation is that the FRR should be at £10m by the end of 2025/26 and then at £20m by the end of the current MTFP period. This will provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the period. The balance on usable unrestricted reserves at 31 March 2025 is forecast to be £10.269m.
- 11.6 It is essential that Directorates exercise strict management of expenditure within approved budgets in 2025/26 with no overspending, which will detract from achieving the planned rebuilding of reserves.

Appendix 2

Medium Term Financial Plan (MTFP)

Executive Summary

- 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.
- 1.2. The Council's Transformation Programme is an integral part of the MTFP, and necessary not only to deliver change but to reduce the overall cost of service delivery by providing financially sustainable services all within the cost envelope. A further report will be submitted to Executive in April 2025 updating on progress on the Transformation Programme together with the Flexible Use of Capital Receipts Strategy for 2025/26 which will be referred to Council for consideration and approval and incorporation into the Budget and Policy Framework.
- 1.3. 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.
- 1.4. The 2025/26 Draft Budget and Medium Term Financial Plan 2025/26 to 2028/29 report to Executive on 4 December 2024 set out the financial position and 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.
- 1.5. This report updates the financial planning assumptions following the publication of the Final Local Government Finance Settlement (LGFS) on 3 February 2025. These include some minor changes from those contained in the report to Executive on 5 February 2025 which was based on the Provisional Local Government Finance Settlement published on 18 December 2024 (the changes are summarised in paragraph 3.8).
- 1.6. This report highlights an improved financial position for the Council following the Final LGFS with additional funding being provided. However, the majority of the additional funding is one-off for 2025/26 only and therefore does not provide any certainty for the medium term. There is therefore a need for the Council to continue to focus on its financial position and continue the momentum in transforming the Council services.
- 1.7. In response to a significant level of single year funding, the Middlesbrough Priorities Fund of £4.367m will be established, using this funding to deliver high impact, one-off projects for the benefit of our communities. The temporary nature of this funding means we are unable to build it into our ongoing revenue budget (details are provided in paragraphs 4.61 to 4.63).

1.8. The other main highlights of the MTFP are as follows, with further details being provided in this Appendix:

- Confirmation of the proposed new budget savings following the budget consultation exercise, which total £7.036m in 2025/26 rising to £8.686m in 2028/29
- Budget growth of £2.521m in 2025/26 rising to £2.918m in 2026/27 for re-investment in services aligned to the Recover, Reset, and Deliver plan.
- Budget provision of £0.311m in 2025/26 and a further £0.100m in 2026/27 to address the removal of previously approved savings in line with the priorities outlined in the Council Plan and after listening to residents' views
- a balanced budget for 2025/26 and 2026/27 and a budget gap of £2.726m in 2027/28 rising to £5.170m by 2028/29
- 2025/26 Net Revenue Budget of £143.304m
- Council Tax increase of 4.99% for 2025/26 comprising 2% ASC Precept and 2.99% Core Council Tax.
- The continued building up of the Council's reserves to recommended levels in order to improve the Council's financial resilience in the future

Constructing the Medium-Term Financial Plan (MTFP)

- 2.1 The revenue element of the MTFP is set out in the context of:
- a period of reducing inflation, following a 40 year high in 2022 which locked in high prices for many of the Council's suppliers and services.
 - the continuation of 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;
 - continuing 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 any long-term financial planning.
- 2.2 The development of the MTFP has identified a range of financial pressures including inflation on pay (including the planned increase in employers' national insurance contributions), contracts, together with increased service demand across statutory services such as 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 2024 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
- 2.3 The capital programme is developed alongside the revenue budget and MTFP, and both are intrinsically linked by the Treasury Management Strategy and MRP Policy (contained in a separate report to this Council). This determines how the Council accounts for the revenue cost of borrowing, but also how it manages the affordability, sustainability and prudence of the Council's capital financing activities within the framework of the overall budget process. 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. During the last budget in March 2024, the S151 Officer indicated that borrowing levels were approaching a pre-determined threshold as a % of the net revenue budget that may undermine sustainability and prudence if further borrowing continued to be used.
- 2.4 The Asset Review report to Executive in November 2023 set out the process of fundamentally reviewing and rationalising the Council's asset portfolio to realise a substantial pipeline of capital receipts that would be required to fund its transformation programme, future capital investment and/or repayment of borrowing to reduce the revenue costs of borrowing. Given the Council's relatively low level of financial revenue reserves the successful delivery of capital receipts arising from the delivery of planned asset disposals is critical to funding the delivery of the Transformation Programme and realising the savings that are due to be delivered over the period of the MTFP in order to maintain the financial sustainability of the Council.

- 2.5 The aim of the MTFP 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.

Funding Overview

- 3.1 The Government allocates grant funding to local authorities in a process called the 'local government finance settlement' (LGFS). 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 2025/26 LGFS is again a one year settlement for 2025/26 only, and therefore significant uncertainty remains with regard to the Council's resources for 2026/27 and beyond.
- 3.3 Alongside the 2025/26 LGFS the Government did however outline their plan for the long delayed 'Fair Funding' review and the reform of Business Rates (which have been delayed for a number of years) which seek to change the way that government funding is allocated to local authorities, and opened a consultation on the [Local authority funding reform objectives and principles](#) which closes on 12 February 2025. This review will take place in 2025 and will be subject to widespread consultation with the local government sector. The Government expect a three-year Settlement to be implemented from 2026/27, combined with a fundamental review of the methodology for distributing government funding to local authorities (Funding Formula). Uncertainty and risk will still therefore exist for the Council and local government generally with regards to funding for 2026/27 onwards.
- 3.4 The current Funding Formula is widely recognised as being not fit for purpose and it is expected that the review will result in a significant redistribution of resources between local authorities with effect from the 2026/27 financial year. It is too soon to assess the impact for Middlesbrough, although the Government has recognised the significant financial challenges for areas like Middlesbrough, which are subject to high levels of multiple deprivation and low Council Tax raising abilities to fund disproportionate costs.
- 3.5 Pending the review in the 2025/26 LGFS the Government have recognised this and the need to move resources to those areas with greatest need, with the announcement of a new one-off Recovery Grant for 2025/26 worth £5.410m to Middlesbrough along with some other one-off grants. These are for 2025/26 and there is no guarantee that the same level of funding will be provided from 2026/27 onwards.
- 3.6 It is crucially important to note that the 2025/26 LGFS is a one year only settlement and that a Government Spending Review will be announced in the Spring 2025, followed by a three-year Settlement for 2026/27 to 2028/29 which will be significantly tighter for the local government sector based upon published data. The Government's Budget announced on 30 October 2024 indicated a one-off 'front loading' of funding in 2025/26 combined with the continuation of the Exceptional Financial Support mechanism for those authorities facing a s114 scenario.

Local Government Finance Settlement (LGFS) Funding

- 3.7 The 2025/26 Draft Budget and MTFP 2025/26 to 2028/29 report to Executive on 4 December 2024 was published prior to both the 2025/26 Provisional LGFS published on 18 December 2024 and the 2025/26 Final LGFS which was published on 3 February 2025 in which the Government outlined 2025/26 grant funding for local authorities.
- 3.8 The report to Executive on 5 February 2025 was based on the 2025/26 Provisional LGFS announcement and was published before the publication of the 2025/26 Final LGFS. This report reflects the changes since the December 2024 Executive report. It also reflects the following changes announced in the 2025/26 Final LGFS and further information received since the publication of the February 2025 Executive report :
- Funding of £1.458m for the increase in Employer's National Insurance Contributions (NIC) was announced as part of the Final LGFS. This is an additional £0.158m from the £1.300m estimated to be received in the February Executive report
 - Following further review the estimated total cost of the Employers NIC has been revised to £3.638m from the £3.125m included in the February Executive report meaning a revised gap of funding for this of £2.180m, an additional £0.355m from the £1.825m included in the February Executive report. This additional cost has been covered by a review of estimates for other pay budgets.
 - The Final LGFS announced increased funding for the Children's Social Care Prevention Grant and Middlesbrough will now receive £2.123m in 2025/26, an additional £0.134m from the £1.989m announced in the Provisional LGFS and included in the February Executive report.
 - Public Health grant allocations for 2025/26 were published on 7 February 2025 with Middlesbrough set to receive £19.743m for 2025/26, which is an increase of £0.999m from that received in 2024/25. The grant is ring fenced for use on public health functions.
 - Following submission of the NNDR1 return for 2025/26 the Business Rates retained by the Council have been revised resulting in a further £0.025m of income to the Council.
 - Following further review the estimated Collection Fund surplus for 2024/25 has been revised to £3.052m from the £3.135m included in the February Executive report.
- 3.9 Settlement Funding is the amount of funding assumed by the Ministry of Housing, Communities and Local Government (MHCLG) 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 MHCLG 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 2025

Main Element of Settlement	Final Settlement 2025/26 £m
Revenue Support Grant	15.444
Business Rates Baseline	19.341
Business Rates Top Up	30.794
	65.579

- 3.10 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 **£1.109m** higher than the forecast of Retained Business Rates income of **£18.232m** as reported to MHCLG in the NNDR1 return and included in the proposed budget. This MHCLG 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.
- 3.11 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 2026/27 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**
- 3.12 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.
- 3.13 The Government has published that in their assessment Middlesbrough's overall core spending power for 2025/26 is **£2,981** per dwelling. This represents an assumed annual increase in core spending power of **9.6%** or **£246** per dwelling in 2025/26 as set out in **Table 2**. This is above the England total percentage change in core spending power of 6.8%.

Table 2: Core Spending Power (CSP)

Elements of MHCLG Core Spending Power	MHCLG Estimates	
	Revised 2024/25 £m	Final 2025/26 £m
Settlement Funding Assessment	64.756	65.579
Compensations for lower Business Rates multiplier (<i>MHCLG estimate</i>)	9.845	10.341
Council Tax Requirement (<i>MHCLG estimate</i>)	71.400	75.944
Local Authority Better Care Grant	8.646	10.666
New Homes Bonus Grant	0.499	0.031
Social Care Grant	19.202	22.504
ASC Market Sustainability & Improvement Fund	3.316	3.316
ASC Discharge Fund	2.020	-
Services Grant	0.321	-
Domestic Abuse Safe Accomodation Grant	0.411	0.513
Recovery Grant	-	5.410
Childrens Social Care Prevention Grant	-	2.123
Employer National Insurance Contributions Grant	-	1.458
Grants rolled in	0.079	-
Funding Guarantee	-	-
Total	180.496	197.885

Increase in CSP		17.389
Annual % change in CSP		9.6%
CSP per dwelling (£)	£2,735	£2,981
Increase in CSP by dwelling (£)		£246

3.14 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 2025/26 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** below, 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 £35m (43%) from £81.2m received in 2013/14 to £46.2m in 2025/26. 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 the Local Authority Better Care Fund, 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 2025/26

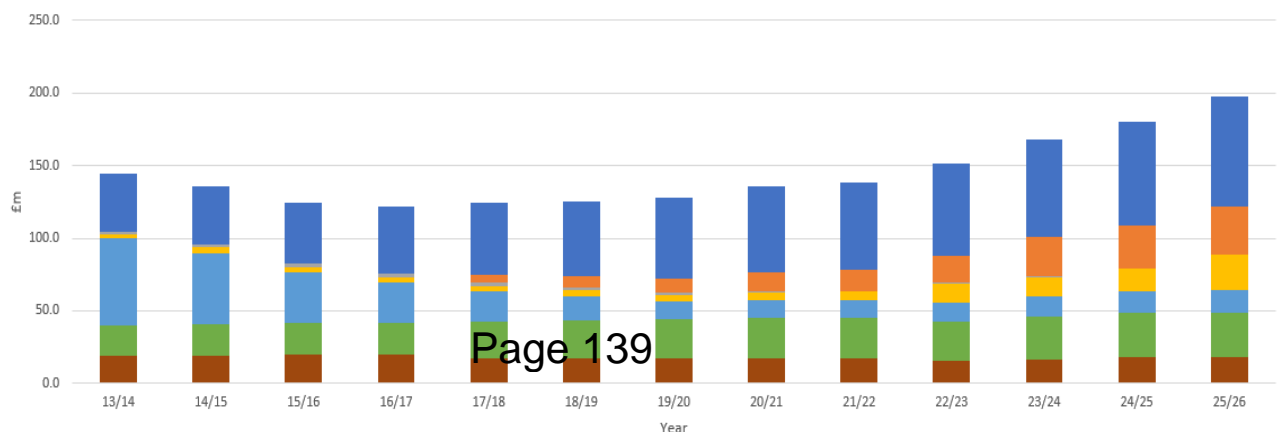


Table 3: Core Spending Power per year 2013/14 to 2025/26

Core Spending Power per year													
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
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	71.4	75.9
LA Better Care Fund (BCF) / 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	29.9	33.2
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	0.0
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	15.3	24.3
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	15.4
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	30.8
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	18.2
Core Spending Power	144.5	135.7	124.8	122.1	124.1	125.5	127.8	135.4	138.6	151.2	168.1	180.5	197.9
% Annual change		-6.1%	-8.0%	-2.1%	1.6%	1.1%	1.8%	6.0%	2.4%	9.1%	11.2%	7.4%	9.6%

Note – above does not factor in inflation

- 3.15 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 2025/26. 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 2025/26 it has actually suffered a £55.4m (22%) cumulative ‘real terms’ cut in Core Spending Power from 2010/11 to 2025/26 based on 2024/25 prices, equating to a ‘real term cut’ of £834.7 per dwelling. This is both more than the national average and the SIGOMA average.

Table 3a: Core Spending Power Changes 2010/11 to 2025/26 (SIGOMA)

Local authority	Real terms cuts			Cash terms cuts		
	Cum. Cut 15 years 10/11 to 25/26 at 24/25 prices £m	Percentage real term cut %	£ per dwelling real term cut £ pd	Cash increase/cut 15 years 10/11 to 25/26 £m	Percentage cash term increase/ cut %	Cash Increase/ Cut 10/11 to 25/26 Per dwelling £ pd
England	-12,993.2	-15.9%	(506.1)	12,901.9	23.2%	502.5
Middlesbrough	-55.4	-22.0%	(834.7)	24.4	13.8%	367.3
SIGOMA	-4,318.9	-19.9%	(657.9)	2,559.2	16.9%	389.8

- 3.16 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

- 3.17 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 2025/26. In light of the Council’s financial position

and the uncertainty over the medium term pending the Spending Review and Funding Reform in the Spring 2025, the s151 Officer has advised the Mayor and Executive to adopt the current assumed maximum permissible Council Tax increase of 4.99% p.a. for 2025/26. The increases in Council Tax being proposed for 2025/26 are 2.99% General Council Tax and 2% Adult Social Care precept 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 4.75.

- 3.18 As detailed above Council Tax income has increased as a proportion of total Council income over the last 11 years as the level of general Government funding in the form of RSG and Business Rates Top Up Grant has reduced. This presents a particular financial challenge for the Council given it has a particularly low Council Tax base with 50.0% 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 £0.700m 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. Any reduction in planned Council Tax will be a permanent loss in future funding.
- 3.19 Details of the number and percentage of dwellings by Council Tax Band in September 2024, a comparison to other local authorities average Band D Council Tax, average Council Tax bill per dwelling for 2024/25, and details of Council Tax increases since 2024/25 were provided in paragraphs 4.51 to 4.56 of the December 2024 Executive report.

Retained Business Rates

- 3.20 With the localisation of Business Rates, it is necessary for each authority to estimate the amount of Business Rates to be collected in 2025/26. The locally retained element of Business Rates is 50%, of which the Council retains **49%** and **1%** is received by Cleveland Fire Authority. The monitoring and estimating of Business Rates are 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.
- 3.21 Business Rates are now based on a new 2023 valuation list with the total rateable value of businesses in Middlesbrough assessed as **£102.434m** at 31 December 2024 (NNDR1 January 2025). 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

- 3.22 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 **£30.794m** for 2025/26. 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)

- 3.23 Most authorities currently continue to receive RSG from the Government in addition to their retained Business Rates. The Council will receive **£15.444m** in 2025/26 representing an increase of 2.1% or £0.322m. This is made up of a CPI inflationary increase of 1.7% based on September 2024 CPI rate, and also £0.079m of grants which have been rolled into the RSG to simplify and de-ringfence the funding and provide local authorities with greater certainty and freedom to deliver their own priorities (Electoral Integrity Programme, Tenant Satisfaction Measures, Transparency Code, and Extended Rights to Home to School Transport).

Recovery Grant

- 3.24 There is a new one-off Recovery Grant, worth £600 million nationally, to target places with greater need and demand for services (the Government have used deprivation as a proxy for this), and less ability to raise income locally. This will start to correct the unfairness of the current system by putting councils in these areas on a more stable footing. The grant lays the foundations for funding reform, ahead of bringing forward more fundamental improvements to the way the Government fund councils, based on an up-to-date assessment of need and resources, from 2026/27. This grant will not be ringfenced, nor are grant conditions imposed on its use.
- 3.25 The Recovery Grant will be distributed using a simple formula, based on the most recent publicly available deprivation, population and taxbase metrics. The grant will support places such as Middlesbrough where, weighted by population, deprivation outweighs Council Tax raising ability. The grant is intended to be highly targeted, meaning that not all authorities will receive an allocation. The government is clear that this grant is not full reform. The formulas in the current system were last updated in 2013/14, some include data from 2001. In this context, the government believes that action must be taken this year. The Government recognise that the metrics in this grant will not be as sophisticated as a fully updated assessment of need, but deprivation is the best available proxy. The Government has also launched alongside the LGFS an initial consultation [Local authority funding reform objectives and principles](#), which proposes a much fuller and sophisticated assessment of need and resources.
- 3.26 The Council will receive **£5.410m** of Recovery Grant for 2025/26. This is one-off grant for 2025/26 and cannot be assumed ongoing.

Local Authority Better Care Fund

- 3.27 This grant has been created following the consolidation of the two previously existing grants known as the improved Better Care Fund (iBCF) and the ASC Discharge Fund. The grant will be required to be pooled as part of the BCF and will be distributed using the current iBCF methodology. The forthcoming BCF policy framework for 2025/26 will set out further details on how local authorities should work with their local NHS partners and wider public services to plan their integrated use of the BCF. Supporting the recovery of urgent and emergency care services remains a priority, and local areas will be expected to use the grant to reduce delayed hospital discharges, as part of meeting the objectives that will be set out in the

framework. The allocation for 2025/26 remains unchanged at **£10.666m**.

Social Care Grant

- 3.28 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.
- 3.29 The announced grant for 2025/26 in the Final LGFS is **£22.504m** and this reflects a £3.302m increase from that received in 2024/25. This is an additional £1.407m from the £1.895m increase assumed in the December 2024 Executive report, which was based on information received as part of the Government Budget announcement in October 2024.
- 3.30 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 (MSIF)

- 3.31 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 2025/26 is **£3.316m**, which is unchanged from that received in 2024/25.
- 3.32 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. There will be reporting requirements and grant conditions placed on the MSIF which will be announced at a later date.

Children and Families Grant

- 3.33 The following 6 children's social care programmes previously funded by the Department for Education have been consolidated into a new Children and Families Grant. The value of the grant to Middlesbrough is **£2.015m** in 2025/26 which is the same as that in 2024/25 with the following amounts for each component:
- Supporting Families (£1.303m);
 - Supported Accommodation Reforms - New Burdens to LAs (£0.467m);
 - Staying Put (£0.118m);
 - Virtual School Heads Extension for previously looked after children (£0.030m);
 - Leaving Care Allowance uplift (£0.054m); and
 - Personal Advisors (£0.043m).

- 3.34 This grant will not form part of Core Spending Power in 2025/26. Conditions placed on the Children and Families Grant will be published in full alongside the Final LGFS. The government expects that this grant will support local authorities that are currently spending on preventative services to continue their level of spend.

Children's Social Care Prevention Grant

- 3.35 The Government is putting £270m nationally of new funding into a new Children's Social Care Prevention Grant. This was increased as planned in the Final LGFS from the £250m nationally announced in the Provisional LGFS. Middlesbrough will receive **£2.123m** in 2025/26, an additional £0.134m from the £1.989m announced in the Provisional LGFS.
- 3.36 This will be used, alongside funding in the Children and Families Grant to invest in the national rollout of Family Help. Family Help is a preventative, whole-family service. Families experiencing complex challenges will be supported through one multi-agency child protection team, which will provide a single, joined up offer of help and protection. This will also be used for the national rollout of Family Group Decision Making. Further details are set out in the Final LGFS.
- 3.37 The Children's Social Care Prevention Grant has been distributed using a children's needs-based formula, which has allocated funding according to estimated need for children's social care services. Alongside the interim formula, the variation in the cost of delivering services and the ability of local authorities to raise resources locally has also been taken into account to determine the grant allocations.
- 3.38 Conditions placed on the Children's Social Care Prevention Grant have been published alongside the Final LGFS.
- 3.39 The two separate grants for children's social care in 2025/26, the Children's Social Care Prevention Grant and the Children and Families Grant, is a transitional arrangement. In 2026/27, the Government will merge these grants and explore further consolidation in children's services.
- 3.40 Due to above uncertainty in the level of this grant from 2026/27 onwards this will initially be treated as one-off in 2025/26 and this will be reviewed when further information as to its continuation is received. The funding will be kept separate from other funding and will be utilised in line with the conditions of the grant.

Domestic Abuse Safe Accommodation Grant

- 3.41 The Government has consolidated the above grant as a new separate line in the settlement. Middlesbrough will receive **£0.513m** in 2025/26, which is an increase of £0.102m from the £0.411m received in 2024/25. This grant is ringfenced.

New Homes Bonus (NHB)

- 3.42 The NHB rewards local authorities for increasing the number of new, occupied and affordable homes. The allocation for Middlesbrough is **£0.031m** for 2025/26 with no legacy payments as has been the case since 2020/21. This is a reduction from the £0.499m received in 2024/25 but is broadly in line with estimates assumed in earlier versions of the MTFP.

- 3.43 As in previous years, the allocations for 2025/26 will be funded through a top slice of the Revenue Support Grant. This means that approximately £290m nationally of funding is removed from the RSG. This affects authorities like Middlesbrough who have limited ability to increase the number of homes.
- 3.44 In the LGFS the Government announced its intention that 2025/26 will be the final year of the NHB in its current format and that councils should consider this in their financial planning. The government is consulting on the NHB beyond 2025/26 as part of the [consultation on the principles and objectives of funding reform](#) which has been launched alongside this consultation.

Services Grant

- 3.45 This Services grant which was introduced in 2022/23 for all tiers of local government in recognition of the vital services delivered and the cost pressures being faced has been removed with the funding being utilised in the wider settlement and in particular to fund the Recovery Grant. Middlesbrough's allocation for 2024/25 was £0.293m.

Employer National Insurance Contributions (NICs) compensation

- 3.46 As mentioned in the December 2024 Executive report the Council will face increased costs from the increase in Employers NIC to 15% from 13.8% and the lowering of the threshold at which Employer's NIC are paid to £5,000 a year. This will have an impact on both staff directly employed by the Council, and Council contracts for supplies and services with private providers, such as adult social care, children's social care and the Council's leisure contract. The Council will also potentially face increased cost of supplies and services across a range of purchased goods and services.
- 3.47 In the MTFP in the December 2024 Executive report the additional cost to the Council was estimated at £1.075m and as no clarity was provided at that point regarding funding for this no funding was included.
- 3.48 In the Final LGFS the Government has provided £515m nationally of new funding to support councils and combined authorities with the costs associated with the increase in employer National Insurance Contributions (NICs). The funding is unringfenced and can be used to support councils to mitigate the additional costs of employer National Insurance Contributions within direct, commissioned, and externally provided local services. As part of the Final LGFS Middlesbrough has been allocated funding of £1.458m for the increase in Employer's National Insurance Contributions (NIC). This is an additional £0.158m from the £1.300m estimated to be received in the February Executive report which was calculated using methodology provided and information provided by SIGOMA.
- 3.49 However following further analysis it is now estimated that the total costs of the Employers NIC increase will be £3.638m in 2025/26, which is an increase from the £3.125m included in the February Executive report. This will mean that there will now be a gap of £2.180m in funding for the Employers NIC increase, which is an additional pressure of £1.105m on the MTFP from that included in the December report.

Significant Specific Grants outside the Settlement

- 3.50 A number of other grants are received outside of the key settlement figures and are not included in the calculation of Core Spending Power. 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.

Extended Producer Responsibility (EPR)

- 3.51 Whilst not part of the Final LGFS the Government has confirmed separately funding for the Extended Producer Responsibility (EPR). From 2025, some organisations and businesses will have to pay a fee for the packaging they supply to or import into the UK market. This is called Extended Producer Responsibility (EPR) for packaging.
- 3.52 The money collected will go to local authorities (LAs) and it will cover net costs of collecting, managing, recycling and disposing of household packaging waste to enable more efficient and effective waste services.
- 3.53 In the first year (2025/26), local authorities will receive a guaranteed basic payment based on publicly available and existing data, and data about tonnages, operations and unit costs gathered from a representative sample of LAs across the UK. The basic payment is calculated using a model based on certain LA characteristics, national policies and circumstances, amount of waste collected and managed, and the estimated composition of this waste. Whilst there may be some additional responsibilities, such as the revenue costs associated with food waste collection, the funding is un-ringfenced.
- 3.54 From the second year (2026/27) onwards, the basic payment and any adjustments will be based on data submitted by LAs to the Scheme Administrator and is therefore unpredictable.
- 3.55 Middlesbrough will receive at least **£3.367m** in 2025/26. This funding will be part of the new Middlesbrough Priorities Fund for 2025/26 only (detailed in paragraph 4.61 to 4.63), part of which will help to enable more efficient and effective waste services.
- 3.56 At this stage in the absence of any further detailed information no assumption has been in the MTFP of the funding in 2026/27 or future years. This assumption will be updated as when further information is received during 2025/26.

Public Health

- 3.57 Whilst not part of the LGFS, Public Health Grant allocations for 2025/26 were announced on 7 February 2025. Middlesbrough will receive **£19.743m** for 2025/26, which is an increase of £0.999m from the £18.744m received in 2024/25. Public Health Grant must be fully spent on public health activities as per the conditions of the ring-fenced grant.

Housing Benefit Administration Subsidy Grant

- 3.58 The MTFP assumes the Council will continue to receive 'Housing Benefit Administration Subsidy Grant' in 2025/26 to fund the Council's statutory duty to administer and process Housing Benefit and directly related enquiries. The 2025/26 allocation has not yet been announced and currently the same level of grant as received in 2024/25 of **£0.574m** has been assumed.

Dedicated Schools Grant (DSG)

- 3.59 Details of the DSG to be received in 2025/26 are provided in **Appendix 8**.
- 3.60 The 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.
- 3.61 At the Autumn Budget, the Government announced an almost £1 billion increase to Special Educational Needs and Disabilities (SEND) and alternative provision funding and stated that it was an important step in realising the government's vision to reform England's SEND provision to improve outcomes and return the system to financial sustainability, and will work closely with parents, teachers and local authorities to take forward this work.
- 3.62 In the Final LGFS consultation the Government stated that they recognise the strain that the rising costs of SEND provision are putting on local government, in particular, the impact of the DSG deficits on councils' finances. They also said that they will work with the sector on a way forward, and it intends to set out plans for reforming the SEND system in further detail next year. This will include details of how the government will support local authorities to deal with their historic and accruing deficits and any transition period from the current SEND system to the reformed system and will inform any decision to remove the statutory override. This will be underpinned by the Government's objective to ensure local authorities can deliver high quality services for children and young people with SEND in a financially sustainable way.
- 3.63 Whilst the Government recognises the issue the uncertainty in relation to a Government funding solution or the continuation of the statutory override beyond that date has yet been received still presents a significant financial risk to many local authorities and for Middlesbrough. The current forecast total cumulative deficit of £20.693m at 31 March 2025 (as reported in the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2024/25 report to Executive on 5 February 2025) 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.
- 3.64 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 2024 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 proposed draft budgets for 2025/26 and 2026/27 which were balanced, with a gap of £2.686m in 2027/28 and rising to a cumulative deficit of £5.150m by 2028/29, assuming all budget savings proposed were approved.
- 4.3 Public consultation commenced on the 5 December 2024 and closed on 8 January 2025. The updated MTFP reflects the Final LGFS and updates following the Council's public consultation (detailed in **Appendix 3**).

2025/26 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 proposed 2025/26 budget are:

- 2025/26 net General Fund revenue budget (budget requirement) of **£143.304m** (see **Annex 5 for the detail of net revenue budget by Directorate**)
- Council Tax requirement of **£75.783m**
- 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.
- Assumed budget provision of **£0.311m** in 2025/26 to address the removal of previously approved savings, and these are now recommended by Executive for approval by Council - details are provided in **paragraph 4.59 and Annex 3**
- Total new 2025/26 budget saving proposals of **£7.036m** rising to **£8.686m** in 2026/27 - details are provided in **Annexes 1 and 2** and these are now recommended by Executive for approval by **Council**.
- These when added to the revised previously approved savings make a total savings to be delivered in 2025/26 of **£11.876m** rising to **£15.393m** in 2028/29. Note that these are in addition to over £112m of cumulative savings already made from 2013/14 to 2024/25
- Assumed pay inflation of **3.00%** in 2025/26 with an increase of **£2.667m**.
- Assumed contractual inflation of **£1.550m** in 2025/26 – predominately driven by fee rates paid to Adult and Children Social Care providers.
- Assumed additional income of **£0.648m** from a review of Fees and Charges and inflationary uplift of 2%.
- Assumed service pressures of **£13.264m** in 2025/26 – 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 **£2.351m** in 2025/26 on services commissioned from external adult social care providers.
- Assumed budget growth totaling **£2.521m** for re-investment in services aligned to the Recover, Reset, and Deliver plan, details are provided in **paragraph 4.58 and Annex 4**

- The creation of a Delivery Risk Budget of **£2m** on a one-off basis in 2025/26 only, to provide a risk sum to cover any overspend arising mainly from delayed or failed saving delivery and protect against the risk of unplanned use of reserves given that reserves remain low. The future of this budget on an ongoing basis will be reviewed if funding becomes sufficiently favourable and will be used to provide risk cover of the Council's planned transformation and savings going forward (**paragraph 4.16**)
- The estimated surplus on the Collection Fund for 2024/25 of **£3.052m** will be transferred to a new Savings Delivery Risk Reserve to help to help provide against the risk of delivery of savings and rebuild reserves (**paragraphs 4.49 and 4.72**)
- The creation of a one-off Middlesbrough Priorities Fund of **£4.367m** for 2025/26 only to support initiatives in accordance with the priorities in the Council Plan – further details are provided in **paragraphs 4.61 to 4.63**
- Additional funding of **£3.302m** representing Middlesbrough Council's share of the £880.0m additional funding for Social Care Grant announced in the Final LGFS.
- Additional funding of **£2.123m** representing Middlesbrough Council's share of the new Children's Social Care Prevention Grant announced in the Final LGFS will be kept separate from other funding and will be utilised in line with the conditions of the grant.
- Additional funding of **£3.367m** representing Middlesbrough Council's share of the new Extended Producer Responsibility (EPR) funding.
- Estimated total costs of the increase in Employers NIC of £3.638m which after accounting for estimated Government funding of £1.458m creates a total net cost of **£2.180m** to be included in 2025/26 budget.
- A **£0.730m** ongoing contribution to the Change Fund Reserve
- A **£1.466m** ongoing contribution to the Financial Resilience Reserve
- An additional one-off contribution of **£1.370m** in 2025/26 only to the Financial Resilience Reserve to continue to rebuild reserves to a sustainable level.

Changes to budget gap since December 2024 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 2024.

Table 4: movement in budget gap since December 2024 report

Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
MTFP Refresh 2025/26 to 2028/29 Report to Executive 04/12/24					
Original gap before new savings proposals	4.675	1.253	2.786	2.564	11.278
Growth to support transformation	2.361	0.397	(0.100)	(0.100)	2.558
New Savings Proposals	(7.036)	(1.650)	-	-	(8.686)
Original Budget Gap as at December 2024 - after growth to support transformation and new savings proposals added in	-	-	2.686	2.464	5.150
Additional Social Care Grant	(1.407)	-	-	-	(1.407)
New grant - Children's Social Care Prevention (25/26 only)	(2.123)	2.123	-	-	-
New grant - Recovery Grant (25/26 only)	(5.410)	5.410	-	-	-
New grant - Extended Producer Responsibility (25/26 only confirmed to date)	(3.367)	3.367	-	-	-
Employers Superannuation rate increase changes	(0.167)	-	-	-	(0.167)
Government funding for Employers National Insurance contributions increases	(1.458)	-	-	-	(1.458)
Other grant funding changes	(0.775)	0.467	(0.313)	(0.313)	(0.934)
Precepts & Levies changes	0.030	0.003	-	-	0.033
Previous year's savings proposals removed	0.311	0.100	-	-	0.411
Additional growth (increase Area Care to 20%)	0.360	-	-	-	0.360
Removal of previous growth bid (Tree Maintenance) / funded as one-off in 25/26	0.300	(0.500)	0.100	0.100	-
Additional Employers National Insurance contribution cost	2.563	-	-	-	2.563
Creation of Middlesbrough Priorities Fund	4.367	(4.367)	-	-	-
Creation of Children's Social Care Prevention Fund	2.123	(2.123)	-	-	-
Collection Fund Surplus 2024/25 used to replenish Reserves (Savings Delivery Risk)	3.052	(3.052)	-	-	-
Contributions to Financial Resilience Reserve changes	1.586	(2.011)	0.250	0.250	0.075
Contributions to Change Fund Reserve changes	-	(0.500)	-	-	(0.500)
Other changes	1.017	1.031	(0.049)	(0.109)	1.890
Net Budget movements	1.002	(0.052)	(0.012)	(0.072)	0.866
Housing Growth changes	(0.012)	(0.012)	(0.012)	(0.013)	(0.049)
Revenue Support Grant changes	(0.065)	(0.065)	(0.067)	(0.068)	(0.265)
Business Rates changes	0.127	0.129	0.131	0.133	0.520
Estimated Collection Fund 2024/25 Surplus changes	(1.052)	-	-	-	(1.052)
Funding movements	(1.002)	0.052	0.052	0.052	(0.846)
GAP / (SURPLUS)	-	-	2.726	2.444	5.170
Movement in gap since December	-	-	0.040	(0.020)	0.020

4.6 **Table 4** illustrates that it has been possible to set a balanced budget for 2025/26. Whilst not applicable for 2025/26 if the Council could not 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). The s114 process and implications for the Council were detailed in the 2024/25 budget report to Council in March 2024.

4.7 The following provides further detail of the main changes made since the December 2024 Executive report:

- Grant funding has been updated following the Final Local Government Finance Settlement, including an **additional £1.407m** Social Care Grant allocation, new one-off grants for 2025/26 only for Extended Producer Responsibility (**£3.367m**), Recovery Grant (**£5.410m**) and the Children's Care Early Prevention Grant (**£2.123m**).
- Budget growth for re-investment in services aligned to the Recover, Reset, and Deliver plan, has been revised, resulting in an increased amount of **£0.160m** in 2025/26 (details provided in **paragraph 4.58** and **Annex 4**)
- Budget growth of **£0.311m in 2025/26** has been provided to address the removal of previously approved savings in 2025/26 in line with the priorities outlined in the Council Plan and after listening to residents' views, and these are now recommended by Executive for approval by Council - details are provided in **Annex 3**

- The creation of a one-off Middlesbrough Priorities Fund of **£4.367m** for 2025/26 only to support initiatives in accordance with the priorities in the Council Plan – further details are provided in **paragraph 4.61 to 4.63**
- Estimated total costs of the increase in Employers NIC of have been revised along with the estimated Government funding following further information received. The total costs of the increase in Employers NIC are now estimated to be £3.638m which after accounting for Government funding of £1.458m creates a total net cost of £2.180m to be included in 2025/26. This is an **increase of £1.105m** from the £1.075m included in the December Executive report.
- Funding assumptions (including Housing Growth assumptions) have been updated following the Final LGFS and updated data from the NNDR1 Business Rates government return
- The estimated Collection Fund Surplus from 2024/25 has been revised to £3.052m from £2m and the additional **£1.052m** has been built into the MTFP – this will be used in full to provide some financial resilience by rebuilding reserves, which are still at a low level, by the creation of a new Savings Delivery Risk Reserve
- Increased contribution to the Financial Resilience Reserve of **£1.586m** in 2025/26

4.8 The major components of the revised MTFP are detailed in the following paragraphs and are summarised in **Table 14**.

Pay Inflation

4.9 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

Pay model / pension (incremental increases to existing pay model resources)					
Item	2025/26	2026/27	2027/28	2028/29	Cumulative
	£m	£m	£m	£m	£m
Annual Pay Award	2.667	1.778	1.778	1.778	8.001
Pay Model	2.667	1.778	1.778	1.778	8.001
Increase in employers pension contributions following actuarial review	0.741	-	-	-	0.741
Pension	0.741	-	-	-	0.741
Pay/Pension	3.408	1.778	1.778	1.778	8.742

4.10 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 2025/26 pay award remains at 3% which is estimated to cost **£2.667m p.a.** Assumptions of pay awards for future years in the MTFP have also been kept the same.

4.11 This MTFP therefore assumes pay inflation of:

- 2025/26 **3.0% (£2.667m)**
- 2026/27 **2.0% (£1.778m)**
- 2027/28 **2.0% (£1.778m)**
- 2028/29 **2.0% (£1.778m)**

- 4.12 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.
- 4.13 Employee pension contributions, based on a triennial pension valuation applying from 2023/24, are as included previously. The next triennial pension valuation will apply from 2026/27 onwards and is currently planned to remain static.

Non-Pay Inflation

- 4.14 Contractual inflation has been provided for in the MTFP period, with **£1.550m** being provided for in 2025/26 in relation to specific contracts, mainly around Adult Social Care purchasing budgets and Children's Care external residential and fostering contracts. This has been allocated to Directorates as follows and this is reflected in Annex 5:

- Adult Social Care £0.954m
- Children's Social Care £0.596m

Other Inflation

- 4.15 Central Inflation budgets totaling **£0.635m** from 2025/26 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. This will initially be held centrally. These have been reduced by £0.819m from 2025/26 due to assumptions for energy prices being revised downwards based upon advice from NEPO.

Risk Management

- 4.16 A new Delivery Risk Budget of £2m on a one-off basis in 2025/26 only has been created to provide a risk sum to cover any overspend arising mainly from delayed or failed saving delivery in 2025/26 and protect against the risk of unplanned use of reserves given that reserves remain low. These measures enable the Council to rebuild its reserves to a sustainable level
- 4.17 An ongoing total of **£1.466m from 2025/26, increasing to £1.575m from 2026/27, £2.325m from 2027/28 and £3.075m from 2028/29** has been provided to top up the Financial Resilience Reserve to meet unforeseen financial pressures that cannot ultimately be managed within directorate budgets. It should be noted an additional one off contribution of £1.370m will be made in 2025/26, as detailed in paragraph 4.4. These budgeted contributions have been amended from those provided in the December 2024 Executive report due to additional contributions to reserves in 2025/26. These are in addition to the one-off estimated 2024/25 surplus on the Collection Fund of **£3.052m** which has been used to create the Savings Delivery Risk Reserve.
- 4.18 Also contributions of **£0.730m p.a.** are planned to top up the Change Fund Reserve to meet potential future costs of Transformation which cannot be covered by Flexible Use of Capital Receipts.

Income Policy and Fees and Charges

- 4.19 A Fees and Charges Policy was adopted in the 2024/25 MTFP and is proposed to continue over the course of the 2025/26 MTFP (Appendix 5). This 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. The Fees and Charges for discretionary services to residents and businesses have been reviewed for 2025/26, and the proposed prices across the Councils services for 2025/26 is included in Annex 1 of Appendix 5 , and this will be referred for approval as part of the final budget report to Council on 19 February 2025.
- 4.20 Under the Income Policy, the Director of Finance will determine 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 proposed inflationary increase that will apply for 2025/26 is 2% for 2025/26 and 2% for 2026/27 onwards in line with current inflation forecasts.
- 4.21 Directors should utilise the Fees and Charges Toolkit to regularly review the full cost of discretionary services and to set future discretionary fees and charges.

Commercial Income

- 4.22 The Council receives income from a number of Commercial developments. The previous updates of the MTFP outlined the assumptions made relating to these and these have not been changed at this stage but are being constantly reviewed in light of the effect of the current economic climate in particular on town centre retail. It should be noted that even with these potential reductions, the commercial developments have provided additional income to the Council, in excess of the cost, in previous years and this is expected to continue in the future.
- 4.23 Income the Council receives from commercial developments was 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 totalled **£1.527m** in 2024/25 and a further **£0.188m** in 2025/26.

Living Wage

- 4.24 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.
- 4.25 The Government announced on 29 October 2024 that the National Living Wage (NLW) for 21 year old and over will increase by £0.77 to £12.21 from £11.44 per hour (a 6.7% increase) from 1 April 2025. 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 **£2.351m** has been allocated for this within Adult Social Care in 2025/26 and **£7.818m** over the MTFP period.
- 4.26 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 in the budget report to Full Council in February 2025.
- 4.27 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. This will be reviewed on a regular basis in line with the Council's financial position to ensure this is affordable to the Council.

Service Demand Pressures

- 4.28 As reported in the September 2024 and December 2024 reports to the Executive and quarterly reporting, growth provisions have been reviewed over the course of the financial year through budget challenge meetings and associated work to develop more robust demand and cost models. Some of the estimates provided in the 2024/25 MTFP have been revised in light of 2024/25 financial performance and the assessment of the impact of savings and transformation workstreams upon future growth requirements that were not known when the 2024/25 MTFP was approved.
- 4.29 Table 6 summarises the ongoing Service Demand Pressures (including those mentioned above for Commercial Income in Regeneration and in Adult Social Care for the effect of the National Living Wage increase), and the effect of the increase in Employers' National Insurance contributions and these form a significant driver of cost within the MTFP.

Table 6: Service Demand Pressures

Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Regeneration					
Changes to Commercial income	0.402	-	-	-	0.402
Reduction in energy budgets due to falling prices	(0.957)	(0.343)	-	-	(1.300)
Income reductions from Asset Review	0.188	-	-	-	0.188
Community Learning Co-ordinator	0.065	-	-	-	0.065
Growth for Events	0.200	-	-	-	0.200
	(0.102)	(0.343)	-	-	(0.445)
Environment & Community Services					
Removal of Community Environment Initiatives funding	(0.050)	-	-	-	(0.050)
Waste Disposal	1.500	-	-	-	1.500
Concessionary Fares	(0.320)	-	-	-	(0.320)
Additional Green Waste savings	(0.450)	-	-	-	(0.450)
Growth for Pest Control	0.125	-	-	-	0.125
Growth for Area Care	0.720	-	-	-	0.720
Tree Maintenance	0.500	(0.500)	-	-	-
	2.025	(0.500)	-	-	1.525
Education & Partnerships					
Reduction in growth previously provided - Integrated Transport Unit (ITU)	(1.500)	0.500	-	-	(1.000)
	(1.500)	0.500	-	-	(1.000)
Children's Care					
Demand	3.500	1.500	1.500	1.500	8.000
Growth for Youth Providers Uplift	0.100	-	-	-	0.100
Growth for additional funds for S17	0.253	0.084	-	-	0.337
	3.853	1.584	1.500	1.500	8.437
Adult Social Care					
Living Wage - external commissioned services	2.351	1.770	1.848	1.848	7.817
Changes to means tested income assumptions	(0.022)	-	-	-	(0.022)
Additional income from Fairer Charging	(0.500)	-	-	-	(0.500)
Effect of National Insurance employers increase on ASC providers	1.495	-	-	-	1.495
Increases in grant expenditure (offset by corresponding increases in grant income)	2.640	-	-	-	2.640
Growth: extra funding to ensure Council meets its obligations	0.239	0.080	-	-	0.319
	6.203	1.850	1.848	1.848	11.749
Public Health					
Effect of National Insurance employers increase on Leisure Services provider (SLM)	0.080	-	-	-	0.080
Increases in grant expenditure (offset by corresponding increases in grant income)	0.999	-	-	-	0.999
	1.079	-	-	-	1.079
Legal & Governance					
Staffing	0.214	-	-	-	0.214
Growth for investment in data analysis	0.126	-	-	-	0.126
Amend inherent budget pressure - Mail & Print	0.057	-	-	-	0.057
	0.397	-	-	-	0.397
Finance					
Growth for rebuilding professional capacity & capability in Finance Team	0.485	0.191	-	-	0.676
Growth for investment in Counter Fraud capacity	0.073	0.042	-	-	0.115
	0.558	0.233	-	-	0.791
Central					
Additional National Insurance costs - Council staff	2.063	-	-	-	2.063
Council wide - growth for Family resilience funding initiatives	0.200	-	-	-	0.200
	2.263	-	-	-	2.263
Service Demand Pressures	14.776	3.324	3.349	3.349	24.798

4.30 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 continuing to experience increased demand for care and cost increases due to provider rates and complexity of cases and in the updated MTFP an amount of £3.500m has been included for this in 2025/26 and a further £1.500m p.a. for 2026/27 to 2028/29.
- Adult Social Care – as mentioned earlier in addition to the effect of the National Living Wage there are expected to be increased costs from providers due to the increase in Employers National Insurance contributions.
- Integrated Transport Unit (Home to School and Adults Transport) – the growth previously provided as part of the 2024/25 budget setting has been reviewed and reduced in line with updated levels of demand for service, and an amount of £1.500m has been removed from the budget in 2025/26 with £0.500m additional budget being provided from 2026/27 in line with forecast levels of demand. This will continue to be reviewed and any updates will be provided during 2025/26.
- Waste Disposal – as previously reported £1.500m has been provided from 2025/26 due to increases in the price of residual waste disposal under the extension of the current contract until the new Energy from Waste (EfW) Site is complete, which is currently expected in 2029. An assessment of future EfW costs will be made when the procurement and contract negotiation reach an appropriate stage.

4.31 Whilst all Directorates have been required to put forward budget proposals to balance the budget, further fundamental review of service models in the main areas of Children’s and Adult Social Care and Waste will be necessary in order for the Council to achieve a financially sustainable budget position in the medium term.

Technical Adjustment

4.32 As mentioned in the December 2024 MTFP Updates there is a technical adjustment required to reflect the £4.7m of one-off Exceptional Financial Support (EFS) borrowing used to balance the budget in 2024/25 dropping out in 2025/26.

Dedicated School Grant

4.33 As detailed in paragraph 3.60 the Dedicated Schools Grant (DSG) is subject to a statutory override by central Government until at least 31 March 2026 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. MHCLG has signalled in the Final LGFS consultation that the position will be reviewed but no details have been provided as yet.

4.34 The deficit on the DSG reserve is forecast to be £20.693m by the end of 2024/25 (as detailed in Table 8 of the Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2024/25 report to Executive on 5 February 2025) and is projected to grow even further by the end of 2025/26 even though the Government has provided additional SEND funding. This is considered to be a potential major risk to the Council’s financial resilience in the medium term unless a Government led solution is achieved. The scale of the negative DSG reserve in

the context of the Council's low levels of reserves is of significant concern and will be recorded as a strategic risk and recognised in the Annual Governance Statement for 2024/25.

- 4.35 As detailed in the December 2024 Executive report the DSG deficit has potentially resulted in a capital financing cost to the Council. The effect of expenditure being greater than income on this grant has depressed overall cash balances, incurring an opportunity cost of the investment income that could have been earned. It is estimated that the cost related to this is £1.475m over the last three financial years (as detailed in Table 15 of the December 2024 Executive report). Representations are being made to the Government on a national basis by various sector organisations to allow the borrowing costs incurred in the General Fund to be charged to the DSG, but to date no progress has been made regarding this.

Capital Financing

- 4.36 The Capital Financing Costs associated with borrowing for the capital programme have been subject to detailed review during the 2024/25 financial year. This has been considering the latest interest rate forecasts which are making borrowing costs more expensive, changes to service investment requirements, the asset review in November 2023, and for the borrowing costs for EFS in 2024/25 and transformation proposals, as contained in the Appendix 6. The Capital Financing costs currently assumed in the MTFP include additional funding totaling **£2.099m** in 2025/26 with a further **£0.774m** in 2026/27, a further **£0.499m** in 2027/28, and a further **£0.329m** in 2028/29. These allocations include provision for changes to the current forecast of costs which may occur and timing of capital investment. Future years allocations will be reviewed and updated as required in future updates of the MTFP and as programme delivery is reviewed.
- 4.37 A separate report to this Council provides the Prudential Indicators and Treasury Management Strategy for 2025/26 which is the framework used to self-regulate this investment within the overall context of the revenue budget process. This report should be considered in conjunction with the main elements and assumptions underpinning the medium term financial plan.
- 4.38 The previous s151 Officer issued an affordability threshold that the cost of principal and interest repayments should not exceed 10% of the Net Revenue budget over the period of the MTFP to 2028/29 and that the Council would reach this threshold towards the end of the current decade. This means that the Council will need to seek to fund its capital programme primarily through grants and contributions and capital receipts or restrict borrowing to investments that will deliver ongoing income or cost reductions in its operating costs. The Council must seek to deploy a strategy within the MTFP period to reduce its revenue budget exposure to increasing MRP and external interest costs which are set out below.
- 4.39 The forecast revenue cost of borrowing over the period of the MTFP and beyond is set out in Table 7 below, assuming no further prudential borrowing other than currently planned.

Table 7: Capital Financing Costs profile – 2024/25 to 2034/35

Capital Financing Costs profile - 2024/25 to 2034/35						
Financial Year	Principal (MRP) (£M)	Interest (£M)	Income (£M)	Capital Fin Net Cost (£M)	Net Revenue Budget (£M)	% of NRB
2024/25	4.316	8.467	(2.392)	10.527	143.190	7.35%
2025/26	4.704	9.925	(2.569)	12.060	143.304	8.42%
2026/27	5.082	11.099	(2.531)	13.732	144.382	9.51%
2027/28	5.366	11.768	(2.469)	14.685	148.621	9.88%
2028/29	5.935	11.768	(2.319)	15.404	152.973	10.07%
2029/30	6.180	11.768	(2.319)	15.649	152.973	10.23%
2030/31	6.428	11.768	(2.319)	15.897	152.973	10.39%
2031/32	6.679	11.768	(2.319)	16.148	152.973	10.56%
2032/33	6.934	11.768	(2.319)	16.403	152.973	10.72%
2033/34	7.193	11.768	(2.319)	16.662	152.973	10.89%
2034/35	7.475	11.768	(2.319)	16.944	152.973	11.08%

- 4.40 Any further capital investment thereafter should be by grants and contributions or capital receipts. It should be noted that the capital financing costs increase sharply after 2024/25 given the levels of prudential borrowing being used to finance the programme between 2024/25 and 2026/27. This is due to the current level of asset sales being required to finance the Council proposed transformation plans and not being available for capital investment.
- 4.41 For the financial years 2027/28 and 2028/29 no borrowing is proposed, and all spend put forward has been financed by either grants, contributions or capital receipts. Although these costs have been factored into the MTFP resource allocation, they are now just exceeding the s151 Officer threshold of 10% by the end of 2028/29 (forecast above of 10.07%), however this is not material and also currently the net revenue budgets for 2026/27 onwards are only indicative and are likely to increase.
- 4.42 A further factor to consider on the above table relates to the principal repayment of the historic debt accrued for capital purposes, how this changes over time, and its impact on the revenue budget. This is known as Minimum Revenue Provision (MRP) and is a statutory charge. In 2022/23, the Council under the direction of a previous s151 Officer, changed its MRP policy from a straight line to annuity basis. This reduced the annual MRP charge by £2.3m as principal repayments are lower in earlier years on an annuity basis and this was felt to be better value for money in the current difficult financial environment facing local authorities. However, what this advice did not factor in is that over the life of the debt, principal charges increase as the annuity is based on fixed annual repayments and as interest payments reduce, the relative amount of debt increases over time. An annuity approach therefore is very much akin to the repayment of a mortgage.
- 4.43 Even if the Council stopped investing in long term assets from prudential borrowing beyond the 2026/27 financial year, there would still be an upward incremental drift on the MRP charge from £5.366m (2027/28) to £7.475m (2034/35), which would breach the 10% S151 threshold from 2029/30 onwards. There are two issues to consider in relation to this as detailed in the following paragraphs.

- 4.44 Firstly, it is recommended that the Council consider moving back to a straight-line basis on MRP as soon as this is financially feasible, along with the strategy on funding outlined in 4.38 above. This would mean a base budget adjustment of around £2.5m would be needed from existing resources so would be a significant re-direction of resources from current priorities. It would mean though that a fixed annual charge for MRP that would not change over time would be in place.
- 4.45 Secondly, the additional cost of a straight-line policy would move the Council to well above the 10% threshold advised previously depending on the timing of the decision taken. This additional cost would be an extra 3% on the numbers given in the table above. Although this is a more prudent basis of calculating the MRP charge as this would be a fixed charge over time, unless additional prudential borrowing was taken. It would then be for the s151 Officer to advise Members in relation to the affordability of capital financing costs going forwards and what was a suitable revised % threshold for them to consider.
- 4.46 Further discussions on this area will be part of the approach to building the budget and MTFP for future years.

Reserves

- 4.47 The s151 Officer recommends that the minimum balance on the General Fund Reserve should be maintained at a level of at least 7% of the Net Revenue budget over the MTFP period to 2028/29. In the 2025/26 proposed budget the level is 7.75% equivalent to £11.1m.
- 4.48 In addition, the s151 Officer recommends the build up of the Financial Resilience Reserve to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council's financial resilience. The planned contributions in the MTFP will enable these levels to be achieved.
- 4.49 The estimated surplus on the Collection Fund for 2024/25 of £3.135m will be transferred to new Savings Delivery Risk Reserve to provide for any non-delivery or delay in achieving savings and to help rebuild reserves.
- 4.50 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 intention is that once this reserve is determined to no longer be required the balance will be transferred to the Financial Resilience Reserve.
- 4.51 The Council also holds a Change Fund Reserve for the purpose of meeting the revenue costs of transformation and efficiency programmes, which cannot be funded from Flexible Use of Capital Receipts. The budgeted contribution to the Change Fund Reserve is £0.730m p.a. over the MTFP period.
- 4.52 The Council holds an Insurance Reserve as contingency for insurance claims and losses.
- 4.53 Further information is included within Appendix 1 - s25 Report and Appendix 4 – Financial Reserves Policy.

Budget savings

- 4.54 Budget proposals totaling £7.036m in 2025/26 rising to £8.686m in 2028/29 were detailed in the report to Executive on 4 December 2024. The savings proposed were categorised in two appendices with the savings in Appendix 2 of the December 2024 report, totaling £0.249m in 2026/27, being deemed to potentially affect service delivery levels and therefore being subject to public consultation.
- 4.55 No changes have been to the budget savings proposed following the budget consultation. The Budget Consultation Feedback 2025/26 is contained in **paragraphs 4.8 to 4.16 of the main report and in Appendix 3.**
- 4.56 The recommended budget savings are summarised by Directorate in **Table 8a** below and detailed in **Annex 1.**

Table 8a: Summary of proposed budget savings by Directorate

Analysis of savings by Directorate	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	TOTAL £m
Adult Social Care	(0.750)	-	-	-	(0.750)
Children's Services	(1.853)	(0.768)	-	-	(2.621)
Education & Partnerships	(0.359)	-	-	-	(0.359)
Environment & Community Services	(1.013)	0.460	-	-	(0.553)
Regeneration	(0.348)	-	-	-	(0.348)
Finance	(1.170)	0.015	-	-	(1.155)
Legal & Governance	(0.186)	-	-	-	(0.186)
Council Wide	(1.357)	(1.357)	-	-	(2.714)
Total Directorate	(7.036)	(1.650)	-	-	(8.686)

- 4.57 **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

Analysis of savings by type	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	TOTAL £m
Income	(0.624)	0.260	-	-	(0.364)
Efficiency	(2.578)	(1.142)	-	-	(3.720)
Service Reduction / Stop	(0.331)	-	-	-	(0.331)
Transformation	(0.900)	-	-	-	(0.900)
Demand Management	(2.603)	(0.768)	-	-	(3.371)
Total	(7.036)	(1.650)	-	-	(8.686)

Budget Growth

4.58 Budget growth totaling £2.361m was proposed for 2025/26 in Appendix 3 of the December 2024 Executive report for re-investment in services aligned to the Recover, Reset, and Deliver plan. This has been revised to a total of **£2.521m in 2025/26**. This is due to an increase in the budget growth proposed for Area Care (RRD06) where after listening to residents' views it is proposed by Executive that this is increased by a further £0.360m to a total of £0.720m in order to increase expenditure from 10% to 20%. There is also a saving of £0.200m as the funding previously proposed for increased Tree maintenance (RRD04) will now be funded from the new Middlesbrough Priorities Fund in 2025/26 rather than from base budget growth. These are now recommended by Executive for approval by Council. Details are provided in Annex 4.

Previously Agreed Savings

4.59 Budget provision of **£0.311m in 2025/26 and a further £0.100m in 2026/27** has been made to address the removal of previously approved savings in 2025/26 in line with the priorities outlined in the Council Plan and after listening to residents' views, and these are now recommended for removal by Executive for approval by Council. These are summarised below and detailed in **Annex 3**.

Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
ECS10	Review of Community Facilities	0.200	0.100	-	-	0.300
ECS04	Replacement Wheeled Bins Charge	0.033	-	-	-	0.033
FIN08	Reduction in the allocation of resource for voluntary and community sector grants from the local authority (remaining 25/26 element)	0.028	-	-	-	0.028
REG06	Reducing the number of staff we need to deliver the Council's marketing and communication activities by implementing new ways of working	0.050	-	-	-	0.050
TOTAL REMOVED 2024/25 SAVINGS FOR DELIVERY IN FUTURE YEARS		0.311	0.100	-	-	0.411

4.60 **Table 9** below and **Annex 3** provides a summary of the income & savings agreed in previous budget rounds that are due to be delivered during 2025/26 in addition to the new savings that are proposed in the 2025/26 budget. This is after removal of some savings which have been replaced by proposed budget growth as referred to in paragraph 4.59. The delivery of these savings will be tracked alongside new savings as part of corporate budget monitoring arrangements.

Table 9: Savings agreed in 2024/25 Budget report to Council – to be delivered in 2025/26

Directorate	2024/25 Saving Initiative for delivery in 2025/26	2025/26 £m
Adult Social Care	ASC01 Accommodation & Support Review	0.480
Adult Social Care	ASC12 Transformation of Adult Social Care Services	0.750
Adult Social Care	ASC14 Court of Protection Service Charges	0.053
Children's Care	CC01 Review of all services across Children's Care	0.500
Children's Care	CC03 Improvement of Internal Residential Capacity through the purchase of suitable properties and refurbishment of existing Council properties into residential homes	0.450
Children's Care	CC05 Other savings - Maximising Grants	0.150
Children's Care	CC07 Special Guardianship Order Payment Review	0.300
Environment & Community Services	ECS05 Integrate Environment Services and Supporting Communities functions and create a Neighbourhood Management approach	0.113
Environment & Community Services	ECS06 Increase in education and enforcement around recycling	0.169
Environment & Community Services	ECS08 Resident Parking Permits charge	0.125
Environment & Community Services	ECS12 Charge for Waste Bins on New Developments	0.030
Regeneration	REG01 Reducing the number of staff needed to deliver Regeneration activities by implementing new ways of working	0.129
Regeneration	REG03 Review and implementation of alternative operating models for Captain Cook Birthplace Museum	0.245
Regeneration	REG04 Improve the commercial potential of the Town Hall and Theatre to maximise the potential of the buildings and provide a greater range of performances	0.100
Regeneration	REG05 Use grant funding to cover some of the existing economic growth activities the Council carries out	0.050
Regeneration	REG07 Investing in better coordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people	0.220
Finance	FIN01 Collection of Housing Benefit overpayments	0.035
Finance	FIN02 Review of Single Person Discount and Student Exemption for Council Tax	0.066
Finance	FIN03 Collection of Council Tax	0.110
Finance	FIN04 Collection of Council Tax (Charging Orders)	0.504
Finance	FIN05 Collection of Business Rates	0.126
Finance	FIN06 Collection of Council Debt	0.070
Finance	FIN11 Closure of Cashiers at Middlesbrough House	0.020
Legal & Governance Services	LGS06 Legal Services Service Review	0.045
Total		4.840

Middlesbrough Priorities Fund

- 4.61 In response to a significant level of single year funding, the Middlesbrough Priorities Fund of £4.367m will be established, using this funding to deliver high impact, one-off projects for the benefit of our communities. The temporary nature of this funding means that the Council are unable to build it into the ongoing revenue budget, however elements of it may be announced in the future as being recurrent in which case those elements will be built into ongoing revenue budgets. A paper outlining the governance of the Middlesbrough Priorities Fund and how the Council will identify the initiatives to be delivered will be brought forward for decision by April 2025.
- 4.62 Projects that are put forward must be able to demonstrate progress on the Council Plan 2024-2027, for example Investment into housing projects to reduce homelessness levels would impact on the priority of “A successful and ambitious town” - Ensure housing provision meets local demand”.
- 4.63 In order to make sure the Council addresses specific issues at a ward level a portion of the fund will be made available for ward councillors to be able to bid for, and this will be allocated at a rate of £5,000 per ward councillor for projects within their wards.

Government Funding

- 4.64 The Council's retained 49% share of Business Rate income, after adjustments for transitional relief and cost of collection, is estimated to be **£ 18.232m** in 2025/26, which is **£1.109m** below our Business Rate Baseline as determined by the Government for the purpose of the settlement.

- 4.65 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 be submitted to MHCLG by 31 January 2025 estimated the net rates payable as **£38.927m** after all reliefs, with **£0.370m** assumed for bad debts (1.0%) and **£0.812m for appeals (2.1%)** leaving total collectible rates for 2025/26 as **£37.745m**, which after further adjustments is used in calculating Middlesbrough's share.
- 4.66 The Council in 2025/26 expects to receive **£13.648m** 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	2025/26 £m
Multiplier cap	4.519
Small Business Rates Relief	1.764
Supporting Small Business Scheme	0.158
Retail Hospitality & Leisure Relief	0.855
NNDR1 Return	7.296
Under-indexing of Top-up Grant	6.352
Total	13.648

- 4.67 **Table 11** sets out the overall funding assumed within the budget. Revenue Support Grant, Business Rates Top Up Grant and Retained Business Rates. The increases in 2025/26 are as per the Final LGFS and the increase for 2026/27 is broadly based on the latest estimated CPI increase as at September 2025 (which the Government will base the actual increase on), with the increase for later years of the MTFP being less robust and based on an estimated increase.

Table 11: Funding Summary

Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Cumulative £m
Retained Business Rates	18.232	18.542	18.857	19.178	74.809
Business Rates Top-up Grant	30.794	31.317	31.850	32.391	126.352
Revenue Support Grant	15.444	15.707	15.974	16.245	63.370
Council Tax	75.781	78.816	81.941	85.159	321.697
Collection Fund Surplus / (Deficit)	3.052	-	-	-	3.052
Total	143.304	144.382	148.621	152.973	589.280

- 4.68 **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 2026/27 onwards have been estimated, but these figures are necessarily less robust than the figures for 2025/26 due to very little information being provided by the Government as to future years funding.

Table 12: Other specific grant funding

	2025/26	2026/27	2027/28	2028/29
		Indicative	Indicative	Indicative
	£m	£m	£m	£m
Local Authority Better Care Fund	10.666	10.666	10.666	10.666
New Homes Bonus	0.031	-	-	-
Social Care Grant	22.504	22.504	22.504	22.504
Children & Families Grant	2.014	2.014	2.014	2.014
ASC Market Sustainability & Improvement Fund	3.316	3.316	3.316	3.316
Domestic Abuse Safe Accomodation Grant	0.513	0.513	0.513	0.513
Public Health Grant	19.744	19.744	19.744	19.744
Housing Benefit Administration Subsidy Grant (<i>assumed - still TBC</i>)	0.574	0.574	0.574	0.574
Employers National Insurance increase grant	1.458	-	-	-
Children's Social Care Prevention Grant	2.123	-	-	-
Extended Producer Responsibility Grant	3.367	-	-	-
Recovery Grant	5.410	-	-	-
S31 Grant for Business Rates Compensation for Reliefs	13.648	13.961	14.274	14.587
	85.368	73.292	73.605	73.918

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

- 4.69 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.
- 4.70 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.
- 4.71 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.
- 4.72 It is currently estimated that there will be a total surplus on the Collection Fund of **£3.466m** with the Council's share being **£3.052m**. This comprises of a surplus on the Council Tax Collection Fund of **£3.934m** with the Council share of this being **£3.281m**. It is estimated that there will be a deficit on the Business Rates Collection Fund of **£0.468m** with the Council share of this being **£0.229m**. The Council's surplus will be used in full to provide some financial resilience by rebuilding reserves, which are still at a low level, by the creation of a new Savings Delivery Risk Reserve as detailed further in the Reserves Policy 2025/26 at **Appendix 4**.

Council Tax Requirement for 2025/26

- 4.73 Given the Council's financial position, in the report to Executive in December 2024 the s151 Officer advised the Mayor and Executive to adopt the current assumed

maximum permissible Council Tax increase of 4.99% p.a. for 2025/26 in order to reduce the additional budget savings required to be made to balance the budget. 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.

- 4.74 It should be noted that each 1% increase in Council Tax produces estimated additional income to the Council of approximately £0.700m per annum.
- 4.75 There is estimated to be an increase in Council Tax income of **£0.780m** in 2025/26 and a similar amount 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 2026/27, 2027/28, and 2028/29. Since 2013/14 the Council's Housing Growth Strategy has delivered an increase in the Council Tax Base of 6,343 Band D Equivalent properties, an increase in Middlesbrough Council's Tax Base of **approximately 21%**. The cumulative effect is approximately **£13.2m per annum** and reduces the need to make further annual savings within Council services by this amount.
- 4.76 The Council is required to set a balanced budget for 2025/26. 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 2025/26.
- 4.77 If the budget proposed in this report is approved by Council the Budget Requirement for 2025/26 will be **£143.304m** with a Council Tax Requirement of **£75.783m**, equating to a Council Tax (Band D) for non-parish areas (Middlesbrough Council only element) of **£2,074.34** and Band A of **£1,382.89**. This represents a total increase in Council Tax of **4.99%** for 2025/26 comprising of a general increase of 2.99% and an Adult Social Care precept of 2.00%.
- 4.78 The draft statutory Band D Council Tax calculation that forms the basis of this Council budget report is detailed at **Appendix 7**.
- 4.79 The proposed 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) 2025/26

Effect of assumed 4.99% p.a. total increase in Middlesbrough element of Council Tax for 2025/26				
Band	% of dwellings per band*	2025/26 4.99% increase		
		Council Tax £	Annual Increase £	Weekly Increase £
A	50.0%	1,382.89	65.72	1.26
B	17.4%	1,613.38	76.67	1.47
C	17.4%	1,843.86	87.63	1.69
D	8.4%	2,074.34	98.58	1.90
E	4.2%	2,535.30	120.48	2.32
F	1.6%	2,996.27	142.39	2.74
G	0.9%	3,457.23	164.30	3.16
H	0.1%	4,148.68	197.15	3.79

* Based on number of dwellings on the Valuations List as at 15/9/24

- 4.80 Nunthorpe Parish Council has set a precept of **£26,871** for 2025/26. The tax to be levied for each for each tax band are set out in **Table 5 of Appendix 7**.
- 4.81 Stainton & Thornton Parish Council has set a precept of **£14,010** for 2025/26. The tax to be levied for each for each tax band are set out in **Table 5 of Appendix 7**.
- 4.82 Cleveland Fire Authority has set a precept for Middlesbrough of **£3,449,103**. The Council Tax levels for 2025/26 are set out in **Table 6 of Appendix 7. (subject to formal approval)**
- 4.83 Cleveland Police and Crime Commissioner has set a precept of **£11,601,561** and Council Tax levels for 2025/26 are set out in Table 7 of Appendix 7.
- 4.84 The proposed 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. (to be confirmed)**
- 4.85 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.
- 4.86 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 2025/26, which is a separate paper on this agenda and is to be approved by Council at its budget setting meeting on 19 February 2025, a maximum of 90% support is provided. This equates to an overall level of expenditure to support financially vulnerable households of approximately £21.260m per year is provided to 18,248 households across the town. The Council has considered increasing the scheme to 100%, which would mean around 10,000 working age households would have nothing to pay, however this would likely cost the Council around an additional £2.5m to £3m to implement and operate and is not considered affordable at present.
- 4.87 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 2025/26 budget, the Council considers both the immediate situation and the longer term outlook and assesses the impact of decisions accordingly. Current budgets for 2025/26 through to 2028/29 assumes:
- That the total planned budget savings in 2025/26 of **£11.876m** rising to **£15.393m** in 2028/29 are achieved or replaced with alternative budget savings of at least the same value.
 - Council Tax increase of **4.99%** in 2025/26 (**2.99%** general increase and **2.00%** Adult Social Care precept)
 - Council Tax increases of **2.99% p.a.** in 2026/27 onwards to only include the general increase. In the absence of Government confirmation of the continuation of the ASC precept beyond 2025/26 when it is due to end, a current assumption has been made to remove the 2% increase with effect from 2026/27.
 - 2025/26 Council Tax base of **36,513.9** assuming Council Tax in year collection rate of **98.3%** for 2025/26 as per December 2024 Executive report with assumed future net growth of **£0.780m pa.** Currently similar levels of growth have been assumed for 2026/27 to 2028/29.
 - That there will be no increase or decrease to the current levels of RSG and Business Rates Retained and Business Rates Top up Grant in 2026/27 and future years, apart from the application of inflationary increases, which have currently been assumed to be 1.7% for 2026/27 and future years (based on CPI for September 2024). This will be updated during 2025/26.
 - It is currently assumed that whilst the Council will be compensated for the effect of the increase in Employer's National Insurance contributions, it will not be fully compensated for the effect of the increase and that there will be cost to the Council associated with this of **£2.180m** in 2025/26 and ongoing.
 - That energy prices will decrease in line with current forecasts provided by NEPO (North East Purchasing Organisation). These will be updated as further information is received.
 - Pay inflation of 3.00% per annum for 2025/26, and 2.00% per annum for 2026/27 onwards.
 - Inflationary uplift of 2% for 2025/26 on discretionary fees and charges. A 2% increase has also been assumed for 2026/27 to 2028/29.
 - Income the Council receives from commercial developments has been amended to reflect latest information regarding occupancy and leases, and also lost income from the sale of assets approved by Executive on 21 November 2023 as part of the Asset Review report.
 - New Homes Bonus Grant is discontinued or rolled into RSG from 2026/27 onwards, given that Government have recognised that the system is flawed.
 - Where national increases are known for specific grants, an estimated future projection has been included based best available information.
 - That other specific grants will continue at their current level for all future years, with the exception of the following one-off grants for 2025/26 only - Extended Producer Responsibility (**£3.367m**), Recovery Grant (**£5.410m**) and the Children's Care Early Prevention Grant (**£2.123m**).

- One-off budgets for 2025/26 only, in the form of the Middlesbrough Priorities Fund (£4.367m) and Delivery Risk Budget (£2m), are not continued ongoing beyond 2025/26.
- That the recommend minimum balance on the General Fund Reserve of at least 7% of the Net Revenue budget over the MTFP period to 2028/29, and that the Financial Resilience Reserve is built up to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council's financial resilience. The planned contributions in the MTFP will enable these levels to be achieved.
- An affordability limit has been applied to the annual revenue capital financing costs associated with any new capital investment as follows:
 - The total annual cost of repayment of principal and interest on Council borrowing shall not exceed 10% of the Net Revenue Budget over the period of the MTFP to 2028/29.
 - This affordability limit has been factored into the MTFP model

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 2025/26 to 2028/29 based on the information contained elsewhere in this report.

Table 14: Refreshed MTFP Summary 2025/26 to 2028/29 (incremental)

Budget Item	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Net Budget brought forward	134.865	140.252	144.382	148.621
Pay Inflation	3.220	1.778	1.778	1.778
Contractual inflation	1.550	1.550	1.550	1.550
Other inflation	(0.764)	0.003	-	-
Fees & Charges inflation	(0.648)	(0.648)	(0.648)	(0.648)
Inflation subtotal	3.358	2.683	2.680	2.680
Service Demand pressures	14.776	3.324	3.349	3.349
Service Demand pressures subtotal	14.776	3.324	3.349	3.349
Technical adjustments	13.289	(5.716)	0.499	0.329
Risk Management	4.336	(3.261)	0.750	0.750
Grant Funding adjustments	(18.496)	10.618	(0.313)	(0.313)
Savings - approved in previous years	(5.151)	(1.967)	-	-
Savings - approved in previous years now removed	0.311	0.100	-	-
New savings proposals	(7.036)	(1.650)	-	-
Budgeted contribution to Reserves	3.052	-	-	-
Other adjustments subtotal	(9.695)	(1.876)	0.936	0.766
PROJECTED NET BUDGET	143.304	144.382	151.347	155.417
Council Tax	(75.781)	(78.816)	(81.941)	(85.159)
Business Rates	(49.026)	(49.859)	(50.707)	(51.569)
Estimated Collection Fund Surplus	(3.052)	-	-	-
Revenue Support Grant	(15.444)	(15.707)	(15.974)	(16.245)
Assumed Funding	(143.304)	(144.382)	(148.621)	(152.973)
Incremental Budget Gap + / Surplus ()	-	-	2.726	2.444
Cumulative Budget Gap + / Surplus ()	-	-	2.726	2.444

5.3 It can be seen from **Table 14** that whilst 2025/26 and 2026/27 are balanced, budget gaps still remain in 2027/28 and 2028/29 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 2026/27

onwards as is the usual experience of the annual budget setting cycle. A summary of progress regarding the Transformation Programme, alongside the Flexible Use of Capital Receipts Strategy for 2025/26 will be subject to a further report to Council and Executive in April 2025.

Annex

1/1a	Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels
2/2a	Budget savings proposals considered to potentially affect front line service delivery levels
3	2024/25 Savings Initiatives for delivery in 2025/26 by Directorate
4/4a	Proposed Budget Reinvestment in Recover, Reset and Deliver
5	Detail of net revenue budget by Directorate

Appendix 2 MTFP

Annex 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

Adult Social Care

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
ASC16	Demand Management	Strengths-based practice This initiative is to focus on people's strengths to support their health and wellbeing with a reduced, or no, ongoing care package. It will be used to support service users to remain independent for longer	(0.750)	0.000	0.000	0.000	(0.750)	-	-
			(0.750)	0.000	0.000	0.000	(0.750)	0.000	0.000

Children's Services

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
CC08	Demand Management	Modernising foster care This project aims to increase local authority foster carers to reduce the number of children in residential and other settings to reduce costs and better meet children's needs.	(0.735)	(0.368)	0.000	0.000	(1.103)	-	-
CC09	Demand Management	Introduce a reunification team This team would reduce the number of children in the Council's care by helping to place more children in the care of family members under a legal process called a Special Guardianship Order.	(0.318)	0.000	0.000	0.000	(0.318)	-	-
CC10	Demand Management	Introduce edge of care team The team would support families who are experiencing difficulties, with the aim of keeping the family together. This will avoid children needing to be taken into care.	(0.800)	(0.400)	0.000	0.000	(1.200)	-	-
			(1.853)	(0.768)	0.000	0.000	(2.621)	0.0	0.0

Education and Partnerships

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
EDC02	Efficiency	Deliver passenger assistance training internally Passenger assistants who support children on home to school transport would be trained by Council staff.	(0.037)	0.000	0.000	0.000	(0.037)	-	-

Appendix 2 MTFP

Annex 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

EDC03	Efficiency	Increase transport capacity Increasing the number of vehicles the Council can lease or buy, along with extra staff, would reduce the amount spent on external businesses for home to school transport.	(0.084)	0.000	0.000	0.000	(0.084)	8.0	N/A
EDC04	Efficiency	Management review Up to one management post would be removed from Education and Partnerships following a review of the operational practices.	(0.044)	0.000	0.000	0.000	(0.044)	(1.0)	0.0
EDC06	Income	Increase management fee income The Council will receive more income for services provided on behalf of the Department for Education in relation to home to school transport.	(0.015)	0.000	0.000	0.000	(0.015)	-	-
EDC07	Efficiency	Travel training Providing training and support to enable more students to travel to school independently, reducing the reliance upon Council provision of home to school transport.	(0.102)	0.000	0.000	0.000	(0.102)	-	-
			(0.281)	0.000	0.000	0.000	(0.281)	7.0	0.0

Environment and Communities

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
ECS13	Efficiency	Management review Up to four Environment and Community Services management posts could be removed following a review of the department's operational practices	(0.282)	0.000	0.000	0.000	(0.282)	(4.0)	0.0
ECS15	Income	Grant funding Funding from the Capital Transport Strategy Grant would be used to cover the costs of management.	(0.060)	0.060	0.000	0.000	0.000	-	-
ECS16	Efficiency	Change in Environment and Community Services staffing Review of Environment and Communities staffing will result in 5 FTE reduction through the removal of vacant posts	(0.100)	0.000	0.000	0.000	(0.100)	(5.0)	(5.0)
ECS17	Efficiency	One off - Use of Capital grant funding One off charging of eligible expenditure to capital on street lighting. There would be no change to levels of street lighting maintenance.	(0.200)	0.200	0.000	0.000	0.000	-	-
ECS18	Income	One off - Maximisation of grants Further use of external grant funding to cover appropriate staffing costs within community safety.	(0.200)	0.200	0.000	0.000	0.000	-	-
			(0.842)	0.460	0.000	0.000	(0.382)	(9.0)	(5.0)

Regeneration

Appendix 2 MTFP

Annex 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
REG07	Service Reduction / Stop	Staffing review across Regeneration services Up to six Regeneration posts will be removed following a review of the department's operational practice.	(0.198)	0.000	0.000	0.000	(0.198)	(6.0)	(3.0)
REG08	Efficiency	Reduction in energy usage Restrictions on building use, energy efficiency measures and review of the way energy is purchased	(0.150)	0.000	0.000	0.000	(0.150)	-	-
			(0.348)	0.000	0.000	0.000	(0.348)	(6.0)	(3.0)

Finance

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
FIN12	Transformation	Digitise procurement activity (Council Wide) Organise high volume-low value spending by using a third party to competitively buy goods and services with the use of technology.	(0.200)	0.000	0.000	0.000	(0.200)	-	-
FIN13	Transformation	Procurement Contract Management (Council Wide) Introduce processes, procedures, guidelines and additional resource to strengthen contract management to reduce expenditure on goods, works and services to deliver improved value for money	(0.700)	0.000	0.000	0.000	(0.700)	-	-
FIN14	Efficiency	Cost of finance system Renewal of the contract for the Business World finance system during 2024 has resulted in a lower contract price for the system by rationalising the number and type of licenses.	(0.135)	0.000	0.000	0.000	(0.135)	-	-
FIN15	Service Reduction / Stop	Central stationery reduction The budget for stationery will be reduced by 30% to align with current spending levels.	(0.020)	0.000	0.000	0.000	(0.020)	-	-
FIN16	Efficiency	Accounts payable staffing change A vacant post within the accounts payable finance team will be held temporarily vacant for 2025/26	(0.015)	0.015	0.000	0.000	0.000	-	-
FIN17	Income	Maximisation of grants Increasing the eligible administrative support charges claimed through external grant funding from 8% to 10% will increase the external funding secured to meet the Council's cost of administering grants.	(0.100)	0.000	0.000	0.000	(0.100)	-	-
			(1.170)	0.015	0.000	0.000	(1.155)	0.0	0.0

Legal and Governance Services

Appendix 2 MTFP

Annex 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
LGS09	Efficiency	Legal Services Resource Review of operations will result in the deletion of a vacant Legal Assistant post.	(0.027)	0.000	0.000	0.000	(0.027)	(0.8)	(1.0)
LGS10	Service Reduction / Stop	Governance, Policy and Information Review of operations will result in the deletion of vacant posts within team	(0.113)	0.000	0.000	0.000	(0.113)	(3.0)	(3.0)
LGS11	Efficiency	Members allowance budget rebasing Rebasing of members allowance budget to reflect the maximum amount that can be claimed in the current governance structure.	(0.046)	0.000	0.000	0.000	(0.046)	-	-
			(0.186)	0.000	0.000	0.000	(0.186)	(3.8)	(4.0)

Council Wide

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
CRC01-2526	Efficiency	Financial Management of Pay budgets This initiative standardises the budgeting for employee costs across all directorates to recognise underspends that occur naturally due to staff turnover. It also tightens budgetary control arrangements relating to the management of over and underspending to control expenditure within the overall approved budget.	(1.357)	(1.357)	0.000	0.000	(2.714)	-	-
			(1.357)	(1.357)	0.000	0.000	(2.714)	0.0	0.0

SUB-TOTAL			(6.787)	(1.650)	0.000	0.000	(8.437)		
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(11.8)	(12.0)
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Appendix 2 MTFP

Annex 1a: Additional information in regard to Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

Adult Social Care

Reference	Categorisation	Budget savings proposal	Additional Information
ASC16	Demand Management	Strengths-based practice This initiative is to focus on people's strengths to support their health and wellbeing with a reduced, or no, ongoing care package. It will be used to support service users to remain independent for longer	This project will promote independence and support social care staff in meeting the assessed needs of individuals through a broader range of support mechanisms with less reliance on expensive commissioned care services. Additionally, the service will increase the use of digital technology to increase choice for service users in how their needs will be met and reduce the cost of care provision.

Children's Services

Reference	Categorisation	Budget savings proposal	Additional Information
CC08	Demand Management	Modernising foster care This project aims to increase local authority foster carers to reduce the number of children in residential and other settings to reduce costs and better meet children's needs.	This project will introduce a kinship care team that will provide training and a package of support to foster carers in order to prevent children coming back into care. The project will include a comprehensive marketing strategy to attract new foster carers
CC09	Demand Management	Introduce a reunification team This team would reduce the number of children in the Council's care by helping to place more children in the care of family members under a legal process called a Special Guardianship Order.	This team will be carrying out assessments and a legal process after which children will no longer be in the Council's care and will return home. The department have identified 67 children initially to be assessed and supported with a Special Guardianship Order (discretionary financial support).
CC10	Demand Management	Introduce edge of care team The team would support families who are experiencing difficulties, with the aim of keeping the family together. This will avoid children needing to be taken into care.	This project will introduce an Edge of Care team (strengthening families at home through intensive support to prevent further escalation which may lead to Children needing to come into Care).

Education and Partnerships

Reference	Categorisation	Budget savings proposal	Additional Information
EDC02	Efficiency	Deliver passenger assistance training internally Passenger assistants who support children on home to school transport would be trained by Council staff.	Providing training by Council staff to Passenger Assistants allows for improved flexibility and reduced cost for Home to School Transport Services, this will have no direct impact on the community.
EDC03	Efficiency	Increase transport capacity Increasing the number of vehicles the Council can lease or buy, along with extra staff, would reduce the amount spent on external businesses for home to school transport.	Increases in demand and changes in how the private sector market can provide the home to school transport service is limiting the supply chain for various types of vehicles. Increasing the number of vehicles the council can lease or buy will support increases in demand and complex needs within the home to school transport service; adding resilience into the service.
EDC04	Efficiency	Management review Up to one management post would be removed from Education and Partnerships following a review of the operational practices.	Streamlining processes and creating back office efficiencies in the home to school transport team, as a result one vacant management post is to be removed
EDC06	Income	Increase management fee income The Council will receive more income for services provided on behalf of the Department for Education in relation to home to school transport.	Middlesbrough Council will continue to support DfE and by association Middlesbrough Students where necessary. Where this support is of a non-statutory nature the council will be reimbursed in full by DfE in assisting with the delivery of this service.
EDC07	Efficiency	Travel training Providing training and support to enable more students to travel to school independently, reducing the reliance upon Council provision of home to school transport.	In preparation of greater independence and adulthood, the Council will support a greater number of eligible students through its Independent Travel Training Programme to increase their accessibility to education settings, along with wider benefits such as healthier lifestyles, safe and active travel, social activities and employment.

Environment and Communities

Reference	Categorisation	Budget savings proposal	Additional Information
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Appendix 2 MTFP

Annex 1a: Additional information in regard to Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

ECS13	Efficiency	Management review Up to four Environment and Community Services management posts could be removed following a review of the department's operational practices	A review of operational practices and reorganisation of roles and responsibilities will result in an improved alignment of services and result in approximately four posts to be removed .
ECS15	Income	Grant funding Funding from the Capital Transport Strategy Grant would be used to cover the costs of management.	Funding for the Capital Grants awarded to Highway Services have increased allowing for additional costs of project management to be charged.
ECS16	Efficiency	Change in Environment and Community Services staffing Review of Environment and Communities staffing will result in 5 FTE reduction through the removal of vacant posts	A reorganisation of Environment and Community Services capacity to where demand is required will enable efficiencies and result in 5 posts that can be removed
ECS17	Efficiency	One off - Use of Capital grant funding One off charging of eligible expenditure to capital on street lighting. There would be no change to levels of street lighting Maintenance	A one off Capital Grant from MHCLG for Street Lighting will enable eligible expenditure to be charged against this project.

Regeneration

Reference	Categorisation	Budget savings proposal	
REG07	Service Reduction / Stop	Staffing review across Regeneration services Up to six Regeneration posts will be removed following a review of the department's operational practice.	A number of reviews will take place within the Regeneration directorate that will have an effect on structures and ways of working. Up to six posts will be removed, which will mainly include vacant roles, but will impact upon two or three employees.
REG08	Efficiency	Reduction in energy usage Restrictions on building use, energy efficiency measures and review of the way energy is purchased	The way the Council manages its energy use will be reviewed to reduce demand. This will involve energy efficiency measures that reduce the usage, energy generation to replace purchased energy, and looking at different ways of buying energy to reduce costs.

Finance

Reference	Categorisation	Budget savings proposal	
FIN12	Transformation	Digitise procurement activity (Council Wide) Organise high volume-low value spending by using a third party to competitively buy goods and services with the use of technology.	This proposal aims to improve the administrative efficiency of purchasing a range of goods and services and also reduce the price paid for those goods and services. There is no direct impact upon the level of service provided to the community.
FIN13	Transformation	Procurement Contract Management (Council Wide) Introduce processes, procedures, guidelines and additional resource to strengthen contract management to reduce expenditure on goods, works and services to deliver improved value for money	This proposal aims to improve the Council's contract management arrangements to achieve better value from its contracts for goods, works and services. There is no direct impact upon the level of service provided to the community.
FIN14	Efficiency	Cost of finance system Renewal of the contract for the Business World finance system during 2024 has resulted in a lower contract price for the system by rationalising the number and type of licenses.	The Council has recently concluded a renegotiation of the contractual terms for its finance system which will cost less than the budgetary provision. There is no direct impact upon the level of service provided internally or to services provided to the community.
FIN15	Service Reduction / Stop	Central stationery reduction The budget for stationery will be reduced by 30% to align with current spending levels.	The budget has been reduced to align to expected stationery usage. There is no direct impact upon the level of services to the community.
FIN16	Efficiency	Accounts payable staffing change A vacant post within the accounts payable finance team will be held temporarily vacant for 2025/26	This proposal will have no direct impact on the community.
FIN17	Income	Maximisation of grants Increasing the eligible administrative support charges claimed through external grant funding from 8% to 10% will increase the external funding secured to meet the Council's cost of administering grants.	This proposal increases the external grant contributions towards the cost of existing service provision and has no direct impact on the community.

Legal and Governance Services

Reference	Categorisation	Budget savings proposal	
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Appendix 2 MTFP

Annex 1a: Additional information in regard to Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

These proposals do not have a direct impact on the services for the public and do not therefore require public consultation. Where proposals involve a reduction in staffing, a consultation with Trade Unions and Staff will be required.

LGS09	Efficiency	Legal Services Resource Review of operations will result in the deletion of a vacant Legal Assistant post.	This is the deletion of a post that has been vacant for a significant period. The work has been absorbed by the other legal assistants and this will continue. The impact will mean that some tasks take longer to complete, however there will be no direct impact upon the level of services to the community
LGS10	Service Reduction / Stop	Governance, Policy and Information Review of operations will result in the deletion of vacant posts within team	No redundancies will occur as a result of the proposal which will see vacant posts following a recent service review, formally removed from the structure.
LGS11	Efficiency	Members allowance budget rebasing Rebasing of members allowance budget to reflect the maximum amount that can be claimed in the current governance structure.	The budget has been amended to align to the maximum amount that can be claimed in the current governance structure. There is no direct impact upon the level of services to the community.

Council Wide

Reference	Categorisation	Budget savings proposal	
CRC01-2526	Efficiency	Financial Management of Pay budgets This initiative standardises the budgeting for employee costs across all directorates to recognise underspends that occur naturally due to staff turnover. It also tightens budgetary control arrangements relating to the management of over and underspending to control expenditure within the overall approved budget.	<p>The Council's approach to budgeting for pay currently provides for all posts at the top of the pay grade for each role, irrespective of whether posts are actually vacant or are occupied at a lower point within the grade. In addition there is variation in approach between directorates in relation to the budgetary impact of staff turnover (i.e. a percentage vacancy factor applied to pay budgets to reflect the underspend that will be generated during the period between one postholder leaving the Council's employment and a new employee taking up their role. Some directorates make no provision, whilst others make significant provision for vacancies which is restricts the provision of planned service delivery.</p> <p>These disparate practices result in over-budgeting for employee costs at a whole council level which have generated underspends on employee budgets of between 5% and 13% over the period since 2021/22. Such underspends have commonly been informally applied by budget holders to offset overspends on non pay expenditure and/or income shortfalls, rather than being managed in a controlled and systematic manner in accordance with the 'budget virement' (budget transfer) rules set out in financial regulations with the involvement of finance officers.</p> <p>The Council needs to exercise a firmer grip upon its financial management and control and to evidence its spending decisions to demonstrate value for money and control expenditure within the overall budget. The vacancy allowance that will be applied will be:</p> <p>in 2025/26 The higher of:</p> <ul style="list-style-type: none"> - existing vacancy allowance for a directorate or - 2.5% of an adjusted pay budget (taking account of posts that are business continuity critical and funded from grant which would be lost if not applied in year) <p>A further step up of 2.5% in 2026/27 will be applied.</p> <p>To achieve this:</p> <ul style="list-style-type: none"> - Directors will manage the vacancy allowance at directorate level rather than being held at individual service level to enable a corporate and cross cutting approach to managing the pay budget. - Financial regulations will be further refined and training provided to Directors and their budget holders to ensure compliance with budget virement rules in 2025/26. Through this process, transfers of underspending on pay budgets in order to fund identified need to spend in excess of non-pay budgets will be undertaken in accordance with financial regulations and with active involvement of finance officers. Where The finance team will also work with Directors to review the overall approach to pay budgeting. - Where unmanageable non-pay pressures are identified as a result of these strengthened financial management arrangements, the s151 Officer will exercise their delegation to consider the potential to provide transitional funding from a newly established Delivery Risk Budget subject to the conditions that will be applied to the use of the Risk Budget. <p>Once this approach is embedded, it will form the foundation from which to move in 2026/27 to a more dynamic approach to budgeting which reflects the actual grade and costs of staff in post and planned on an annual basis</p> <ul style="list-style-type: none"> - no established posts will be deleted as a result of this initiative.

Appendix 2 MTFP

Annex 2: Budget savings proposals considered to potentially affect front line service delivery levels

These proposals will form part of the 2025/26 revenue budget and require public consultation

Education and Partnerships

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
EDC05	Income	Recharge Discretionary Home to School transport services Where the council provides discretionary as opposed to statutory home to school transport services, these will be recharged to the relevant schools and/ or health services.	(0.078)	0.000	0.000	0.000	(0.078)	-	-
			(0.078)	0.000	0.000	0.000	(0.078)	0.0	0.0

Environment and Communities

Reference	Categorisation	Budget savings proposal	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed change in Staff over 2025/26 to 2026/27 FTE	Current Vacant Posts FTE
ECS14	Income	Fees and Charges An increase in fees and charges above the 2% increase within the Fees and Charges policy for a number of Environment and Community Services - (See Fees and Charges Schedule)	(0.100)	0.000	0.000	0.000	(0.100)	-	-
ECS19	Income	Council Car parking An increase in fees and charges above the 2% increase (average 3.5%) within the Fees and Charges policy for Council Car Parking - (See Fees and Charges Schedule)	(0.060)	0.000	0.000	0.000	(0.060)	-	-
ECS20	Income	Fleet services - Increase Charges An increase in fees and charges above the 2% increase within the Fees and Charges policy for MOTs and new promotions to increase volume of business	(0.011)	0.000	0.000	0.000	(0.011)	-	-
			(0.171)	0.000	0.000	0.000	(0.171)	0.0	0.0

SUB-TOTAL

(0.249)

0.000

0.000

0.000

(0.249)

0.000

0.000

Appendix 2 MTFP

Annex 2a: Additional information in regard to Budget savings proposals considered to potentially affect front line service delivery levels

These proposals will form part of the 2025/26 revenue budget and require public consultation

Education and Partnerships

Reference	Categorisation	Budget savings proposal	
EDC05	Income	Recharge Discretionary Home to School transport services Where the council provides discretionary as opposed to statutory home to school transport services, these will be recharged to the relevant schools and/ or health services.	At present the Council pays for some home to school transport that legally could be charged to special schools and health services. A change would see the Council stop paying these costs. The costs would be covered by a school or health service provider instead. This will not mean a reduction in the number of children transported, it will change how transport for approximately 14 children is paid for.

Environment and Communities

Reference	Categorisation	Budget savings proposal	
ECS14	Income	Fees and Charges An increase in fees and charges above the 2% increase within the Fees and Charges policy for a number of Environment and Community Services - (See Fees and Charges Schedule)	The detailed changes are included in Appendix 4 Fees and Charges Schedule, changes do vary significantly across the services provided and average to a 1% increase. The main increases are attributable to Bereavement Services and Highway Management Services.
ECS19	Income	Council Car parking An increase in fees and charges above the 2% increase (average 3.5%) within the Fees and Charges policy for Council Car Parking - (See Fees and Charges Schedule)	There will be a number of increases in car parking charges in Council Car Parks, these will on average equate to a 3.5% increase, as charges will be set to the nearest 10 pence.
ECS20	Income	Fleet services - Increase Charges An increase in fees and charges above the 2% increase within the Fees and Charges policy for MOTs and new promotions to increase volume of business	The price for MOTs undertaken by Fleet Services will increase as per the Fees and Charges Schedule. Alongside this a number of promotions will take place to increase the volume of business

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Appendix 2 MTFP

Annex 3: 2024/25 Savings Initiatives for delivery in 2025/26 by Directorate

Adult Social Care						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
ASC01	Accommodation & Support Review	(0.480)	-	-	-	(0.480)
ASC12	Transformation of Adult Social Care Services	(0.750)	(0.750)	-	-	(1.500)
ASC14	Court of Protection Service Charges	(0.053)	-	-	-	(0.053)
Total Adult Social Care		(1.283)	(0.750)	-	-	(2.033)

Children's Care						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
CC01	Review of all services across Children's Care	(0.500)	-	-	-	(0.500)
CC03	Improvement of Internal Residential Capacity through the purchase of suitable properties and refurbishment of existing Council properties into residential homes	(0.450)	(0.615)	-	-	(1.065)
CC05	Other savings - Maximising Grants	(0.150)	(0.100)	-	-	(0.250)
CC07	Special Guardianship Order Payment Review	(0.300)	-	-	-	(0.300)
Total Children's Care		(1.400)	(0.715)	-	-	(2.115)

Environment & Community Services						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
ECS05	Integrate Environment Services and Supporting Communities functions and create a Neighbourhood Management approach	(0.113)	-	-	-	(0.113)
ECS06	Increase in education and enforcement around recycling	(0.169)	(0.020)	-	-	(0.189)
ECS08	Resident Parking Permits charge	(0.125)	-	-	-	(0.125)
ECS12	Charge for Waste Bins on New Developments	(0.030)	-	-	-	(0.030)
Total Environment & Community Services		(0.437)	(0.020)	-	-	(0.457)

Regeneration						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
REG01	Reducing the number of staff needed to deliver Regeneration activities by implementing new ways of working	(0.129)	-	-	-	(0.129)
REG03	Review and implementation of alternative operating models for Captain Cook Birthplace Museum	(0.245)	-	-	-	(0.245)
REG04	Improve the commercial potential of the Town Hall and Theatre to maximise the potential of the buildings and provide a greater range of performances	(0.100)	-	-	-	(0.100)

REG05	Use grant funding to cover some of the existing economic growth activities the Council carries out	(0.050)	-	-	-	(0.050)
REG07	Investing in better coordination of the way the Council provides housing to reduce the overall spend on emergency, temporary and short term accommodation for people	(0.220)	(0.200)	-	-	(0.420)
Total Regeneration		(0.744)	(0.200)	-	-	(0.944)

Finance						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
FIN01	Collection of Housing Benefit overpayments	(0.035)	-	-	-	(0.035)
FIN02	Review of Single Person Discount and Student Exemption for Council Tax	(0.066)	-	-	-	(0.066)
FIN03	Collection of Council Tax	(0.110)	(0.037)	-	-	(0.147)
FIN04	Collection of Council Tax (Charging Orders)	(0.504)	(0.103)	-	-	(0.607)
FIN05	Collection of Business Rates	(0.126)	(0.042)	-	-	(0.168)
FIN06	Collection of Council Debt	(0.070)	-	-	-	(0.070)
FIN11	Closure of Cashiers at Middlesbrough House	(0.020)	-	-	-	(0.020)
Total Finance		(0.931)	(0.182)	-	-	(1.113)

Legal & Governance						
Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
LGS06	Legal Services Service Review	(0.045)	-	-	-	(0.045)
Total Legal & Governance		(0.045)	-	-	-	(0.045)

TOTAL 2024/25 SAVINGS FOR DELIVERY IN FUTURE YEARS		(4.840)	(1.867)	-	-	(6.707)
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NOTE

The above is after the removal of the following previously approved savings which has reduced the previously agreed savings from £5.151m in 2025/26 to £4.840m, and from £1.967m in 2026/27 to £1.867m.

Ref:	Budget Savings Proposal	25/26 £m	26/27 £m	27/28 £m	28/29 £m	TOTAL £m
ECS10	Review of Community Facilities	0.200	0.100	-	-	0.300
ECS04	Replacement Wheeled Bins Charge	0.033	-	-	-	0.033
FIN08	Reduction in the allocation of resource for voluntary and community sector grants from the local authority (remaining 25/26 element)	0.028	-	-	-	0.028
REG06	Reducing the number of staff we need to deliver the Council's marketing and communication activities by implementing new ways of	0.050	-	-	-	0.050
TOTAL REMOVED 2024/25 SAVINGS FOR DELIVERY IN FUTURE YEARS		0.311	0.100	-	-	0.411

Appendix 2 MTFP

Annex 4: Proposed Budget Reinvestment in Recover, Reset and Deliver

Reference	Directorate	Proposed Budget Reinvestment in Recover, Reset and Deliver	25/26 (£m)	26/27 (£m)	27/28 (£m)	28/29 (£m)	Total (£m)	Proposed Change in Staff over 2025/26 to 2028/29 FTE
RRD01	Adult Social Care	Adult Social Care Resource Investment of additional staffing for a number of services including: - areas experiencing increased complexity and higher demand (homelessness and adult safeguarding) - improvements in practice and data quality for care package allocation	0.239	0.080	0.000	0.000	0.319	7.0
RRD02	Children's Services	Youth Service Providers: An increased investment in Youth Services through youth providers to enable the provision of more sessions and increased engagement of young people.	0.100	0.000	0.000	0.000	0.100	0.0
RRD03	Children's Services	Children's Social Care (S17) Expenditure Investment in resources to deal with increased demand in areas including - Overnight emergency accommodation - Legal and financial support costs	0.253	0.084	0.000	0.000	0.337	0.0
RRD05	Environment and Communities	Pest control: Increasing staffing in Pest control from 1 to 4 to enable more treatment of open spaces and alleyways across the town	0.125	0.000	0.000	0.000	0.125	3.0
RRD06	Environment and Communities	Area care: Increase expenditure by 20% to improve service levels for grass cutting, street cleansing and shrubs and hedgerow maintenance.	0.720	0.000	0.000	0.000	0.720	24.0
RRD07	Regeneration	Events: Investment to support and attract events to the town to increase footfall and engagement.	0.200	0.000	0.000	0.000	0.200	2.0
RRD08	Finance	Finance Improvement Rebuilding the professional capacity and capability within the Finance Team to strengthen resilience and to deliver the improvements required to strengthen the Council's financial management arrangements as reflected in the CIPFA Financial Management review	0.485	0.191	0.000	0.000	0.676	9.0
RRD09	Finance	Counter Fraud Capacity Investment in additional Counter Fraud capacity in order to strengthen the Council's arrangements to protect the Council's financial interests.	0.073	0.042	0.000	0.000	0.115	0.0
RRD10	Legal and Governance Services	Investment in data analysis: Use of new software would help the Council predict and plan for future demand in areas such as social care and homelessness.	0.126	0.000	0.000	0.000	0.126	2.0
RRD11	Council Wide - Finance	Family resilience fund initiative investment will offer a welfare 'health check' in locations across the town to families facing financial struggles or who do not routinely make contact with the council	0.200	0.000	0.000	0.000	0.200	1.0
		TOTAL	2.521	0.397	0.000	0.000	2.918	48.0

Appendix 2 MTFP

Annex 4a: Additional Information in regard to Proposed Reinvestment in Recover, Reset and Deliver

Reference	Directorate	Proposed Budget Reinvestment in Recover, Reset and Deliver	Additional Information	Outputs
RRD01	Adult Social Care	Adult Social Care Resource Investment of additional staffing for a number of services including: - areas experiencing increased complexity and higher demand (homelessness and adult safeguarding) - improvements in practice and data quality for care package allocation	Additional Staffing will cover the following roles: Local Authority Designated Officer for adult services; Sensory Support Vision Rehabilitation Officer; Principal Social Worker; ACT Data Analyst; Domiciliary Care Broker, 2 x Housing Solution Officers.	<ul style="list-style-type: none"> - reduction in homelessness caseloads (100 to 70 per officer) - enabling the delivery of Strength based practice - improved data quality for Government returns - continuity of service provision for sensory support and vision rehab
RRD02	Children's Services	Youth Service Providers: An increased investment in Youth Services through youth providers to enable the provision of more sessions and increased engagement of young people.	The service, working alongside the Early Help and Prevention strategy, will offer support to vulnerable young people and their families. This will support the delivery of the Prevention strategy and also wider council initiative for earlier interventions, potentially reducing the points of contacts within the council and other agencies.	<ul style="list-style-type: none"> - Increased earlier intervention measures with vulnerable young people and their families - Reducing the pressures on high cost Social care services in both Children's and Adults services.
RRD03	Children's Services	Children's Social Care (S17) Expenditure Investment in resources to deal with increased demand in areas including - Overnight emergency accommodation - Legal and financial support costs	There is a duty on children's services to provide help and support to a child in need, to safeguard the child and promote their welfare. This duty extends to providing help to a family where required. A range of appropriate services may be provided, including financial assistance or housing	<p>An increase across all services provided, these range from:</p> <ul style="list-style-type: none"> - Overnight Emergency Accommodation - Financial and Legal Support - Travel costs - Goods (e.g. Appliances) - Nursery support
RRD04	Environment and Communities	Pest control: Increasing staffing in Pest control from 1 to 4 to enable more treatment of open spaces and alleyways across the town	The investment will allow for an increase 4 operatives from 1, resulting in services covering both preventative services as well as reactive.	<p>As a result the investment will allow for:</p> <ul style="list-style-type: none"> - Back alleys will be treated weekly. - Open spaces will be treated quarterly. - reactive services will continue where required
RRD06	Environment and Communities	Area care: Increase expenditure by 20% to improve service levels for grass cutting, street cleansing, shrubs and hedgerow maintenance, and general neighbourhood maintenance.	<ul style="list-style-type: none"> - Increase the number of grass cuts to at least 13 per season with no longer than 10 days between cuts. At present it is 14 days - Increase weed killing from an average of 3 per annum per area to 4 (including alleys). Hand held equipment will be purchased to enable this to be undertaken on foot to increase effectiveness. - Increase the number of Seasonal Operatives from 22 to 30. This is a 37% increase. - Increase the shrub and hedgerow maintenance programme by 40% - Increase pest control to weekly in back alleys and quarterly in open spaces. - Employ 16 Neighbourhood Caretakers which will focus on the improvement of Middlesbrough's physical environment . This flexible team will result in an increase in general street cleansing, spraying, painting of street furniture, and the cleaning of pocket parks and alleyways across the town. - Increase in the number of floral displays 	This investment aims to improve the cleanliness and appearance of public places.
RRD07	Regeneration	Events: Investment to support and attract events to the town to increase footfall and engagement.	Increasing the Council's Events Team from one to three, and creating an operational budget to enable the Council to attract more events to the town and expand the range and scale of those already taking place in key venues such as the town centre and the parks. An increase in events would lead to more visitors, an increase in the money spent locally and improve the town's image.	<ul style="list-style-type: none"> - Increase in events in Town Centre and Parks - Increase in Visitors - Improvement in Town's Image

Appendix 2 MTFP

Annex 4a: Additional Information in regard to Proposed Reinvestment in Recover, Reset and Deliver

Reference	Directorate	Proposed Budget Reinvestment in Recover, Reset and Deliver	Additional Information	Outputs
RRD08	Finance	<p>Finance Improvement Rebuilding the professional capacity and capability within the Finance Team to strengthen resilience and to deliver the improvements required to strengthen the Council's financial management arrangements as reflected in the CIPFA Financial Management review</p>	<p>The proposal increases the staffing establishment by 9 FTE to invest in:</p> <ul style="list-style-type: none"> - a number of professionally qualified financial planning and technical accountancy roles that are deficient in the current structure. - professionally qualified strategic finance business partnering roles to strengthen the support to service directorates and drive efficiency in use of financial systems and budget holder self service - develop a pipeline of trainee accountants in order to grow and develop internal talent for the future - establish a training budget to support the training and development of accountancy teams to maintain professional standards and enable career progression. <p>The operating model will be revised and the team will be reshaped in order to focus upon the delivery of efficient and robust financial governance and value for money in Council decision making.</p>	<p>These measures aim to ensure that the Finance service has sufficient resources to:</p> <ul style="list-style-type: none"> - uphold the statutory responsibilities of the s151 Officer ; - address the recommendations made by CIPFA's Financial Management Review to achieve a minimum 3 star independent assessment in 2026 - address the weaknesses identified in the MHCLG financial assurance review undertaken in relation to the Council's application for Exceptional Financial Support in 2024/25.
RRD09	Finance	<p>Counter Fraud Capacity Investment in additional Counter Fraud capacity in order to strengthen the Council's arrangements to protect the Council's financial interests.</p>	<p>This proposal invests an increase in counter fraud resource from 150 days to 400 days per year by 2026/27. This will enable more proactive counter fraud work to take place and will enable the counter fraud team to respond to requests for fraud investigation more promptly. Counter fraud activity focuses upon protecting the financial interests of the Council and ultimately the tax payer through successful prosecution of perpetrators of fraud and recovery of financial losses incurred by the Council as a result of fraud. The impact of this investment will be reported via Counter Fraud updates to the Audit Committee.</p>	<p>This investment aims to increase the number of successful prosecutions of perpetrators of fraud against the Council and recovery of associated financial losses incurred by the Council as a result of such fraud.</p>
RRD10	Legal and Governance Services	<p>Investment in data analysis: Use of new software would help the Council predict and plan for future demand in areas such as social care and homelessness.</p>		<p>This investment aims to improve medium to long term service and financial planning, enabling the Council to be more proactive in designing and service solutions to meet the needs of the community.</p>
RRD11	Council Wide - Finance	<p>Family resilience fund initiative investment will offer a welfare 'health check' in locations across the town to families facing financial struggles or who do not routinely make contact with the council</p>	<p>The service through the family (household) resilience fund initiative will be offering a welfare 'health check' in locations across the town such as family hubs, neighbourhoods, schools, community groups and other venues that will help the service target those cohorts much in need such as care leavers with children, households facing financial struggles due to a recent change in their circumstances or those that do not routinely make contact with the service. The service can signpost to other support solutions, provide support through the Household Support Fund or where the criteria is not met but further support would be beneficial the fund will provide a means to give additional aid through such things like baby boxes, vouchers, white goods or repairing , winter clothing etc , with each case assessed on its own merits to ensure a more tailored approach is provided. The service will link in with the multi bank where appropriate and sign post to other means of support in the first instance and where a gap remains the Family resilience fund will be accessed to provide immediate support - whilst the welfare 'health check' is undertaken. This work will involve members of the welfare support team working alongside welfare rights. To administer the additional work - will require one FTE (Grade H). Locations will be decided and communicated through a detailed comms plan and shared organisations. Members will be engaged to help manage the message across the town.</p>	<p>This additional investment aims to supplement, co-ordinate and tailor support available to households in financial difficulty.</p>

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Appendix 2 Medium Term Financial Plan
Annex 5 Detail of Net Revenue Budget by Directorate

	2024/25		2025/26	
	£'Million	£'Million	£'Million	£'Million
Net Service Expenditure				
Regeneration & Culture	2.023		1.605	
Environment & Community Services	20.176		22.142	
Public Health	0.006		0.086	
Education & Partnerships	7.992		6.595	
Children's Care	54.038		56.998	
Adult Social Care	52.075		55.264	
Chief Executive	0.242		0.251	
Legal & Governance Services	10.387		11.503	
Finance	3.121	150.060	4.943	159.387
Levies				
Environment Agency	0.129		0.132	
Tees & Hartlepool Port Authority	0.000	0.129	0.027	0.159
Central Provisions & Budgets				
Provisions for Pay & Prices and Contingencies	8.141		4.181	
Social Care Grant Income Held Centrally	(19.202)		(22.504)	
Other Grant Income Held Centrally	0.000		(10.235)	
Services Grant	(0.321)		0.000	
Savings targets held centrally*	0.000		(2.604)	
Exceptional Financial Support	(4.700)		0.000	
Change Fund	0.730		0.730	
Net Capital Financing Costs	11.154		13.253	
External Audit	0.382		0.382	
Added Years Pensions	1.216		1.216	
Apprentice Levy	0.274		0.444	
Section 31 NNDR Grant	(13.582)		(13.648)	
Middlesbrough Priorities Fund	0.000		4.367	
Family Resilience Initiatives	0.000		0.200	
Savings Delivery Risk	0.000		2.000	
Designated Authority Costs	0.040		0.040	
Custodian Properties	0.008	(15.861)	0.008	(22.170)
Net Spending		134.328		137.376
Contribution (from) / to Reserves		8.825		5.888
Net Revenue Budget		143.153		143.263
Parish Precepts				
Nunthorpe		0.025		0.027
Stainton & Thornton		0.012		0.014
Net Revenue Budget (inc. Precepts)		143.190		143.304
Funded by:				
Revenue Support Grant		15.122		15.444
Top up Payment		30.461		30.794
Retained Business Rates		17.844		18.232
Council Tax		71.438		75.781
Estimated Collection Fund Surplus /(Deficit)		8.325		3.052
		143.190		143.304

NOTE

Central proposed 2025/26 budget includes £1.6m of Council cross cutting Procurement savings and £1.004m of savings linked to the Collection Fund which will involve transfers of budgets within the Council during 2025/26

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APPENDIX 3 – CONSULTATION IMPACT ASSESSMENTS

Overall Budget Impact Assessment 2025/26

Subject of assessment:	Middlesbrough Council Budget 2025/26			
Coverage:	Crosscutting			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input checked="" type="checkbox"/> Review
	<input checked="" type="checkbox"/> Organisational change	<input checked="" type="checkbox"/> Other (please state) Budget		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input checked="" type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>
Description:	<p>Key aims, objectives and activities</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 2025/26 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"> 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 2025/2026 revenue budget and were subject to the impact assessment process and consultation prior to consideration by Full Council as part of the 2025/2026 revenue budget setting process. 			

	<p>The following proposal were identified as requiring public consultation within the overall budget consultation process:</p> <ul style="list-style-type: none"> • ECS14 Fleet Services increase in charges • ECS19 Council Car parking charges increases • ECA20 increases in fees and charges • EDC05 recharging for non-statutory school related transport by the Integrated Transport Unit <p>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 361 responses to the survey, 1 email to the email address, around 25 people attended across three consultation events,</p> <p>Statutory drivers (set out exact reference)</p> <p>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:</p> <ul style="list-style-type: none"> • Budget setting - Local Government Act 1972 • Individual proposals – various as set out in individual Impact Assessments • Impact Assessment process – Equality Act 2010.
	<p>Differences from any previous approach</p> <p>The budget sets out a range of changes to services and functions. These are outlined in the main body of the report.</p> <p>Key stakeholders and intended beneficiaries (internal and external)</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>Intended outcomes</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>
Live date:	April 2025 onwards
Lifespan:	April 2025 – March 2026
Date of next review:	March 2026

Assessment issue	Impacts identified		Rationale and supporting evidence			
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Human Rights						
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.
Equality						
Age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Feedback on the impact assessments completed for the Budget Consultation identified one as being potentially relevant to age protected characteristic.</p> <p>EDC05 – Integrated Transport Unit charging</p> <p>The Impact Assessments attached to the report identified that the following proposal was relevant to the age and disability protected characteristics:</p> <p>‘Remove or recharge non-statutory and discretionary Home to School transport services where the council provides discretionary as opposed to statutory home to school transport services. These will be recharged to the relevant schools and/or health services.’</p> <p>The individual IA found that the impact was mitigated because services will continue to be delivered in line with existing policy and taking into account identified needs of those transported and that its impact on schools and vulnerable children had been considered within the design of the proposal which correctly places responsibility for the costs with the school or health provider who have the responsibility to fund if needed.</p> <p>As well as proposed budget reductions, the 2025/26 proposed budget includes a number of proposals to improve Adult and children’s safeguarding resources to improve outcomes. This will have a positive impact on the age and disability protected characteristics by increasing investment to:</p> <ul style="list-style-type: none"> • Improve practice and data quality for care packages in Adults Social Care • Fund more youth services sessions • Meet demand for overnight emergency accommodation.

Disability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>Feedback on the impact assessments completed for the Budget Consultation identified two as being potentially relevant to disability protected characteristic.</p> <p>EDC05 – Integrated Transport Unit charging</p> <p>The Impact Assessments attached to the report identified that the following proposal was relevant to the age and disability protected characteristics:</p> <p>‘Remove or recharge non-statutory and discretionary Home to School transport services where the council provides discretionary as opposed to statutory home to school transport services. These will be recharged to the relevant schools and/or health services.’</p> <p>The individual IA found that the impact was mitigated because services will continue to be delivered in line with existing policy and taking into account identified needs of those transported and that its impact on schools and vulnerable children had been considered within the design of the proposal which correctly places responsibility for the costs with the school or health provider who have the responsibility to fund if needed.</p> <p>ECS19 – to review car parking fees to increase fees and charges above the 2% (average 3.5%) within the fees and charges policy for Council Car Parking. The proposed increases are potentially relevant to the disability protected characteristic where individuals with less mobility may need to access car parking. Blue badge provisions would be unaffected by the proposals, therefore there are no concerns that the proposal could disproportionately impact on a group or individuals because they hold one or more protected characteristics and the potential impact is mitigated.</p> <p>As well as proposed budget reductions, the 2025/26 proposed budget includes a number of proposals to improve Adult and children’s safeguarding resources to improve outcomes. This will have a positive impact on the age and disability protected characteristics by increasing investment to:</p> <ul style="list-style-type: none"> • Improve practice and data quality for care packages in Adults Social Care • Fund more youth services sessions • Meet demand for overnight emergency accommodation.
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Assessment issue	Impacts identified		Rationale and supporting evidence			
	None	Positive	Negative		Uncertain	
			Justified	Mitigated		
Gender reassignment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pregnancy / maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sex	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sexual Orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Dependants / caring responsibilities**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Criminal record / offending past**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Marriage / civil partnership**	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Community cohesion						
Individual communities / neighbourhoods	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an impact on community cohesion.

** 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Armed Forces Covenant						
Council delivered healthcare services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an impact on this area of the Armed Forces Covenant.
Compulsory Education - admissions; educational attainment and curriculum; child wellbeing; transport; attendance; additional needs support; and Service Pupil Premium funding	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	None of the proposals are identified as having an impact on this area of the Armed Forces Covenant.
Housing, homelessness and disabled facilities grants	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Those leaving the armed forces are prioritised for accommodation with current housing policies. There is one proposal within the budget setting process which is relevant to this protected characteristic which is to increase investment in staffing in homelessness services which will have a positive impact on this group.
Care leavers						
Care experienced people	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The proposed budget reductions do not have any impact on care leavers, the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.</p> <p>The proposal to increase resourcing within the homelessness team will have a positive impact on care experienced people who are more likely to be homeless than their non-care experienced peers..</p>

Further actions		Lead	Deadline
Mitigating actions	Not applicable	Not applicable	Not applicable
Promotion	Promotion of changes where there is an impact on service delivery will be undertaken	Individual IA leads	Various
Monitoring and evaluation	Overall monitoring of the impact will be embedded within performance management arrangements for 2025/26	Chief Executive	May 2025

Assessment completed by:	Ann-Marie Johnstone	Head of Service:	n/a
Date:	22 January 2025	Date:	n/a

Template for Impact Assessment Level 1: Initial Screening Assessment

Subject of assessment:	EDC05: Remove or recharge Discretionary Home to School transport services.			
Coverage:	Remove or recharge non-statutory and discretionary Home to School transport services where the council provides discretionary as opposed to statutory home to school transport services. These will be recharged to the relevant schools and/ or health services.			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input checked="" type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input checked="" type="checkbox"/>

Description:	<p>Key aims, objectives and activities</p> <p>To put in place efficiencies for non-statutory services with an aim of recharging the costs of in-house and external suppliers whilst continuing to meet the transport needs of children attending settings who receive discretionary travel assistance.</p> <p>Statutory drivers (set out exact reference)</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 within the Home to School Travel Assistance Policy 2024/25 (reviewed each academic year) and legislation and other statutory guidance (Education Act 1996), (Travel to School Guidance June 2023). The students whom are currently being transported and funded by Middlesbrough Council are non-eligible for statutory transport.</p> <p>Differences from any previous approach</p> <p>No changes to policy will be made as part of this proposal. The savings will be achieved by improved efficiencies and recharging the costs for this service to the appropriate education setting or NHS provision.</p> <p>Key stakeholders and intended beneficiaries (internal and external as appropriate)</p> <p>The key stakeholders are the internal Access to Education Team, SEND and Inclusion and Transport departments within Middlesbrough Council, staff in the service, NHS/Health Professionals and associated support networks and service users and their families.</p> <p>Intended outcomes.</p> <p>A transport offer that utilises resources more efficiently for statutory transport, taking into account the difficult decisions that Local Authorities have to make to make the best use of the limited resources available to Middlesbrough Council whilst maintaining a legally compliant and safe travel and transport service for children. The recharge made to the education or NHS setting will ensure that these resources are fully utilised for statutory transport and that this non-statutory transport is supported by Integrated Transport Unit but not funded by its budget.</p>
Live date:	1 st April 2025 onwards
Lifespan:	Ongoing during Academic Year 2024/25 and 2025/26 – within financial year 2025/26
Date of next review:	The next review will be carried out during January 2025 in preparation for contract reviews for the new financial year 2025/26 starting on 1 st April 2025. The service may need to continue up to the end of the current 2024/25 Academic Year. A later review will delay the issue of future tenders if the service is to continue beyond the current tendered route timescales.

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights Could the decision impact negatively on individual Human Rights as enshrined in UK legislation?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provisions for assessment in the Education Act 1996, Home to School Travel Policy, School Travel Statutory Guidance 2023 and support plans for adults ensure provisions for protections are in place to ensure 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.

* 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>Equality</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>	☒	☐	☐	<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"> • eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act; • 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. <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"> • removing or minimising disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; • 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 • encouraging people who share a protected characteristic to participate in public life or in any other activity in which participation is low. <p>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.</p> <p>Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process. 19% (67 people) of respondents disagreed with the proposal, compared to 53% (193 people) in favour. Analysis of the free text did identify some public concerns with the concept and its impact on schools and vulnerable children however these had been considered within the design of the proposal which correctly places responsibility for the costs with the school.</p>

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Community Cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	☒	☐	☐	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. Evidence used to inform this assessment includes analysis of the proposal and feedback from the consultation process.
Armed Forces Could the decision impact negatively on those who are currently members of the armed forces of former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	☒	☐	☐	Children and Adults who are SEND aged 5-25, adults over the age of 25 not attending an education setting, vulnerable children and adults and others who are temporarily based in the area will have the same protections as those who are eligible for travel support to schools, education setting or adult social care setting. Some applicants are entitled to priority interview or guaranteed interviews, where they meet the essential criteria , including Ex Armed Forces personnel, who have left the Armed Forces within the last 3 years, or are within 12 weeks of leaving (discharge papers must be provided).
Care Leavers Could the decision impact negatively on those who are care experienced?*	☒	☐	☐	Passengers within the service may be care leavers and therefore will continue to have the same protections as other eligible students or adults who are eligible for travel support to schools, education setting or adult social care setting. Some applicants are entitled to priority interview or guaranteed interviews, where they meet the essential criteria , including care leavers up to age 25 who have supplied the contact details of their Personal Advisor or Social Worker are guaranteed an interview providing they have evidenced they can meet the essential criteria (In order to access leaving care support, the applicant must have been in care for at least 13 weeks since they were 14 including some point at their 16 th or 17 th birthday).
Next steps: ➤ 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.				

Assessment completed by:	Ged Faint	Head of Service:	Craig Cowley
Date:	09/1/2025	Date:	09/1/2025

Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	ECS14 – Fees and charges increases			
Coverage:	Service Specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>
Description:	<ul style="list-style-type: none"> • Key aims, objectives and activities – to amend charges as reflected in the fees and charges schedule, changes vary across the services provided and average to a 1% increase. The main increases are attributed to Bereavement Services and Highways Management Services. • Statutory drivers - There are no direct impacts, the Council will continue to deliver its statutory functions that may be relevant to the fees and charges levied. The Council's constitution sets out that fees and charges will be reviewed as part of the annual budget setting process. • Differences from any previous approach – no difference in approach, just an increase in charges • Key stakeholders and intended beneficiaries – members of the public who will use these services which the Council can charge for • Intended outcomes – to raise revenue income to mitigate the need for financial saving and reflect increase in costs of service delivery. 			
Live date:	1 st April 2025			
Lifespan:	April 1 st 2025 onwards			
Date of next review:	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights 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 fees and charges proposed increases do not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> •Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. •Advance equality of opportunity between people who share a protected characteristic and those who do not. •Foster good relations between people who share a protected characteristic and those who do not. <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> •remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic •take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; •encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. <p>The proposed increases do not have any impact on particular groups or individuals, so the proposed increase will not affect any groups or individuals in particular and there are no concerns that the proposal could disproportionately impact on a group or individuals because they hold one or more protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process. 31% (110 people) of responders disagreed with the proposal, compared to 23% (83 people) in favour. Most respondents (43% - 156 people) had no opinion on the proposal. No concerns were expressed within the consultation that the proposal could disproportionately adversely affect one or more groups with a protected characteristic.</p>
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on particular communities, so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Armed Forces Could the decision impact negatively on those who are currently members of the armed forces of former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on members of the armed forces, or former members in the areas of Council delivered healthcare, compulsory education and housing policies so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Care leavers Could the decision impact negatively on those who are care experienced?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on care leavers, the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Next steps: ➡ 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.				

Assessment completed by:	Geoff Field	Head of Service:	Geoff Field
Date:	09/1/2025	Date:	09/1/2025

Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	ECS19 – Council Car Parking			
Coverage:	Service Specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>
Description:	<ul style="list-style-type: none"> • Key aims, objectives and activities – to increase fees and charges above the 2% (average 3.5%) within the fees and charges policy for Council Car Parking. • Statutory drivers - There are no direct impacts, the Council will continue to deliver its statutory functions that may be relevant to the fees and charges levied. The Council's constitution sets out that fees and charges will be reviewed as part of the annual budget setting process. • Differences from any previous approach – no difference in approach, just an increase in charges • Key stakeholders and intended beneficiaries – members of the public who will use these services which the Council can charge for • Intended outcomes – to raise revenue income to mitigate the need for financial saving and reflect increase in costs of service delivery. 			
Live date:	1 st April 2025			
Lifespan:	April 1 st 2025 onwards			
Date of next review:	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights 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 fees and charges proposed increases do not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> •Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. •Advance equality of opportunity between people who share a protected characteristic and those who do not. •Foster good relations between people who share a protected characteristic and those who do not. <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> •remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic •take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; •encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. <p>The proposed increases are potentially relevant to the disability protected characteristic where individuals with less mobility may need to access car parking. Blue badge provisions would be unaffected by the proposals, therefore there are no concerns that the proposal could disproportionately impact on a group or individuals because they hold one or more protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process. There were no concerns expressed within the budget consultation that the process could impact adversely on one or more protected characteristics. 52% (188 people) of responders opposed the proposal, compared to 43% (155 people) in favour.</p>
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on particular communities, so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Armed Forces Could the decision impact negatively on those who are currently members of the armed forces of former members in the areas of Council delivered healthcare, compulsory education and housing policies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on members of the armed forces, or former members in the areas of Council delivered healthcare, compulsory education and housing policies so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Care leavers Could the decision impact negatively on those who are care experienced?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The proposed increases do not have any impact on care leavers, the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Next steps: ➡ 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.				

Assessment completed by:	Geoff Field	Head of Service:	Geoff Field
Date:	09/1/2025	Date:	09/1/2025

Template for Impact Assessment Level 1: Initial screening assessment

Subject of assessment:	Fleet Services Increase charges			
Coverage:	Service Specific			
This is a decision relating to:	<input type="checkbox"/> Strategy	<input type="checkbox"/> Policy	<input checked="" type="checkbox"/> Service	<input type="checkbox"/> Function
	<input type="checkbox"/> Process/procedure	<input type="checkbox"/> Programme	<input type="checkbox"/> Project	<input type="checkbox"/> Review
	<input type="checkbox"/> Organisational change	<input type="checkbox"/> Other (please state)		
It is a:	New approach:	<input type="checkbox"/>	Revision of an existing approach:	<input checked="" type="checkbox"/>
It is driven by:	Legislation:	<input type="checkbox"/>	Local or corporate requirements:	<input type="checkbox"/>
Description:	<ul style="list-style-type: none"> • Key aims, objectives and activities – to increase to cost of taxi testing fees from £38 to £40, to increase the subsidised cost of MOT's when the taxi test is carried out from £10 to £15, to increase the cost of Class IV MOT's from £37 to £50, to increase the costs of Class V MOT's from £48 to £55, to increase the cost of Class VII MOT's from £37 to £55 • Statutory drivers - there are no statutory drivers • Differences from any previous approach – no difference in approach, just an increase in cost • Key stakeholders and intended beneficiaries - taxi trade and members of the public who bring their cars to Fleet Services for MOT's • Intended outcomes – to raise revenue income to mitigate the need for financial savings. 			
Live date:	1 st April 2025			
Lifespan:	April 1 st 2025 onwards			
Date of next review:	Not applicable			

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Human Rights 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 pricing of MOT's and Taxi testing does not have any impact on the rights of an individual, therefore proposed savings do not adversely affect this. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Equality Could the decision result in adverse differential impacts on groups or individuals with characteristics protected in UK equality law? Could the decision impact differently on other commonly disadvantaged groups?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>The Equality Act 2010 requires that the impact of recommendations is considered as part of the decision-making process. The Act requires that the Council must have due regard to the need to:</p> <ul style="list-style-type: none"> •Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act. •Advance equality of opportunity between people who share a protected characteristic and those who do not. •Foster good relations between people who share a protected characteristic and those who do not. <p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular the need to:</p> <ul style="list-style-type: none"> •remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic •take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; •encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. <p>The price of MOT and taxi testing does not have any impact on particular groups or individuals, so the proposed increase will not affect any groups or individuals in particular and there are no concerns that the proposal could disproportionately impact on a group or individuals because they hold one or more protected characteristics.</p> <p>Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process. 30% (106 people) of respondents supported the proposal, compared to 18% (63 people) who were opposed. No concerns were identified in the consultation that the proposal could disproportionately adversely impact on one or more of the protected characteristics.</p>

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

Screening questions	Response			Evidence
	No	Yes	Uncertain	
Community cohesion Could the decision impact negatively on relationships between different groups, communities of interest or neighbourhoods within the town?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The price of MOT testing and taxi testing does not have any impact on particular communities, so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Armed Forces Could the decision impact negatively on those who are currently members of the armed forces or former members in the areas of Council delivered healthcare, compulsory education and housing policies?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The price of MOT testing and taxi testing does not have any impact on members of the armed forces, or former members in the areas of Council delivered healthcare, compulsory education and housing policies so the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Care leavers Could the decision impact negatively on those who are care experienced?*	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The price of MOT testing and taxi testing does not have any impact on care leavers, the proposed increase does not affect any community in particular. Evidence used to inform this assessment includes analysis of current service provision and feedback from the consultation process.
Next steps: ➡ 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.				

Assessment completed by:	Chris Bates	Head of Service:	Chris Bates
Date:	09/1/2025	Date:	09/1/2025

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APPENDIX 4

Reserves Policy 2025/26

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 3 Management and governance.

<p>Earmarked Reserves (unusable)</p> <p>Annex 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

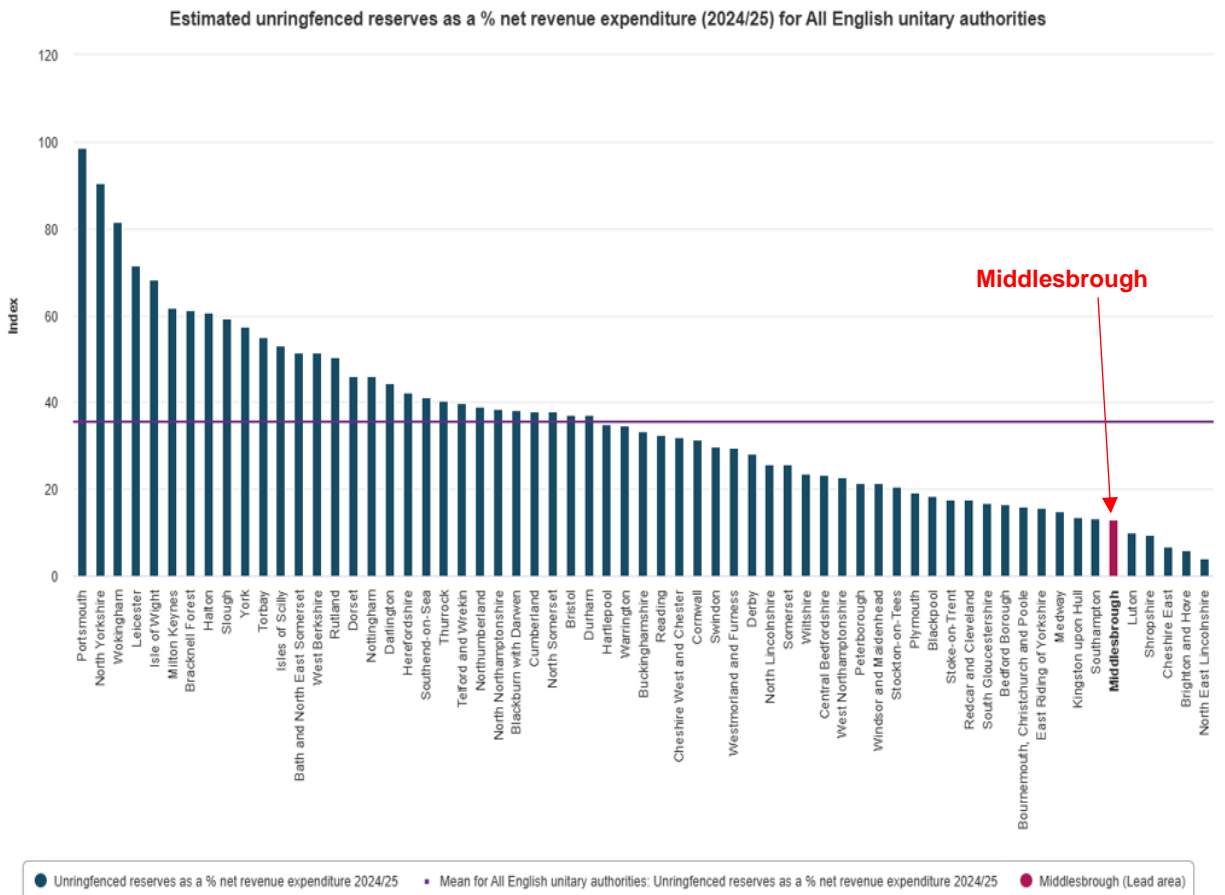
2.1 In previous years the Council has faced a shortfall in funding compared to the level of service demand that it is experiencing. It must review its priorities and redesign and transform its services over the period of the MTFP to deliver cost reduction and efficiency to achieve a budget that is financially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

2.2 As outlined in the 2024/25 Reserves Policy, to achieve financial sustainability, the Council is currently engaging in a range of innovative and transformational

activities in order to reduce future costs of service delivery. Due to the previously critically low level of reserves, which were and therefore insufficient to support innovation and transformation expenditure, the primary source of funding for transformation is utilising of capital receipts from asset sales through the Flexible Use of Capital Receipts (FUoCR) Strategy, in accordance with Government regulations.

- 2.3 The Council has reviewed its asset base and a plan for asset rationalisation was approved by the Executive in November 2023. This has resulted in an Asset Disposal Programme that is managed as part of the Council’s Transformation Programme. Compliance with the Asset Disposal Programme remains 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 build up and maintain an increased level of earmarked revenue reserves in order to improve its financial resilience. Based on 2024/25 budget figures, the Council has one of the lowest levels of unringfenced reserves as a proportion of net revenue expenditure compared to all unitary councils as illustrated below in Figure 1.

Figure 1



Middlesbrough = 6th lowest

Source:
Local Government Association

Note: this graph is drawn from Government returns data based on budgets at the start of the 2024/25 financial year, so should be used as a guide as balances will have changed since then

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

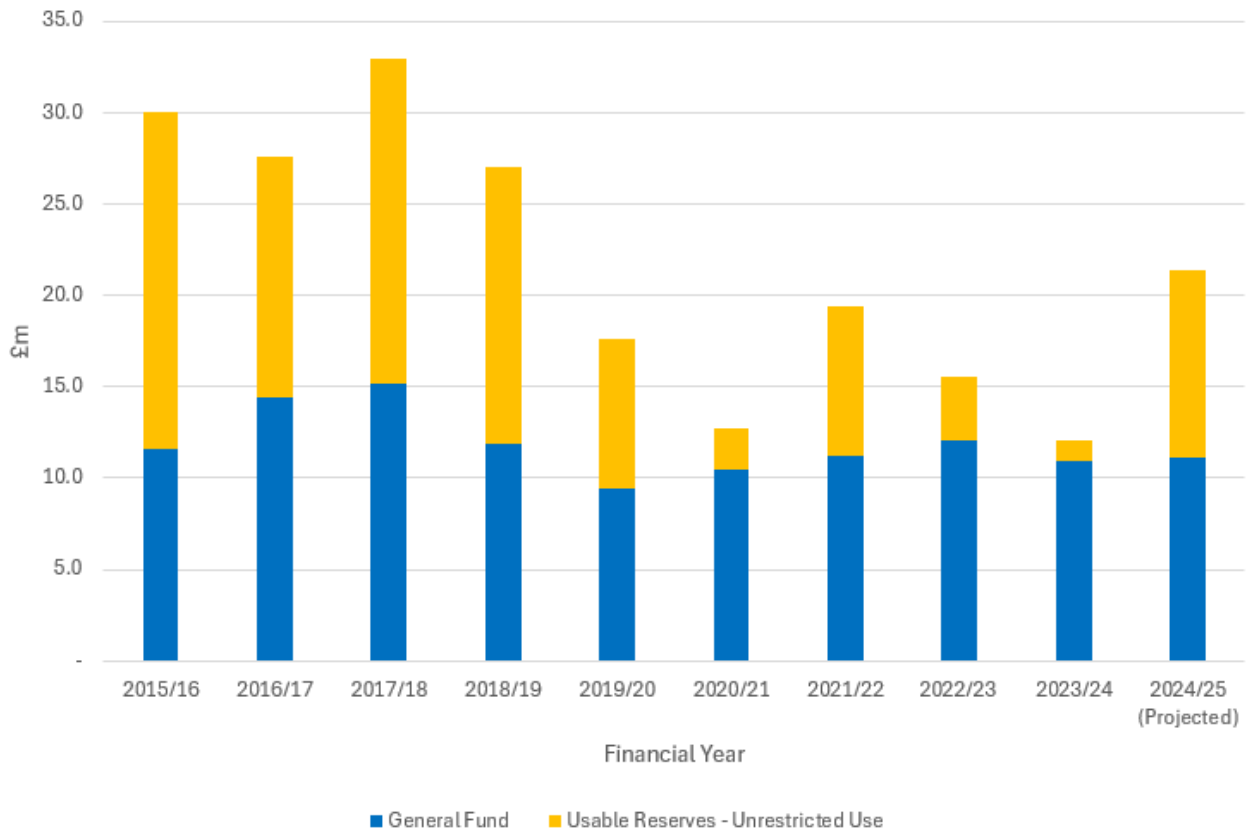
- 4.1 In previous years, the level of the total value of the Council's unrestricted usable reserves and General Fund Balance had declined as shown in Figure 2 below which weakened the Council's financial resilience in terms of its ability to be able to respond to unforeseen cost pressures and left the Council in a financially fragile position. During 2024/25 rebuilding of these reserves has commenced, as detailed in the 2024/25 Reserves Policy, the 2023/24 Collection Fund surplus, realised in

2024/25, has been applied to rebuild the General Fund Balance and earmarked unrestricted usable reserves to rebuild financial resilience as follows:

	Contribution to Reserve £m
General Fund Reserve	0.114
Financial Resilience Reserve	6.211
Legacy Accounts Reserve	1.000
Change Fund Reserve	1.000
	8.325

4.2 Based upon the forecast outturn at Quarter Three the forecast balance at 31 March 2025 on the unrestricted usable reserves is £10.269m and on the General Fund Balance is £11.100m.

Figure 2 – Movement in unrestricted reserves 2015/16 to 2024/25



General Fund Balance

4.3 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. The General Fund balance, coupled with a sufficient level of usable reserves, is 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.

- 4.4 For 2024/25, the General Fund has been replenished to £11.1m, a level equivalent to 7.75% of the net revenue budget. The s151 Officer recommends that the General Fund Balance should be maintained at a minimum level of at least 7% of the Net Revenue Budget over the period of the MTFP to 2028/29 as follows:

	Forecast Contribution to General Fund	Forecast General Fund Balance	Forecast Net Revenue Budget	General Fund Reserve as % of Net Revenue Budget
	£m	£m	£m	%
2024/25*	0	11.100	143.190	7.75
2025/26	0	11.100	143.304	7.75
2026/27	0	11.100	144.382	7.69
2027/28	0	11.100	148.621	7.47
2028/29	0	11.100	152.973	7.26

**2024/25 - £10.986m General Fund balance as at 31/03/24 was increased at the start of the year with £0.114m from the 23/24 Collection Fund Surplus*

Financial Resilience Reserve (FRR)

- 4.5 In the 2024/25 Reserves Policy, the previous s151 Officer recommended that in addition to the General Fund Reserve, a Financial Resilience Reserve (FRR) be rebuilt and maintained in order to strengthen the Council's financial resilience. This Reserve has now been established, and its purpose is 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 and increasing demand for statutory services. The s151 Officer recommendation is that the FRR should be at £10m by the end of 2025/26 and then at £20m by the end of the current MTFP period. The budgeted contributions to the FRR over the period are summarised below. At this stage, no drawdowns have been assumed, and it should be noted that 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 FRR unless otherwise recommended by the s151 Officer.

	Forecast Contribution to Reserve	Forecast Contribution from Reserve	Forecast Financial Resilience Reserve Balance at end of year	Forecast Cumulative balance
	£m	£m	£m	£m
2024/25*	6.717	-	6.717	6.717
2025/26	3.836	-	3.836	10.553
2026/27	1.575	-	1.575	12.128
2027/28	5.377	-	5.377	17.505
2028/29	3.075	-	3.075	20.580

**2024/25 - £6.211m contribution to establish the Reserve was made at the start of the year from the 23/24 Collection Fund Surplus*

Change Fund Reserve

- 4.6 The Council holds a Change Fund Reserve for the purpose of meeting the revenue costs of transformation and efficiency programmes, including meeting redundancy costs. However, the Council is now engaged in its Transformation Programme, expected to run until 2028/29, the main source of funding for which is Flexible Use of Capital Receipts (FUoCR) rather than Change Fund. As such, there are not expected to be any calls on the Change Fund in the next two financial years whilst the wider transformation progresses. The use of Change Fund is projected from 2028/29 when the Flexible Capital Receipts funded transformation programme is due to complete.

	Forecast Contribution to Reserve £m	Forecast Contribution from Reserve £m	Forecast Change Fund Balance at end of year £m	Forecast Cumulative balance £m
2024/25*	2.766	(0.300)	2.466	2.466
2025/26	0.730	-	0.730	3.196
2026/27	0.730	-	0.730	3.926
2027/28	0.730	-	0.730	4.656
2028/29	0.730	(0.730)	-	4.656

**2024/25 - Includes £1.036m b/fwd from 2023/24, and £1.000m additional contribution the start of the year from the 23/24 Collection Fund Surplus*

Savings Delivery Risk

- 4.7 The scale of the Council's Transformation Programme and associated budget savings presents a significant challenge for which appropriate Transformation and Programme Management Governance arrangements are in place. Utilising the 2024/25 Collection Fund Surplus estimated to be £3.135m, which will be realised in 2025/26, prudent financial provision has been made in earmarked revenue reserves to offset the risk of slippage / non delivery and provide resilience in the event that savings are not realised at the required pace during 2025/26 and future years.

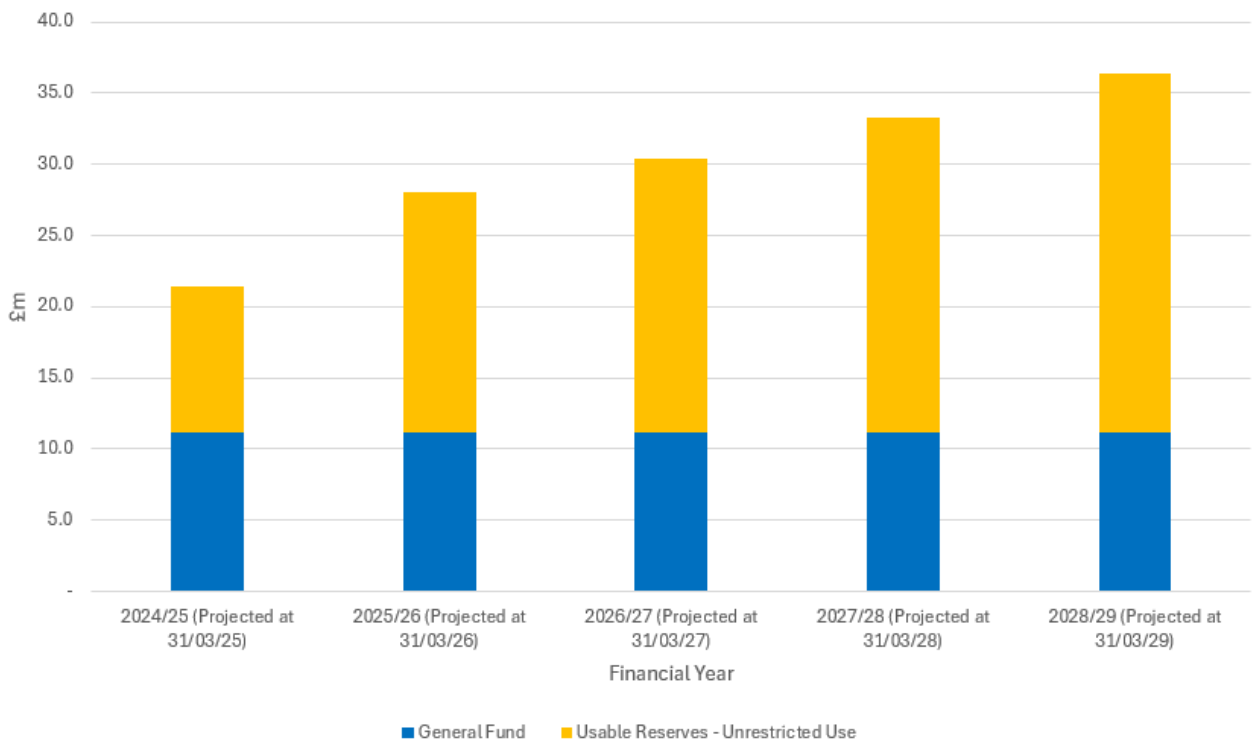
Legacy Accounts and Audit Reserve

- 4.8 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 MHCLG. As detailed in the 2024/25 Reserves Policy, an earmarked reserve of £1m was set aside to provide for unforeseen adverse audit adjustments that may arise in future periods from the conclusion of the clearing of the backlog legacy audits. Whilst these audits have now concluded, the Council's External Auditor has changed from Ernst Young to Mazars, and so for prudence this reserve has been left in place to cover any further adjustments which may be required arising from this change, in relation to changes in audit opinion relating to legacy accounts. Should this reserve not be required, it will be transferred to the Financial Resilience Reserve by the end of 2025/26.

5. Summary of forecast revenue reserves

- 5.1 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% of the Net Revenue Budget over the MTFP period to 2028/29. In the 2025/26 proposed budget the level is 7.75% equivalent to £11.1m.
- 5.2 The Council must continue to rebuild its unrestricted revenue reserves over the period of the MTFP. The balance on earmarked unrestricted usable reserves at 1 April 2025 is expected to be £10.269m.
- 5.3 Within unrestricted usable revenue reserves, the Financial Resilience Reserve (FRR) is required to be built up and maintained to at least £10m in 2025/26 and £20m by the end of 2028/29 to strengthen the Council’s financial resilience and to provide sufficient resilience to support the management of risks in the delivery of the revenue budget over the current MTFP period. Figure 3 shows the projected unrestricted usable reserves through to the end of 2028/29 after planned contributions, however this will depend on any unplanned drawdowns of reserves.

Figure 3 – Projected Unrestricted Reserves Balances from closing balance 2024/25 through to closing balance 2028/29



- 5.4 The detail of the forecast balances on reserves as at 31/03/25 is included in the Revenue and Capital Budget Forecast Year-End Outturn position at Quarter Three 2024/25 to Executive on 5 February 2025.

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.

Savings Delivery Risk Reserve	This reserve has been created from the 2024/25 Collection Fund Surplus to offset the risk of slippage / non delivery of budgeted savings.
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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 amortisation 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.

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Appendix 5

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 Council 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 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:

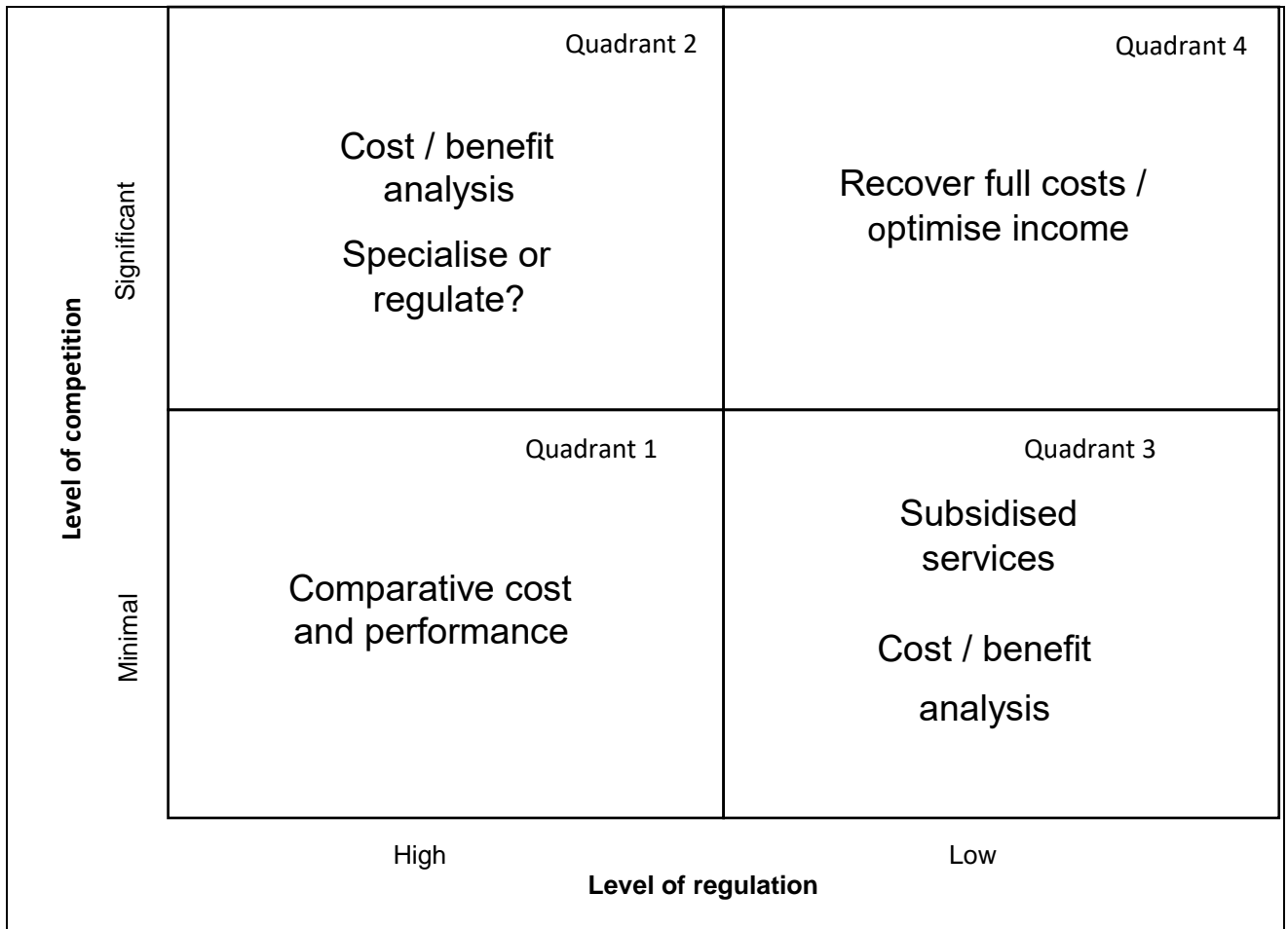


Diagram 1: Primary objectives of fees & charges based upon the key factors of competition and regulation

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 number 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 its 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
Beyond full cost recovery: 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
Full cost recovery : 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
Full cost recovery with concessionary discounts	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
Subsidised	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
Nominal	The council wishes the service to be fully available but sets a charge to discourage frivolous use.	2
Free	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.	
Statutory Charges	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 Councils 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 2025/26
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Middlesbrough Council

Appendix 5 - Annex 1 - Proposed Fees and Charges Schedule 2025/26

Detailed Service - current fees and proposed increased fees from 1st April 2025*

*unless an alternative date is indicated

ADULT SOCIAL CARE	Current fee	Proposed fees from 1st April 2025	% increase
	£	£	%
Prevention, Provider & Support Services			
Day Centre Meal (2 course lunch & drink)	4.90	5.00	2.0
Day Centre Meal (1 course lunch & drink)	4.10	4.20	2.4
Levick Court (chg./wk. re Service User funded by external organisations)	1515.00	1545.00	2.0
North Ormesby Day Centre (chg./wk. re Service User funded by external organisations)	243.00	248.00	2.1
The Orchard Complex Needs Service (chg./wk. re Service User funded by external organisations)	732.00	747.00	2.0
Community Inclusion Service (chg./wk. re Service User funded by external organisations)	403.00	411.00	2.0
Community Inclusion Service - Autism (chg./wk. re Service User funded by external organisations)	574.00	586.00	2.1
Connect : Bronze - Monitoring & Response (base unit only)	6.40	6.50	1.6
Connect : Silver - Monitoring & Response (base unit + up to 2 add-ons)	7.99	8.15	2.0
Connect : Gold - Monitoring & Response (base unit + up to 5 add-ons)	10.99	11.20	1.9
Connect : Platinum - Monitoring & Response (base unit + up to 8 add-ons)	15.99	16.30	1.9
Connect : Additional Pendant	1.10	1.10	No Change
Connect : Extra Charges : Damaged/Lost Equipment	Cost of item	Cost of item	n/a
Connect : Extra Charges : Reassurance Visit (per visit)	25.00	25.50	2.0
Connect : Extra Charges : Carer Support (per visit)	25.00	25.50	2.0
Connect : Extra Charges : Client Support - Property (per visit)	25.00	25.50	2.0
Connect : Extra Charges : Prescription collection (emergencies only)	5.00	5.10	2.0
Connect : Extra Charges : Toilet Calls (per visit)	15.00	15.30	2.0
Connect : Extra Charges : Telephone calls for Client (per call)	1.00	1.00	No Change
Connect : Sheltered Out of Hours	3.89	4.00	2.8
Connect : Sheltered - One off call for non-Out of Hours Client (per visit)	25.00	25.50	2.0
Connect : Sheltered Housing : Fire Alarm Monitoring (non-council)	2.99	3.05	2.0
Connect : Sheltered Housing : System Faults Monitoring Evening & Weekend (per call)	2.99	3.05	2.0
Connect : Sheltered Housing : Building Repairs monitoring Evening & Weekend (per call)	2.99	3.05	2.0
Connect : Sheltered Housing : Bank Holiday & Training day cover monitoring (per resident)	0.70	0.75	7.1
Connect : Sheltered Housing : Bank Holiday & Training day cover response (per resident)	25.00	25.50	2.0
Connect : Lone Working (non-social care services) Careium Abby (per unit per worker)	109.00	109.00	Cost of item
Connect : Lone Working (non-social care services) : Monitoring & Sim card (per month)	7.50	7.65	2.0
Connect : Lone Working (non-social care services) : Base Unit for building (monitor only) /wk.	6.50	6.65	2.3
Connect : Non-Council Building alarms (per alarm)	2.99	3.05	2.0
Connect : Schools Building alarms (per alarm)	2.99	3.05	2.0
Social Worker Basic (per hour) - charges to Other Local Authority's for Out of Area Assessments	48.65	50.35	3.5
Social Worker Complex (per hour) - charges to Other Local Authority's for Out of Area Assessments	64.54	66.80	3.5
Estates Services			
Estates Team : Banking Fees (Residential) (savings £1000+) - per month	16.00	16.50	3.1
Estates Team : Banking Fees (Community) (savings £1000+) - per month	21.00	21.50	2.4
Estates Team : Funeral Admin fee	314.00	320.00	1.9
Estates Team : Account closure fee	209.00	213.00	1.9
Estates Team : Deputyship - Court Order Initial fee - statutory fees set by OPG	745.00	944.00	26.7
Estates Team : Deputyship - Annual Report fee - statutory fees set by OPG	216.00	274.00	26.9
Estates Team : Deputyship - Annual Management fee (Year 1 maximum) - statutory fees set by OPG	775.00	982.00	26.7
Estates Team : Deputyship - Annual Management fee (Year 2 + maximum) - statutory fees set by OPG	650.00	824.00	26.8
Estates Team : Deputyship - Annual Property Management fee - statutory fees set by OPG	300.00	380.00	26.7
EDUCATION AND PARTNERSHIPS			
	£	£	%
Middlesbrough Educational Psychology Service (MEPS)			
Daily charge for schools for time purchased	550.00	572.00	4.0
Per person charge for 6 x 2-hour sessions of ELSA (Emotional Literacy Support Assistant)	244.00	253.80	4.0
Education Welfare Officer support			
Berwick Hills primary school, Service Level Agreement (annual charge)	1155.00	1178.00	2.0
Ayresome primary school, Service Level Agreement (annual charge)	3465.00	3534.00	2.0
Hollis Academy, Service Level Agreement (annual charge)	420.00	429.00	2.1
Stainsby Nursery			
Per Hour (price change from 1st September to 31st August):	10.50	10.70	1.9
Session (price change from 1st September to 31st August):	36.50	37.25	2.1
Daily (price change from 1st September to 31st August):	57.50	58.65	2.0
Weekly (price change from 1st September to 31st August):	261.00	266.25	2.0
After school (price change from 1st September to 31st August):	21.00	21.40	1.9
Ethnic Minority Achievement Team (EMAT)			
Annual Service Level Agreement: Secondary School (1st September to 31st August):	7426.00	7575.00	2.0
Annual Service Level Agreement: Primary School (1st September to 31st August):	3808.00	3885.00	2.0
Annual Service Level Agreement: Interpretation only (1st September to 31st August):	2730.00	2785.00	2.0

Budget proposal reference where overall increase for service area is above 2% and requires consultation

ASC14 (24/25 budget)
ASC14 (24/25 budget)
ASC14 (24/25 budget)
ASC14 (24/25 budget)
ASC14 (24/25 budget)

ENVIRONMENT & COMMUNITY SERVICES	Current fee	Proposed fees from 1st April 2025	% increase
	£	£	%
Public Protection			
Public Protection - Cosmetic Treatment License - premises	75.00	76.50	2.0
Public Protection - Cosmetic Treatment License - person	75.00	76.50	2.0
Public Protection - Hairdressing License	39.75	40.60	2.1
Public Protection - Food Hygiene re-visit	187.44	191.20	2.0
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	755.42	771.00	2.1
Public Protection - Immigration Inspection fee	150.00	153.00	2.0
Public Protection - Animal Activities Licence - 1 year	290.79	297.00	2.1
Public Protection - Animal Activities Licence - 2 year	370.28	378.00	2.1
Public Protection - Animal Activities Licence - 3 year	448.73	458.00	2.1
Street trading - Daytime	7,126.40	7,270.00	2.0
Street trading - Nighttime	1,651.63	1,685.00	2.0
Street trading - Riverside	979.06	1,000.00	2.1
Premises for Marriage and Civil Partnerships (3 years)	815.88	832.00	2.0
Distribution of free printed materials	108.78	111.00	2.0
Taxi Licensing (Change in Fees is via a separate process in consultation with Taxi Trade)			
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
Area Care & Waste			
Junk Jobs- up to 5 items- standard service	24.50	24.50	No Change
Junk Jobs- up to 5 items- premium service	24.50	24.50	No Change
Junk Jobs -up to 10 items	47.07	45.00	(4.4)
Junk Jobs - up to 15 items	70.60	72.00	2.0
Allotments - small plot at Low Lane	20.92	21.35	2.1
Allotments-small plot	46.48	47.40	2.0
Allotments-medium plot	89.74	91.50	2.0
Shopping Trolley Retrieval	69.03	70.40	2.0
Garden Waste Collection Charge-1st Wheeled Bin	40.00	40.00	No Change
Garden Waste Collection Charge - Additional Wheeled Bin	20.00	20.00	No Change
Replacement Wheeled Bin -140ltr-Residual	20.45	20.45	No Change
Replacement Wheeled Bin - 240ltr-Residual	23.50	23.50	No Change
Replacement Garden Waste Wheeled Bin-240ltr	25.50	25.50	No Change
Additional 140ltr Bin-Residual	40.00	40.00	No Change
Highways Maintenance Planned/Responsive			
Bus Stop/Traffic Suspension Notice/Demolition Notes	68.00	69.40	2.1
Winter Maintenance			
Salt Provision to Redcar & Cleveland Local Authority -based on current salt prices plus admin fee	variable	variable	N/A
Gritting at James Cook Hospital and Serco-based on demand, includes salt, labour, fuel admin fee	variable	variable	N/A
Highway Maintenance Projects			
Various Highways works linked to one off projects based on activity and level of works required	variable	variable	N/A
Highways Services Management			
New Street Naming and Numbering	180.00	183.60	2.0
1-3 addresses (per address)	46.00	46.90	2.0
4 addresses or more (per address)	15.00	15.30	2.0
for every 50 addresses above 4	115.00	117.30	2.0
Management of the Highways			
Insurance Claims for Damage to Infrastructure following Road Traffic Collision	variable	variable	N/A
Fleet Management			

MOT - Car	36.61	37.35	2.0	
MOT - Taxi	10.00	15.00	50.0	ECS20
MOT - Minibus 13-16 passenger seats	47.07	48.00	2.0	
MOT - Minibus over 16 passenger seats	47.07	48.00	2.0	
MOT - Vehicles weighing 3000kg to 3500kg	36.61	37.35	2.0	
MOT - Duplicate Test Certificates	10.46	10.65	1.8	
Streetworks				
Permits & Inspections	variable	variable	N/A	
Environment Enforcement				
Fly Tipping (reduction to £600 if paid in 7 days)	800.00	1000.00	25.0	ECS14
Littering (reduction to £200 if paid in 7 days)	300.00	300.00	No Change	
Household Duty of Care Offences	600.00	600.00	No Change	
Pest Control				
Wasps & Bees per visit	48.05	49.00	2.0	
Bed Bugs/Cockroaches per 2 visits	240.14	245.00	2.0	
Rodents per visit	46.07	47.00	2.0	
Other insects per visit	112.05	114.30	2.0	
Hourly Rate per visit	53.36	54.45	2.0	
Concessionary Fares				
Replacement Pass (lost, stolen or damaged)	17.25	17.60	2.0	
Middlesbrough Bus Station				
Departure Charges-increased as from 1 January 2025, contract to 31 December 2025	0.65	0.66	1.5	
Departure Charges-increased as from 1 January 2025, contract to 31 December 2025	2.00	2.05	2.5	
Parks Management				
Events - each event price negotiated	variable	variable	N/A	
Newham Grange Leisure Farm				
Adult -Day Ticket	5.60	5.70	1.8	
Child -Day Ticket	4.75	4.85	2.0	
Senior-Day Ticket	4.75	4.85	2.0	
Family -Day Ticket	18.80	19.20	2.1	
Under 2s	Free	Free	N/A	
Carer	Free	Free	N/A	
Groups - Ratio 1 in 10 Free	Free	Free	N/A	
Adult - School Group	4.10	4.20	2.4	
Child -School Group	4.10	4.20	2.4	
Guided Tour	17.50	17.85	2.0	
Adult - Annual Ticket	68.50	70.00	2.2	
Child-Annual Ticket	47.50	48.50	2.1	
Senior-Annual Ticket	47.50	48.50	2.1	
Family -Annual Ticket	168.00	171.40	2.0	
Children's Party- All Children	12.50	12.75	2.0	
Adults	4.10	4.20	2.4	
Non Refundable Deposit	25.00	25.50	2.0	
Bronze Sponsorship	16.00	16.30	1.9	
Silver Sponsorship	32.00	32.65	2.0	
Gold Sponsorship	53.00	54.00	1.9	
Room Hire - Hour	17.50	17.85	2.0	
Room Hire -Half Day	52.00	53.00	1.9	
Room Hire -Full Day	92.50	94.35	2.0	
Highways Services Management				
Company Registration - Skip, Scaffolding & Hoarding-Annually	New	50.00	N/A	ECS14
Skip Licence-7 days	20.00	22.00	10.0	ECS14
Scaffolding Licence-New Application-for each 28 days or part of	126.00	135.00	7.1	ECS14
Scaffolding Licence -Renewal-each additional 28 days or part of	71.00	80.00	12.7	ECS14
Hoarding Licence-New Application-for each 28 days or part of	126.00	135.00	7.1	ECS14
Hoarding Licence-Renewal-each additional 28 days or part of	71.00	80.00	12.7	ECS14
Highways Licensing Vehicle Crossing Request Assessment	New	25.00	N/A	ECS14
Highways Licensing Vehicle Crossing Works Licence	126.00	170.00	34.9	ECS14
Deposits of material upon the highway-day fee	New	5.00	N/A	ECS14
Deposits of material upon the highway-1 week	31.50	35.00	11.1	ECS14
Placement of containers, cabins, welfare facilities on the highway for each 28 days or part of	126.00	135.00	7.1	ECS14
Advertising Boards-New-1 year licence	119.00	130.00	9.2	ECS14
Advertising Boards-Renewal-1 year licence	70.00	80.00	14.3	ECS14
Display of goods (up to 5m2)- new-1 year licence	119.00	130.00	9.2	ECS14
Display of goods (up to 5m2)-renewal-1 year licence	70.00	80.00	14.3	ECS14
Display of goods (over 5m2) new 1 year licence	185.00	200.00	8.1	ECS14
Display of goods (over 5m2) renewal 1 year licence	138.00	150.00	8.7	ECS14
Mobile elevated work platform (cherry pickers)	126.00	140.00	11.1	ECS14
Vehicle Mounted or Tower Crane	126.00	140.00	11.1	ECS14
Oversail/structures over the highway	126.00	150.00	19.0	ECS14
Highways Licensing road opening notices-2 inspections	164.00	180.00	9.8	ECS14
Street Café licence new application-1 year licence	487.00	500.00	2.7	ECS14
Street Cafe licence renewal-1 year licence	142.00	150.00	5.6	ECS14
Pavement licence-new application -max 2 years	100.00	105.00	5.0	ECS14
Pavement licence-renewal-max 2 years	100.00	105.00	5.0	ECS14
Highways Licensing-canopies,balconies	126.00	130.00	3.2	ECS14
Building works to cellars licence	484.00	500.00	3.3	ECS14
Building works to cellars inspection fee-per month	142.00	150.00	5.6	ECS14
Planting on the highway (cultivation licence)	New	50.00	N/A	ECS14
Minor private works on or near the highway	New	150.00	N/A	ECS14
Banners on the highway-available for local charitable, cultural and educational events-per site for up to two weeks	New	30.00	N/A	ECS14
Street Lighting-application to attach equipment to street lighting assets (per column)	New	135.00	N/A	ECS14
Reclaiming property removed from the highway-unlicensed-advertising boards, removal storage, disposal	New	100.00	N/A	ECS14
Late notification fee	30.00	35.00	16.7	ECS14

Unlicensed fine	New	300.00	N/A	ECS14
Additional site inspection -per inspection	New	45.00	N/A	ECS14
Demolition Notice-Section 80 & Section 81 notice	New	150.00	N/A	ECS14
Private apparatus in the highway-new apparatus applications (section 50)	174.00	180.00	3.4	ECS14
Private apparatus in the highway-capitalised fee (5 years) single payment in lieu of annual licence renewal charges	196.00	200.00	2.0	ECS14
Private apparatus in the highways-capitalised fee (10 years)-single payment in lieu of annual licence renewal charges	New	400.00	N/A	ECS14
Existing apparatus application (section 50)	83.00	90.00	8.4	ECS14
Inspection Fees -per each 200m	142.00	150.00	5.6	ECS14
Emergency Temporary Traffic Regulation Order-Notice (closure 21 days)	343.00	355.00	3.5	ECS14
5 Day Temporary Traffic Regulation Order -Notice (planned works)	343.00	355.00	3.5	ECS14
Temporary Road Closure-up to 18 months-include advert costs	1,760.00	1850.00	5.1	ECS14
Extension to 18 month road closure-includes advert costs	1,760.00	1850.00	5.1	ECS14
Temporary 6 month footpath closure-excluding advertising costs	1,760.00	min 2,500, max4,000	N/A	ECS14
Extension to temporary 6 month closure-excluding advertising costs	1,760.00	min 2,500, max4,000	N/A	ECS14
Permanent Traffic Regulation Order-excluding advertising costs	1,760.00	min 2,500, max4,000	N/A	ECS14
Application from developer to vary, amend or revoke a Traffic Regulation Order	2,750.00	min 2,750, max 2,850	N/A	ECS14
Advertising Costs-charges vary depending on size	variable	variable	N/A	ECS14
Highways Closures Public Path Order Fees-Highway Stopping Orders S116-Highways Act 1980	New	min 2,500, max 4,000	N/A	ECS14
Public Right of Way Stopping up/Diversion Orders-Highways Act 1980	New	min 2,500, max 4,000	N/A	ECS14
Public Right of Way Stopping up/Diversion Orders s.257-Town & Country Planning Act 1990	New	200.00	N/A	ECS14
Fee for each additional unconnected land parcel	New	30.00	N/A	ECS14
S31 (6) Receipt and processing of declaration	New	80.00	N/A	ECS14
S31 (6) Receipt and processing of declaration -(following initial deposited map and statement)	New	100.00	N/A	ECS14
Highways Inspection Reports -Provision of previous 2 years	60.00	62.00	3.3	ECS14
Works Instructions/Orders Provision of previous 2 years	60.00	62.00	3.3	ECS14
Street Works Register of Provision of previous 2 years	60.00	62.00	3.3	ECS14
Additional charge for each additional 2 year period	60.00	62.00	3.3	ECS14
Highway Adoption Plan-per electronic plan	48.00	50.00	4.2	ECS14
Public Right of Way Plan-per electronic plan	New	50.00	N/A	ECS14
Joint Plan-per electronic plan	New	65.00	N/A	ECS14
Electronic copies of Highways Documents (excluding plans)	New	Variable	N/A	ECS14
Highways search queries-per question	New	22.50	N/A	ECS14
Land Drainage Consent (ordinary watercourse) per structure	50.00	50.00	No Change	ECS14
<u>Bereavement Services</u>				
<u>Cremation Fees:</u>				
Child between one month and 18 years old	Free	Free	N/A	ECS14
Person over 18 years old	945.00	995.00	5.3	ECS14
Person over 18 years old -9am and 9.15 Monday to Friday time slots	830.00	870.00	4.8	ECS14
Direct Cremation (no family,mourners,minister,service)	500.00	525.00	5.0	ECS14
Cremation of Body Parts	65.00	68.00	4.6	ECS14
Hospital or Social Services contract cremation	650.00	683.00	5.1	ECS14
Scattering of cremated remains in the Garden of Remembrance	No Charge	No Charge	N/A	ECS14
Scattering of cremated remains elsewhere	65.00	68.00	4.6	ECS14
<u>Urns & Caskets for Cremated Remains:</u>				
Additional plastic urn, scatter tube or cardboard box	21.00	23.00	9.5	ECS14
Wooden Casket	90.00	95.00	5.6	ECS14
<u>Miscellaneous Fees:</u>				
Use of chapel for 30 minutes	115.00	121.00	5.2	ECS14
Temporary Storage of cremated remains per month or part of a month (after 1 month)	32.00	34.00	6.3	ECS14
<u>Burial / Internment Fees</u>				
Child between one month and 18 years old	No Charge	No Charge	N/A	ECS14
Person over 18 years old	830.00	870.00	4.8	ECS14
Burial of body parts	195.00	205.00	5.1	ECS14
Scatter of cremated remains in a grave below the turf (up to 1 foot depth)	95.00	100.00	5.3	ECS14
Internment of cremated remains in an urn or casket (up to 3 foot depth)	200.00	210.00	5.0	ECS14
Internment in a pre-purchased mausoleum chamber	830.00	870.00	4.8	ECS14
<u>Exclusive Rights of Burial (purchasing a grave)</u>				
Full size grave	1,300.00	1365.00	5.0	ECS14
Half size grave for a child (designated section)	No Charge	No Charge	N/A	ECS14
Woodland or Meadowland Grave -single internment	1,290.00	1355.00	5.0	ECS14
Woodland or Meadowland Grave -double internment (side by side)	1,720.00	1805.00	4.9	ECS14
A concrete vault in the Muslim section of Thorntree Cemetery	1,560.00	1640.00	5.1	ECS14
Transfer of exclusive right of burial	60.00	63.00	5.0	ECS14
<u>Headstones Vases and Monumental Inscriptions</u>				
Right to erect a memorial between 12" and 24" in height	120.00	125.00	4.2	ECS14
Right to erect a headstone over 24" and up to 60"	240.00	250.00	4.2	ECS14
Right erect a kerbside on a traditional grave	120.00	125.00	4.2	ECS14
Right to erect an ashes grave memorial/flower vase	60.00	63.00	5.0	ECS14
Right to have a second or subsequent inscription	60.00	63.00	5.0	ECS14
<u>Chapel Service</u>				
Webcast/Livestream	65.00	68.00	4.6	ECS14
Webcast/Livestream-on demand replay & downloadable version	70.00	74.00	5.7	ECS14
Keepsakes-DVD or USB-first copy	70.00	74.00	5.7	ECS14
Keepsakes-DVD or USB-additional copies	70.00	74.00	5.7	ECS14
Keepsake-Video Book	125.00	132.00	5.6	ECS14
Keepsake-Memory Box	160.00	168.00	5.0	ECS14
Single Photo Tribute (first)	No Charge	No Charge	N/A	ECS14

Additional Single Photos	20.00	22.00	10.0	ECS14
Basic Slideshow (up to 25 photos)	60.00	63.00	5.0	ECS14
Music Tribute (formerly pro tribute)	85.00	90.00	5.9	ECS14
Themed Tribute	120.00	125.00	4.2	ECS14
Bespoke Tribute	460.00	483.00	5.0	ECS14
Family Made Tribute	70.00	74.00	5.7	ECS14
Additional 25 photos (tributes/basic slideshows)	35.00	36.75	5.0	ECS14
Download Tribute	20.00	22.00	10.0	ECS14
Extra Work Fee-revisions from standard product-e.g. adding video to Pro Tribute, timing photos, converting files	60.00	63.00	5.0	ECS14
Under 18's Webcast, Single Photo, Basic Slideshow-up to 25 photos	No Charge	No Charge	N/A	ECS14
Memorial Seats & Plaques				
Memorial Wall Small Plaques-10 years	430.00	452.00	5.1	ECS14
Memorial Wall Small Plaques-20 years	635.00	667.00	5.0	ECS14
Porcelain Plaque additional	50.00	53.00	6.0	ECS15
Add a standard design	130.00	137.00	5.4	ECS14
Add a special design	180.00	190.00	5.6	ECS14
Add a ceramic photograph	190.00	200.00	5.3	ECS14
Memorial Wall Large Plaques-20 years	635.00	667.00	5.0	ECS14
Memorial Wall Large Plaques -20 years	975.00	1025.00	5.1	ECS14
Add a standard design	140.00	147.00	5.0	ECS14
Add a special design	220.00	230.00	4.5	ECS14
Add a ceramic photograph	220.00	230.00	4.5	ECS14
Re-gild small or large wall plaque	95.00	100.00	5.3	ECS14
Baby Memorial Wall Plaque - 10 years-Acklam	225.00	236.00	4.9	ECS14
Baby Memorial Wall Plaque - 10 years-Linthorpe	200.00	210.00	5.0	ECS14
Add a special design-Acklam only	75.00	79.00	5.3	ECS14
Vase, tablet in relief and lease	810.00	850.00	4.9	ECS14
Gold Leaf Lettering	75.00	79.00	5.3	ECS14
Tablet only -Gold	470.00	495.00	5.3	ECS14
Tablet only -Relief	400.00	420.00	5.0	ECS14
One Photograph	175.00	185.00	5.7	ECS14
Re-gild	95.00	100.00	5.3	ECS14
Sanctum vault, tablet and lease	1,640.00	1725.00	5.2	ECS14
Add a standard design	140.00	147.00	5.0	ECS14
Add a special design	210.00	220.00	4.8	ECS14
Add a ceramic photograph	220.00	230.00	4.5	ECS14
Extra Letters -per letter	6.00	7.00	16.7	ECS14
Replacement flower container	15.00	15.75	5.0	ECS14
Remove and re-fix sanctum plaque	95.00	100.00	5.3	ECS14
Rose, lease & plaque	410.00	430.00	4.9	ECS14
Plaque only	190.00	200.00	5.3	ECS14
Re-glaze plaque	60.00	63.00	5.0	ECS14
Tree Plaque (replacement only)	320.00	336.00	5.0	ECS14
Memorial seat and plaque	2,250.00	2365.00	5.1	ECS14
Additional plaque	325.00	340.00	4.6	ECS14
Additional foundation	495.00	520.00	5.1	ECS14
Additional letters on seat plaque	5.00	5.50	10.0	ECS14
Seat only	1,800.00	1890.00	5.0	ECS14
Woodland Seat (15 year lease)	2,300.00	2415.00	5.0	ECS14
Barbican Memorial Plaque & 10 year lease	575.00	604.00	5.0	ECS14
Add a standard design	125.00	132.00	5.6	ECS14
Add a Special design	205.00	215.00	4.9	ECS14
Add a ceramic photograph	175.00	185.00	5.7	ECS14
Add a porcelain plaque	50.00	53.00	6.0	ECS14
Book of Remembrance				
2 line entry	75.00	79.00	5.3	ECS14
5 line entry	110.00	116.00	5.5	ECS14
8 line entry	175.00	185.00	5.7	ECS14
5 line entry with flower motif	170.00	178.00	4.7	ECS14
8 line entry with flower motif	240.00	250.00	4.2	ECS14
5 lines with badge	200.00	210.00	5.0	ECS14
8 lines with badge	265.00	280.00	5.7	ECS14
5 lines with special design	200.00	210.00	5.0	ECS14
8 lines with special design	265.00	280.00	5.7	ECS14
Special Urns,caskets,keepsakes for cremated remains				
Footprints biodegradable urn	210.00	220.00	4.8	ECS14
Ruby fibreglass with pink velvet bag	95.00	100.00	5.3	ECS14
Burgundy Rose urn with velvet bag	95.00	100.00	5.3	ECS14
White Steel Stars Urn	95.00	100.00	5.3	ECS14
Blue Out to Sea Urn	95.00	100.00	5.3	ECS14
Blue with Butterflies	95.00	100.00	5.3	ECS14
Pink Metal Urn with gold rose edges	120.00	125.00	4.2	ECS14
Praying Hands	120.00	125.00	4.2	ECS14
Brass Polished Rose Urn	210.00	220.00	4.8	ECS14
White Glazed Urn	65.00	68.00	4.6	ECS14
Solid Oak Ornate Casket for Burials	110.00	116.00	5.5	ECS14
Solid Oak Plain Casket for sanctums	110.00	116.00	5.5	ECS14
Solid Oak White Casket	130.00	137.00	5.4	ECS14
Mini Heart Keepsakes	50.00	53.00	6.0	ECS14
Mini Urns	40.00	42.00	5.0	ECS14
Single Stand for Mini Hearts	20.00	22.00	10.0	ECS14
Brass Urn-Sanctum 2000	210.00	220.00	4.8	ECS14
Brass Urn -Sanctum 2000 small keepsake	80.00	84.00	5.0	ECS14
Car Parking				
Captain Cook Square - up to 3 hours	1.50	1.50	No Change	ECS19
Captain Cook Square short stay- up to 4 hours	7.20	7.30	1.4	ECS19
Captain Cook Square short stay up to 5 hours	9.00	9.10	1.1	ECS19
Captain Cook Square short stay up to 6 hours	10.80	10.90	0.9	ECS19
Captain Cook Square short stay up to 7 hours	12.60	12.70	0.8	ECS19

Captain Cook Square short stay up to 10 hours	14.40	14.50	0.7	ECS19
Captain Cook Square long stay up to 4 hours	3.00	3.10	3.3	ECS19
Captain Cook Square long stay up to 10 hours	4.00	4.10	2.5	ECS19
Amber Street & MIMA car parks up to 1 hour	1.80	1.90	5.6	ECS19
Amber Street & MIMA car parks up to 2 hours	3.60	3.70	2.8	ECS19
Amber Street & MIMA car parks up to 3 hours	5.40	5.50	1.9	ECS19
Amber Street& MIMA car parks up to 4 hours	7.20	7.30	1.4	ECS19
Amber Street & MIMA car parks up to 5 hours	9.00	9.10	1.1	ECS19
Amber Street & MIMA car parks up to 6 hours	10.80	10.90	0.9	ECS19
Amber Street & MIMA car parks up to 7 hours	12.60	12.70	0.8	ECS19
Amber Street& MIMA car parks up to 10 hours	14.40	14.50	0.7	ECS19
Buxton Street Car Park -Change to long stay (up to 2 hours)	n/a	1.60	n/a	ECS19
Buxton Street Car Park -Change to long stay (up to 4 hours)	n/a	3.60	n/a	ECS19
Buxton Street Car Park -Change to long stay (up to 10 hours)	n/a	4.60	n/a	ECS19
Gurney Street Car Park up to 2 hours	1.50	1.60	6.7	ECS19
Gurney Street Car Park up to 4 hours	3.50	3.60	2.9	ECS19
Gurney Street Car Park up to 10 hours	4.50	4.60	2.2	ECS19
Jedburgh Street car park up to 2 hours	1.50	1.60	6.7	ECS19
Jedburgh Street car park up to 4 hours	3.00	3.10	3.3	ECS19
Jedburgh Street car park up to 10 hours	4.50	4.60	2.2	ECS19
France Street car park up to 2 hours	2.00	2.10	5.0	ECS19
France Street car park up to 4 hours	3.00	3.10	3.3	ECS19
France Street car park up to 10 hours	4.00	4.10	2.5	ECS19
Cannon Park, Cannon Park Way & Wood Street up to 2 hours	1.20	1.30	8.3	ECS19
Cannon Park, Cannon Park Way & Wood Street up to 4 hours	2.00	2.10	5.0	ECS19
Cannon Park, Cannon Park Way & Wood Street up to 10 hours	3.00	3.10	3.3	ECS19
Station Street & Zetland car parks up to 10 hours	2.50	2.60	4.0	ECS19
Ferry Road car park up to 3 hours	1.50	1.60	6.7	ECS19
Ferry Road car park up to 4 hours	2.50	2.60	4.0	ECS19
Ferry Road car park up to 10 hours	3.00	3.10	3.3	ECS19
Limited stay car parks up to 2 hours	2.50	2.60	4.0	ECS19
Residents Parking Permit Charge - 1st Permit	25.00	25.00	No Change	ECS19
Residents Parking Permit Charge - Additional Permits	40.00	40.00	No Change	ECS19
NHS and Official Careers Permits	10.00	10.00	No Change	ECS19
On Street Car Parking-all charges to increase by 10p	Various	Various	No Change	ECS19
Community Hubs and Libraries				
Venue Hire - Acklam Library				
Room 1 - Capacity 15 (Hourly)	12.50	13.00	4.0	
Room 1 - Capacity 15 Community Groups (Hourly)	6.50	7.00	7.7	
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	31.50	32.00	1.6	
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	19.00	19.40	2.1	
Room 1 - Capacity 15 (Full Day Over 3 Hours)	50.00	51.00	2.0	
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	31.50	32.00	1.6	
Room 2 - Capacity 5 (Hourly)	12.50	13.00	4.0	
Room 2 - Capacity 5 Community Groups (Hourly)	4.70	5.00	6.4	
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	19.00	19.50	2.6	
Room 2 - Capacity 5 Community Groups (Half Day Up to 3 Hours)	12.50	13.00	4.0	
Room 2 - Capacity 5 (Full Day Over 3 Hours)	31.50	32.00	1.6	
Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	19.00	19.50	2.6	
Venue Hire - Easterside Community Hub				
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)	12.50	13.00	4.0	
Standard (Hourly Out of Hours)	16.00	16.30	1.9	
Standard (Full Day 9am - 5pm Weekdays)	63.00	64.00	1.6	
Community Group (Hourly)	6.50	7.00	7.7	
Community Group (Hourly Out of Hours)	10.50	11.00	4.8	
Community Group (Full Day 9am - 5pm Weekdays)	63.00	64.50	2.4	
Venue Hire - Grove Hill Community Hub				
Room 1 (Capacity 30), Room 2 (Capacity 15), Room 3 (Capacity 8), Room 4 (Capacity 4), Room 5 (Capacity 35)				
Standard (Hourly)	12.50	13.00	4.0	
Standard (Hourly Out of Hours)	16.00	16.50	3.1	
Standard (Full Day 9am - 5pm Weekdays)	63.00	64.00	1.6	
Community Group (Hourly)	6.50	7.00	7.7	
Community Group (Hourly Out of Hours)	10.50	11.00	4.8	
Community Group (Full Day 9am - 5pm Weekdays)	63.00	64.50	2.4	
Venue Hire - Hemlington Hub and Library				
Room 1 (Capacity 6), Room 2 (Capacity 6), Activity Room (Capacity 12)				
Standard (Hourly)	12.50	13.00	4.0	
Standard (Half Day Up to 3 Hours)	31.50	32.00	1.6	
Standard (Full Day Over 3 Hours)	50.00	51.00	2.0	
Room 1 (Capacity 6), Room 2 (Capacity 6),				
Community Group (Hourly)	5.20	5.30	2.0	
Community Group (Half Day Up to 3 Hours)	12.50	12.75	2.0	
Community Group (Full Day Over 3 Hours)	19.00	19.40	2.1	
Community Group Refreshments per person	0.60	0.65	8.3	

<i>Activity Room (Capacity 12)</i>			
Community Group (Hourly)	6.50	7.00	7.7
Community Group (Half Day Up to 3 Hours)	19.00	19.50	2.6
Community Group (Full Day Over 3 Hours)	31.50	32.00	1.6
Venue Hire - Marton Library			
Room 1 - Capacity 15 (Hourly)	12.50	13.00	4.0
Room 1 - Capacity 15 Community Groups (Hourly)	6.50	7.00	7.7
Room 1 - Capacity 15 (Half Day Up to 3 Hours)	31.50	32.00	1.6
Room 1 - Capacity 15 Community Groups (Half Day Up to 3 Hours)	19.00	19.50	2.6
Room 1 - Capacity 15 (Full Day Over 3 Hours)	47.00	48.00	2.1
Room 1 - Capacity 15 Community Groups (Full Day Over 3 Hours)	31.50	32.00	1.6
Room 2 - Capacity 5 (Hourly)	12.50	13.00	4.0
Room 2 - Capacity 5 Community Groups (Hourly)	5.20	5.50	5.8
Room 2 - Capacity 5 (Half Day Up to 3 Hours)	19.00	19.50	2.6
Room 2 - Capacity 5 Community Groups (Half Day Up to 3 Hours)	12.50	13.00	4.0
Room 2 - Capacity 5 (Full Day Over 3 Hours)	31.50	32.00	1.6
Room 2 - Capacity 5 Community Groups (Full Day Over 3 hours)	19.00	19.50	2.6
Venue Hire - MyPlace			
Theatre Full - Capacity 100 (Hourly)	26.00	26.50	1.9
Theatre Full - Capacity 100 (Half Day)	90.00	92.00	2.2
Theatre Full - Capacity 100 (Full day)	175.00	178.50	2.0
1/2 Theatre with Stage - Capacity 50 (Hourly)	21.00	21.50	2.4
1/2 Theatre with Stage - Capacity 50 (Half Day)	57.50	59.00	2.6
1/2 Theatre with Stage - Capacity 50 (Full Day)	115.00	117.50	2.2
1/2 Theatre with Televisions - Capacity 25 (Hourly)	19.00	19.50	2.6
1/2 Theatre with Televisions - Capacity 25 (Half Day)	41.80	43.00	2.9
1/2 Theatre with Televisions - Capacity 25 (Full Day)	90.00	92.00	2.2
Mezzanine - Capacity 40 (Hourly)	21.00	21.50	2.4
Mezzanine - Capacity 40 (Half Day)	31.50	32.00	1.6
Mezzanine - Capacity 40 (Full Day)	63.00	64.30	2.1
Training Room - Capacity 15 (Hourly)	12.50	13.00	4.0
Training Room - Capacity 15 (Half Day)	41.80	43.00	2.9
Training Room - Capacity 15 (Full Day)	84.00	86.00	2.4
Minibus £20 Donation and Fuel Costs	£21 + Variable	£22 + Variable	Variable
Venue Hire - Newport Community Hub			
Room 1 (Capacity 20), Room 3 (Capacity 15), Room 7 (Capacity 15 - currently Newport Library)			
Standard (Hourly)	12.50	13.00	4.0
Community Groups (Hourly)	10.50	11.00	4.8
Room 4/5 (Capacity 20)			
Standard (Hourly)	21.00	21.50	2.4
Community Groups (Hourly)	10.50	11.00	4.8
Main Hall (Multifunctional)			
Standard (Hourly)	21.00	21.50	2.4
Community Groups (Hourly)	16.00	16.50	3.1
School Hall (Multifunctional)			
Standard (Hourly)	21.00	21.50	2.4
Community Groups (Hourly)	16.00	16.50	3.1
Sports Hall (Sports Only)			
Standard (Hourly)	40.00	41.00	2.5
Community Groups (Hourly)	31.50	32.00	1.6
Kitchen (Cooking)			
Standard (Hourly)	19.00	19.50	2.6
Community Groups (Hourly)	12.50	13.00	4.0
All Rooms: Out of Hours : Per Hour Security Fee (booking accepted only if security available)	21.00	21.50	2.4
Venue Hire - North Ormesby Community Hub			
Hall - Capacity 50			
Standard (Hourly)	19.00	19.50	2.6
Community Groups (Hourly)	15.00	15.30	2.0
Room 1 (Capacity 15), Room 2 (Capacity 15)			
Standard (Hourly)	12.50	13.00	4.0
Community Groups (Hourly)	6.50	7.00	7.7
Pod (Capacity 2), Kitchen - Hourly	6.50	7.00	7.7
Venue Hire - Thorntree Community Hub			
Hall - Capacity 70 Hourly	21.00	21.50	2.4
Hall - Capacity 70 (Full Day 9am - 4:30pm)	115.00	117.50	2.2
Hall - Capacity 70 Subsidised Groups Hourly	6.50	7.00	7.7
Lounge - Capacity 20 Hourly	12.50	13.00	4.0
Lounge - Capacity 20 (Full Day 9am - 4:30pm)	84.00	86.00	2.4
Lounge - Capacity 20 Subsidised Groups Hourly	6.50	7.00	7.7
Conference 1 (Capacity 30), Conference 2 (Capacity 24)			
Hourly	19.00	19.50	2.6
Full Day 9am - 4:30pm	115.00	117.50	2.2
Subsidised Groups	6.50	7.00	7.7
Venue Hire - Central Library - Closed for Refurbishment			
<i>Services</i>			
A4 Printing per page Black and White	0.26	0.30	15.4
A4 Colour per page	0.52	0.55	5.8

A3 per page Black and White	0.52	0.55	5.8
A3 per page Colour	1.05	1.10	4.8
PDF Scanning per 5 pages	1.60	1.65	3.1
Laminating per page A4	1.60	1.65	3.1
Laminating per page A3	2.10	2.15	2.4
Premises Licenses/Club Certificates (Licensing Act fees -set by Secretary of State)			
<i>Application Fee Or Variation Fee</i>			
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
<i>Annual Fee</i>			
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
Personal Licenses, Temporary Events, Other Fees (Licensing Act fees -set by Secretary of State)			
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
Selective Landlord Licensing			
Selective Landlord Licensing-Newport Scheme 1-One Off Licence Fee for New Applicants	998.00	998.00	-
Selective Landlord Licensing-Newport Scheme 2 -One Off Licence Fee for New Applicants	836.00	861.00	3.0
Selective Landlord Licensing -North Ormesby 2-One Off Licence Fee for New Applicants	820.00	845.00	3.0
Selective Landlord Licensing-Newport Scheme Phase 1-One Off Fit and Proper Person Test Fee	20.00	20.00	-
Selective Landlord Licensing -North Ormesby 2-One Off Fit and Property Person Test Fee	20.00	20.00	-
FINANCE			
	Current fee	Proposed fees from 1st April 2025	% increase
	£	£	%
Resident & Business Support			
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	425.00	434.00	2.1
Deferred Payment Agreement - Annual Fee	199.00	199.00	No Change
LEGAL & GOVERNANCE			
	Current fee	Proposed fees from 1st April 2025	% increase
	£	£	%
Policy, Governance and Information			
Fire risk assessments - primary schools	520.23	530.65	2.0
Fire risk assessments secondary schools	751.43	766.50	2.0
Health and safety audit - primary schools	520.23	530.60	2.0
Health and safety audit - secondary schools	751.43	766.50	2.0
Full Health and safety compliance package - primary schools	2196.60	2241.00	2.0
Full Health and safety compliance package - secondary schools	3468.15	3538.00	2.0
School Census Contract - annual charge	766.80	782.00	2.0
School Data Officer Contract (Basic) - annual charge	1214.11	1238.00	2.0
School Data Officer Contract (Weekly) - annual charge	6326.16	6453.00	2.0
School Data Officer Contract (Bi Weekly) - annual charge	3770.13	3846.00	2.0
Registrars			
Civil Marriage/Partnership Ceremonies - Mon -Thurs Victoria Room	262.00	267.50	2.1
Civil Marriage/Partnership Ceremonies - Mon -Thurs Erimus Room	373.00	380.00	1.9
Civil Marriage/Partnership Ceremonies - Mon -Thurs Approved Venue	520.00	530.00	1.9
Civil Marriage/Partnership Ceremonies - Fri Victoria Room	288.00	294.00	2.1
Civil Marriage/Partnership Ceremonies - Fri Erimus Room	399.00	407.00	2.0
Civil Marriage/Partnership Ceremonies - Fri Approved Venue	540.00	551.00	2.0
Civil Marriage/Partnership Ceremonies - Sat Victoria Room	313.00	319.00	1.9
Civil Marriage/Partnership Ceremonies - Sat Erimus Room	429.00	438.00	2.1
Civil Marriage/Partnership Ceremonies - Sat Approved Venue	602.00	614.00	2.0
Civil Marriage/Partnership Ceremonies - Sun/BH Approved Venue	677.00	691.00	2.1

Private Citizenship Ceremony	186.00	190.00	2.2
Legal Services			
Grant of lease by MBC - standard lease of whole	1100.00	1122.00	2.0
Grant of lease by MBC - Standard lease of part	1200.00	1224.00	2.0
Grant of lease by MBC - Non Standard	Variable - on application	Variable - on application	N/A
Lease renewal - standard	575.00	586.50	2.0
Lease renewal - new replacement required	1100.00	1122.00	2.0
Academy Lease and Commercial Transfer Agreement	2100.00	2142.00	2.0
Licence to assign	860.00	877.00	2.0
Licence to assign with AGA	915.00	933.00	2.0
Licence to underlet	860.00	877.00	2.0
Licence to alterations	860.00	877.00	2.0
Licence to occupy (Basic)	680.00	694.00	2.1
Deed of variation of lease (Basic)	860.00	877.00	2.0
Deed of surrender of lease (Basic)	860.00	877.00	2.0
Sale of garden ground	470.00	480.00	2.1
Sale of Freehold - simple land sale under £350,000	1570.00	1601.00	2.0
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	2100.00	2142.00	2.0
Option Agreement	2100.00	2142.00	2.0
Funding Agreement	From 1050	From 1071	2.0
Section 106 Agreement	From 1570	From 1601	2.0
Section 106 Variation	From 785	From 800	2.0
Section 38 or 278 Agreement	From 1570	From 1601	2.0
Deed of grant of easement	From 1050	From 1071	2.0
Wayleave	From 520	From 530	2.0
Request for consent /removal of restriction - Deed of covenant draft by applicant	From 157	From 160	2.0
Request for consent /removal of restriction - Deed of covenant draft by MBC	314.00	320.00	1.9
Deed of Covenant	Variable - on application	Variable - on application	N/A
Rights of Way Orders	630.00	642.60	2.0
Providing copy of document	31.00	31.62	2.0
Discharge of charges/restriction removal	157.00	160.14	2.0
Signing of Notice of transfer/assignment/charge (per notice)	From 26	From 27	2.0
Providing title plans and copy leases	From 26	From 27	2.0
Standard Hourly Rate - Solicitor	From 157	From 160	2.0
Standard Hourly Rate - Legal Assistant	From 94	From 95	2.0
Standard Hourly Rate - Valuer	145.00	148.00	2.1
Standard Hourly Rate - Valuation Assistant	90.00	92.00	2.2
Land Charges			
LLC1 Only	19.00	19.40	2.1
LLC1 Parcel fee - up to 17 parcels	1.00	1.00	No Change
LLC1 Parcel fee - 17 parcels or more	22.00	22.40	1.8
CON29R - Residential	113.00	115.25	2.0
CON29R - Commercial	120.90	123.30	2.0
CON29R Parcel Fee	12.50	12.75	2.0
LLC1 + CON29R- Residential (FULL SEARCH)	135.00	138.00	2.2
LLC1 + CON29R- Commercial (FULL SEARCH)	142.00	145.00	2.1
CON29O (extra questions)	22.00	22.50	2.3
Additional Questions	22.00	22.50	2.3
Enquirer Additional Questions	22.00	22.50	2.3
Copy Documents Fee	12.00	12.25	2.1
Personal Search Printouts	Free	Free	N/A
REGENERATION			
	Current fee	Proposed fees from 1st April 2025	% increase
	£	£	%
Planning - pre application charges			
Householder/other written advice	105.00	110.00	4.8
Householder/other site visit (if requested)	105.00	110.00	4.8
Householder additional meeting/written advice	209.00	210.00	0.5
Minor developments written advice	523.00	535.00	2.3
Minor developments site visit	157.00	160.00	1.9
Minor developments meeting	157.00	160.00	1.9
Minor developments additional meeting/written advice	314.00	320.00	1.9
Major developments	1,883.00	1925.00	2.2
Major development additional meeting/written advice	523.00	535.00	2.3
Strategic developments	2,615.00	2670.00	2.1
Strategic developments additional meeting/written advice	523.00	534.00	2.1
Development Control			
Re-drafting and re-issue of decision notice (completing request within 10 working days)	41.50	42.50	2.4
Re-drafting and re-issue of decision notice (completing request within 1 working day – subject to availability of service)	83.00	85.00	2.4
Letter confirming discharge of condition	57.50	60.00	4.3
Letter confirming discharge of condition (requiring retrieval of planning application)	76.00	77.50	2.0
Other Miscellaneous Services			
History Check – Charge based on scale of work (Minimum)	29.00	30.00	3.4
History Check – Charge based on scale of work (Maximum)	58.00	60.00	3.4
Planning Application file retrieval and copying charges			
A4 Size (per copy) paper copy from electronic files	6.00	6.50	8.3
A4 Size (per copy) file retrieval and 1st copy	41.00	42.00	2.4

A4 Size (per copy) additional copies from file request	6.00	6.50	8.3
A3 Size (per copy) paper copy from electronic files	12.00	12.50	4.2
A3 Size (per copy) file retrieval and 1st copy	47.50	48.50	2.1
A3 Size (per copy) additional copies from file request	12.00	12.50	4.2
A2,A1,A0 Size (per copy) paper copy from electronic files	17.00	17.50	2.9
A2,A1,A0 Size (per copy) file retrieval and 1st copy	60.00	61.00	1.7
A2,A1,A0 Size (per copy) additional copies from file request	17.00	17.50	2.9
Historic Environment Record			
Expedited request (completed within 5 working days)	314.00	320.00	1.9
Standard request	183.00	187.00	2.2
Self/Custom Build Register			
Initial Application	58.00	59.00	1.7
Annual fee	26.50	27.00	1.9
S106 Agreement monitoring fees			
Minor development (per obligation/trigger)	370.00	380.00	2.7
Major development (per obligation/trigger)	525.00	540.00	2.9
Valuation & Estates			
Grant of new lease	£375.00 up to £10,000 then 3.9%	£380.00 up to £10,200 then 3.9%	N/A
Licence to assign	315.00	320.00	1.6
Licence to underlet	315.00	320.00	1.6
Licence to alter	315.00	320.00	1.6
Deed of Variation	315.00	320.00	1.6
Deed of Surrender	315.00	320.00	1.6
Deed of Easement	470.00	480.00	2.1
Deed of Covenant	260.00	265.00	1.9
Consent to release Covenant	260.00	265.00	1.9
Wayleave	470.00	480.00	2.1
Licence to occupy	150.00	150.00	No Change
Sale of freehold – simple land sale under £350,000	Freehold sale 2% of sale value subject to a minimum of £2,100	Freehold sale 2% of sale value subject to a minimum of £2,100	N/A
Sale of freehold –simple land sale over £350,000	Negotiation	Negotiation	N/A
Cultural Services			
Captain Cook Museum			
Adult Entry ticket	4.70	4.80	2.1
Child Entry ticket	3.65	3.75	2.7
Concession Entry ticket	3.65	3.75	2.7
Group Entry ticket (1 adult, 3 children)	12.55	12.80	2.0
Group Entry ticket (2 adult, 2 children)	13.60	13.90	2.2
Workshop (Per Child)	5.75	5.90	2.6
Room hire	23 to 56	24 to 57	N/A
Face paint	3.65	3.75	2.7
Loan box	26.15	26.70	2.1
Beverage charge (Per Person)	2.60	2.70	3.8
Dorman Museum			
Trail	1.05	1.00	(4.8)
Temporary Exhibition	Variable	Variable	Variable
Virtual Reality ride single ticket	4.20	4.30	2.4
Virtual Reality ride group ticket	13.60	13.90	2.2
Craft workshop	2.10	2.20	4.8
Loans box	26.15	26.70	2.1
Room hire	23 to 56	24 to 57	N/A
School Workshop 1/2 day	75.30	77.00	2.3
School workshop	10.50	11.00	4.8
Guided tours	32.40	33.00	1.9
Beverage charge (Per Person)	2.60	2.65	2.0
Face Paint	3.65	3.70	1.4
Events			
Orange Pip Market - Alcohol Trader Pitch Fee	210.00	214.00	1.9
Orange Pip Market - Alcohol Trader Percentage	0.15	0.15	No Change
Orange Pip Market - Hot Food Pitch Fee	198.00	202.00	2.0
Orange Pip Market - Cold Food Pitch Fee	138.00	141.00	2.2
Orange Pip Market - Sweet Treats Pitch Fee	120.00	122.00	1.7
Orange Pip Market - Crafts Pitch Fee	96.00	98.00	2.1
Orange Pip Market - kw Power unit charge	10.00	10.00	No Change
Town Centre Advertising Space	85.00	86.50	1.8
Land Hire Fees	5680.00	5800.00	2.1
Ad-Hoc Equipment Hire	340 - 680	347 - 694	2.0
Xmas Lights Switch-on - Big Screen Advert (1 per hr)	230.00	235.00	2.2
Xmas Lights Switch-on - Big Screen Advert (3 per hr)	568.00	580.00	2.1
Xmas Lights Switch-on - Big Screen Advert (5 per hr)	910.00	928.00	2.0
Xmas Lights Switch-on - Pitch fee for use of own stall	167.00	170.00	1.8
Xmas Lights Switch-on - Pitch fee for MBC-provided stall	105.00	107.00	1.9
Xmas Lights Switch-on - Fairground	1140.00	1163.00	2.0
Middlesbrough Theatre			
Performance Fee - Evening	843.00	860.00	2.0
Performance Fee - Matinee	675.00	687.00	1.8
Performance Fee - Sunday Evening	925.00	943.00	1.9
Performance Fee - Sunday Matinee	758.00	773.00	2.0
Rehearsal Fee 9am - 10pm	42.15	43.00	2.0
Rehearsal Fee - 9am - 10pm Sunday	59.95	61.00	1.8
Rehearsal Fee 10pm - 1am	74.35	76.00	2.2

Rehearsal Fee 10pm - 1am Sunday	119.35	121.50	1.8
Rehearsal Fee 10pm - 1am Friday/Saturday	85.00	86.00	1.2
Rehearsals on Bank Holidays charged at double rate			
Security per hour (External Contractor)	20.00	20.40	2.0
Stewards per hour	21.00	21.40	1.9
Technicians per hour	22.50	22.95	2.0
Box Office Commission	0.10	0.10	No Change
Booking Fee (Tickets)	1.50	1.55	3.3
Middlesbrough Town Hall			
Booking Fees - Tickets	3.00	3.10	3.3
Booking Fees - Tickets (Community Rate)	1.60	1.65	3.1
Box Office Commission - External Promoters	0.10	0.10	No Change
Hire Of Main Hall - Professional Hire	3410.00	3478.00	2.0
Hire Of Crypt - Professional Hire	2270.00	2315.00	2.0
Hire Of Courtyard - Professional Hire	1140.00	1163.00	2.0
Hire Of Courtroom - Professional Hire	565.00	577.00	2.1
Hire Of Main Hall - Commercial Hire	1872.00	1910.00	2.0
Hire Of Crypt - Commercial Hire	1192.00	1216.00	2.0
Hire Of Fire Station - Commercial Hire	398.00	406.00	2.0
Hire Of Courtroom - Commercial Hire	512.00	522.00	2.0
Hire Of Studio - Commercial Hire	230.00	234.50	2.0
Hire Of Courtyard - Commercial Hire	455.00	464.00	2.0
Hire Of Police Cells - Commercial Hire	172.00	175.50	2.0
Hire Of Main Hall - Charity Hire	1255.00	1280.00	2.0
Hire Of Crypt - Charity Hire	910.00	928.00	2.0
Hire Of Fire Station - Charity Hire	293.00	299.00	2.0
Hire Of Courtroom - Charity Hire	481.00	491.00	2.1
Hire Of Building - Production Filming	POA	POA	N/A
Hire Of Main Hall - Wedding Reception	3127.00	3190.00	2.0
Hire Of Crypt - Wedding Reception	2813.00	2870.00	2.0
Hire Of Fire Station - Wedding Reception	1872.00	1910.00	2.0
Hire Of Courtyard - Wedding Reception	680.00	694.00	2.1
Hire Of Police Cells - Wedding Drinks Reception	230.00	235.00	2.2
Hire Of Courtroom - Wedding Ceremony	398.00	406.00	2.0
Hire Of Building - Dry Hire Event (no bars from MTH)	8525.00	8696.00	2.0
Hire Of Building - Exclusive Use	5680.00	5795.00	2.0
Hire Of Building - Paranormal Tour	1705.00	1740.00	2.1
Banner Board Printing	60.00	61.20	2.0
Email E-Shots	30.00	30.60	2.0
Brochure Advert	60.00	61.20	2.0
Press Release	30.00	30.60	2.0
Duty Manager per hour	20.50	20.90	2.0
Stewarding Staff per hour	21.00	21.40	1.9
Technical Staff per hour	22.50	22.95	2.0
Bar Staff per hour	21.00	21.40	1.9
Technical Equipment	POA	POA	N/A
Tea/Coffee per package	17.50	17.85	2.0
Drinks Packages	POA	POA	N/A
Museums - One off events/activities	Price List	Price List	N/A
Museums - One off events/activities	2.50-12.00	2.50-12.00	No change

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Appendix 6

Capital Programme 2025/26 to 2028/29 and Capital Strategy for 2025/26

1. Executive Summary

- 1.1. 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 Capital Programme need to be appropriate in meeting the Council's objectives, be affordable and represent value for money.
- 1.2. 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.
- 1.3. 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.
- 1.4. A review of the Council's Capital Programme has taken place in January 2025 and prior to setting the budget. This has involved the addition of new schemes and extending schemes deemed as Business as Usual in order to ensure the Capital Programme provides essential expenditure required to support the delivery of the Council's objectives and priorities.
- 1.5. This report sets the proposed Capital Programme for 2025/26 of **£74.798m**, with a total of **£170.290m** for the period 2025/26 to 2028/29, 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 **£310.197m** by 2025/26. Further details can be found in the Prudential Indicators and Treasury Management Strategy 2025/26 report elsewhere on this agenda. A summary of the prudential indicators which regulate the Council's capital financing activities - CFR, borrowing limits and planned borrowing, together with the revenue cost of borrowing is summarised in **Table 5**. This is an integral part of setting a balanced revenue budget and Medium Term Financial Plan (MTFP) for the Council.
- 1.7. 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.

- 1.8. The Capital Programme has been prioritised as follows:
- Meeting statutory duties for example health and safety requirements
 - In progress 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.
- 1.9. The governance arrangements for managing and monitoring the delivery of the programme to plan and to budget were 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 Capital Strategy assists 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 2025/26 to 2028/29

- 3.1. **Table 1** summarises the proposed Capital Programme by Directorate and an upper financial limit within which Transformation and redundancy costs will need to be delivered (£26.7m from 2024/25 to 2028/29). It also shows the level of capital receipts over the MTFP period. A further report will be submitted to Executive in April 2025 updating on progress on the Transformation Programme together with the Flexible Use of Capital Receipts Strategy for 2025/26 which will be referred to Council for consideration and approval and incorporation into the Budget and Policy Framework.

3.3. The Capital Programme for 2025/26 to 2028/29 includes new Council funded schemes and additions to schemes that are within the current approved Capital Programme. **Table 2** represents the new Council funded schemes added to the Capital Programme and additional funding to currently approved schemes where required, with further details of the new schemes being provided in paragraphs 3.4 to 3.15. The table excludes schemes which are deemed to be Business as Usual which are shown in **Table 3** below.

Table 2: New Council Funded Schemes and additional funding to currently approved schemes 2025/26 To 2028/29

New Council Funded Schemes & Additional Council Funding To Current Schemes						
Directorate	Scheme	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Regeneration	Cemetery Provision	1.051	0.877	0.360	0.100	2.388
Regeneration	Asset Management Block Budget	1.345	0.566	0.300	0.300	2.511
Regeneration	East Middlesbrough Community Hub	0.000	0.500	-	-	0.500
Regeneration	Nunthorpe Community Centre	0.000	0.500	-	-	0.500
Environment & Community Services	Bridges and Structures	-	-	2.650	4.798	7.448
Environment & Community Services	Carriageway Resurfacing Programme	0.187	0.687	-	-	0.874
Environment & Community Services	Footway Repairs Programme	0.100	0.500	-	-	0.600
Environment & Community Services	Regulatory Services ICT System	0.566	0.256	-	-	0.822
Public Health	Middlesbrough Sports Village Full Size 3G Pitch Repair	0.507	-	-	-	0.507
Public Health	Neptune Leisure Centre Boiler Replacement & Building Management System Upgrade	0.172	-	-	-	0.172
Public Health	Live Well West Building Works	0.100	-	-	-	0.100
Adult Social Care	Chronically Sick & Disabled Persons Act - Home Adaptations	0.250	0.325	0.390	0.460	1.425
Total New Council Funded Schemes & Additional Council Funding To Current Schemes		4.278	4.211	3.700	5.658	17.847

3.4. **Cemetery Provision - £2.388m**

The current available space for burial plots is expected to be utilised within a year. The funding is therefore required to ensure the continued provision of burial plots through the expansion of Thorntree cemetery, creating an additional 2,310 plots. The requested funding includes an allocation for feasibility works at Acklam cemetery to understand if expansion there is possible.

3.5. **Asset Management Block Budget - £2.511m**

The Asset Management Block Budget has been provided £1.200m annually as part of Business as Usual allocations for a number of years. Due to inflationary cost increases and necessary essential works, the 2025/26 and 2026/27 allocations have been significantly brought forward to fund essential expenditure in 2024/25 and previous years, leaving the current allocation dangerously depleted. The additional funding will bring the annual budget up to £1.500m p.a., including the replenishment of the 2025/26 and 2026/27 allocations.

3.6. ***East Middlesbrough Community Hub - £0.500m***

For various reasons there have been time delays since the original scheme budgets were agreed for the East Middlesbrough Community Hub. Construction costs have increased significantly during that period, meaning that the Community Centre cannot now be delivered within the approved budget. The Council has received the contractor tenders for the creation of the hub, and the costs submitted are considerably higher than the total funding available for the scheme, with an additional £1.000m being required after a value engineering exercise is undertaken. Middlesbrough Football Club Foundation are expected to fund 50% of this but this leaves the Council required to increase its own allocation by £0.500m to complete the scheme to the desired standard.

3.7. ***Nunthorpe Community Centre - £0.500m***

The Nunthorpe Community Centre scheme has also experienced delays, which mean that the currently approved budget will not be sufficient to complete construction of the Centre. The additional £0.500m will ensure that there are enough available funds to complete the scheme.

3.8. ***Bridges and Structures - £7.448m***

A four year programme has been developed and costed to prioritise critical works to the Council's network of bridges and structures, resulting in the need for the Council to add a further £7.448m to the pre-existing allocation. The additional funds bring the total allocation for the Bridges and Structures scheme to £12.628m during the course of the MTFP.

3.9. ***Carriageway Resurfacing Programme - £0.874m***

The funds have been added to the Capital Programme to undertake high priority carriageway resurfacing works. These funds are in addition to previously approved Capital Programme funding of £5.150m Local Transport Plan – Highways Maintenance grant funded scheme and £1.626m of the Council funded Highways Infrastructure scheme, both of which can be spent on carriageway resurfacing, depending on priorities.

3.10. ***Footway Repairs Programme - £0.600m***

The funds have been allocated to the Capital Programme to undertake essential footway repairs. As per the Carriageway Resurfacing Programme, the allocation can be complimented by utilising pre-existing funds within the Local Transport Plan – Highways Maintenance and Highways Infrastructure schemes, depending upon priorities.

3.11. ***Regulatory Services ICT System - £0.822m***

The funds are required to replace the current regulatory service ICT system, which would have required updating at a cost. The replacement system is both cheaper than the current system and has greater functionality.

3.12. **Middlesbrough Sports Village Full Size 3G Pitch Repair - £0.507m**

The pitch is in need of significant repairs. Under the terms of the leisure provision contract agreed between the Council and its leisure services delivery partner, SLM, it is the Council's responsibility to fund such repairs.

3.13. **Neptune Centre Boiler Replacement & Building Management System Upgrade - £0.172m**

The replacement of the boiler with a modern efficient version, combined with additional controls through a Building Management System, will bring a significant reduction in gas usage at the Centre, resulting in expected annual savings of £0.041m. This saving will be a benefit to the Council through contractual negotiations with SLM. The additional funding can therefore be considered as a return on investment scheme.

3.14. **Live Well West Building Works - £0.100m**

The funds will enable reconfiguration works within the internal area, which will increase the consultation room space and consequently increase the number of service users who can be seen within the building.

3.15. **Chronically Sick & Disabled Persons Act – Home Adaptations - £1.425m**

The Council receives an annual Disabled Facilities capital grant from the Ministry of Housing, Communities & Local Government (MHCLG). However, one of the conditions of the grant is that no more than £0.030m can be spent on adaptations to a single property. The additional Council funding can be used to top up this value where required to ensure that the necessary adaptations required are undertaken to ensure people can continue to live within their own homes. The funds will be added to the £0.610m provided annually as Business as Usual.

3.16. In addition to the above, **£7.913m** of Council resources have been added to the Capital Programme in each of the financial years 2027/28 and 2028/29 to extend schemes deemed Business as Usual. This continues allocations to these schemes as in previous years, and is required as the Capital Programme has been extended to cover the MTFP period to 2028/29. **Table 3** below shows the relevant schemes and the amount of funding provided.

Table 3: Council funding provided to schemes deemed Business as Usual 2027/28 and 2028/29

Council Funding Provided to Schemes Deemed Business as Usual				
Directorate	Scheme	2027/28 £m	2028/29 £m	Total £m
Regeneration	Capitalisation Of Major Schemes Salaries	0.530	0.530	1.060
Regeneration	Capitalisation of Planning Services Surveys	0.040	0.040	0.080
Regeneration	Derisking Sites	0.500	0.500	1.000
Regeneration	Property Services Building Investment	0.340	0.340	0.680
Regeneration	Property Asset Investment Programme	1.200	1.200	2.400
Regeneration	Members Small Schemes	0.060	0.060	0.120
Environment & Community Services	Purchase of New Vehicles	1.200	1.200	2.400
Environment & Community Services	Capitalisation of Wheeled Bin Replacement	0.100	0.100	0.200
Environment & Community Services	Capitalisation of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.110
Environment & Community Services	Capitalisation of Highways Maintenance	0.575	0.575	1.150
Environment & Community Services	Street Lighting-Maintenance	0.468	0.468	0.936
Adult Social Care	Chronically Sick & Disabled Persons Act - All schemes	0.610	0.610	1.220
Adult Social Care	Capitalisation of Staying Put Salaries	0.050	0.050	0.100
Legal & Governance Services	ICT Essential Refresh & Licensing	2.185	2.185	4.370
Total Council Funding Provided to Schemes Deemed Business as Usual		7.913	7.913	15.826

- 3.17. The Capital Programme was reviewed and revised during the first half of 2024/25 and again in Quarter Three of 2024/25. The review was particularly focussed on ensuring that scheme funding was profiled correctly within the financial years. This resulted in significant re-profiling of funds to future years, particularly from 2024/25 to 2025/26 and 2026/27. Full details of this were provided in the Revenue and Capital Budget – Forecast Year end Outturn position as at Quarter Three 2024/25 report to Executive on 5 February 2025.
- 3.18. The forecast budgets for 2025/26 and 2026/27 contained in Appendix 10 of the Quarter Three 2024/25 report have been reviewed as part of this revised Capital Programme. Further reprofiling of expenditure has now taken place from 2026/27 to 2027/28 and 2028/29 now that the Capital Programme has been extended to 2028/29, and this along with the addition of new schemes (Table 2) and extensions to existing Business as Usual schemes (Table 3) has formed the basis of the revised Capital Programme for 2025/26 to 2028/29
- 3.19. **Table 4** shows how the budgets for 2025/26 to 2028/29 have changed since the Quarter Three 2024/25 report.

Table 4: Movement of Capital Programme from that reported at Quarter 3 2024/25 to proposed revised Capital Programme

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
	£m	£m	£m	£m	£m
Budget as per Quarter 3 2024/25 budget monitoring report	70.520	66.097	-	-	136.617
					-
New Council Funded Schemes and additional funding to currently approved schemes 2025/26 To 2028/29 (Table 2)	4.278	4.211	3.700	5.658	17.847
Council funding provided to schemes deemed Business as Usual 2027/28 and 2028/29 (Table 3)	-	-	7.913	7.913	15.826
Further reprofiling of expenditure	-	(7.300)	6.250	1.050	-
Revised budget for proposed revised Capital Programme	74.798	63.008	17.863	14.621	170.290

- 3.20. In total the proposed Capital Programme sets out investment of **£170.290m** from 2025/26 to 2028/29, in support of delivering the Council's objectives and priorities.

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 8% - 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 Treasury Management Strategy 2025/26 as included elsewhere on this agenda. Some key Prudential Indicator values on the current position of the Council are shown in **Table 5** below for reference purpose.
- 4.7. It should be noted that whilst 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.

Table 5: Prudential Indicators

<u>Prudential Indicator</u>	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Capital Financing Requirement (underlying need to borrow)	310.197	333.295	327.929	321.994
External Borrowing	292.388	320.568	320.568	315.568
Internal Borrowing	17.809	12.727	7.361	6.426
Authorised limit for External Debt	331.000	354.000	348.000	342.000
Annual Capital Financing Cost	12.060	13.732	14.685	15.404
% of Net Revenue Budget on debt costs	8.4%	9.5%	9.7%	9.9%

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. However the Government announced as part of the [Local government finance policy statement 2025 to 2026](#) that they would extend the flexible use of capital receipts to 31 March 2030. The Government will also remove the restriction with respect to redundancy costs, imposed from April 2022, that limits the use of the flexibility to statutory redundancy costs only. This will support authorities in taking forward transformation and invest-to-save projects. A new statutory direction should be issued shortly.
- 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 2025/26, the Strategy is under development alongside a review of the Transformation Programme and will be presented to Council for consideration and approval in April 2025.
- 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 detailed previously the Council is undertaking a major transformation programme from 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 up to £5.0m in 2025/26 (including ICT), with an estimate for redundancy costs of up to £1.750m in 2025/26, and a contingency budget of £0.750m. This will mean that the estimated value of the FUOCR will be £7.5m in 2025/26, and once finalised this will be presented for consideration and approval by Council in April 2025 as referenced above.
- 5.8. The transformation expenditure can only be financed by capital receipts given the 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

6. Risk & Governance

- 6.1. The proposed four year Capital 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 increases in 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.
- 6.2. 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.
- 6.3. The governance arrangements for managing and monitoring the delivery of the programme to plan and to budget were strengthened during 2024/25 as detailed in the [Capital Programme Governance Improvement](#) report to Executive on 13 November 2024. This involved the creation of a Strategic and Corporate 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. This will take the lead role for the organisation on both programme planning, scheme delivery and financing.
- 6.4. Future budget planning rounds will be subject to improved programme governance through the above to ensure that new projects align to the priorities of the Council plan and available resources to ensure value for money and affordability.

Annex

1

Proposed Revised Capital Programme 2025/26 to 2028/29

Appendix 6 - Annex 1 : Updated Investment Strategy 2025/26 to 2028/29

Denotes increases in the Capital Programme for schemes, including Business As Usual

Denotes new schemes added to the Capital Programme

Denotes re-profiling of funds following 2024/25 Quarter 3 Budget report

	Forecast Expenditure					Council Funding	External Funding
	2025/26	2026/27	2027/28	2028/29	TOTAL		
	£m	£m	£m	£m	£m	£m	£m
Regeneration							
Town Centre Related Projects	0.090	-	-	-	0.090	0.090	-
Middlehaven Related Projects	0.226	-	-	-	0.226	0.226	-
Housing Growth	1.489	12.246	-	-	13.735	4.697	9.038
BOHO X	0.270	-	-	-	0.270	0.058	0.212
Indigenous Growth Fund - Captain Cook Square	0.500	2.650	-	-	3.150	-	3.150
Towns Fund	8.021	3.000	-	-	11.021	-	11.021
Towns Fund - Nunthorpe Community Centre	0.415	1.000	-	-	1.415	0.600	0.815
Towns Fund - East Middlesbrough Community Hub	2.818	1.000	-	-	3.818	1.700	2.118
Acquisition of Town Centre Properties	-	1.000	-	-	1.000	1.000	-
Levelling Up Partnership	6.619	2.141	-	-	8.760	-	8.760
New Civic Centre Campus	-	0.237	-	-	0.237	0.237	-
Middlesbrough Development Company	1.046	1.100	-	-	2.146	2.014	0.132
Capitalisation Of Major Schemes Salaries	0.530	0.530	0.530	0.530	2.120	2.120	-
Capitalisation of Planning Services Surveys	0.076	0.040	0.040	0.040	0.196	0.196	-
Affordable Housing Via Section 106	-	1.495	-	-	1.495	0.302	1.193
Highways Infrastructure Development Section 106	-	0.722	-	-	0.722	0.142	0.580
Levelling Up Fund - South Middlesbrough Accessibility	4.485	-	-	-	4.485	-	4.485
Derisking Sites	0.200	0.925	0.500	0.500	2.125	2.125	-
Property Services Building Investment	0.340	0.340	0.340	0.340	1.360	1.360	-
Property Asset Investment Programme	2.045	2.816	1.500	1.500	7.861	7.861	-
Town Hall Roof	-	2.956	-	-	2.956	2.956	-
Municipal Buildings Refurbishment	0.145	1.014	-	-	1.159	1.159	-
Resolution House	-	0.492	-	-	0.492	0.492	-
Cleveland Centre	0.919	-	-	-	0.919	0.919	-
Cemetery Provision	1.051	0.877	0.360	0.100	2.388	2.388	-
Members Small Schemes	0.060	0.210	0.060	0.060	0.390	0.390	-
Stewart Park Section 106	0.032	-	-	-	0.032	-	0.032
Investment In Parks	0.011	-	-	-	0.011	0.011	-
Cultural Development Fund - Enhancements to Central Library & Partner Organisations	1.328	-	-	-	1.328	-	1.328
Total Regeneration	32.716	36.791	3.330	3.070	75.907	33.043	42.864

	Forecast Expenditure					Council Funding	External Funding
	2025/26	2026/27	2027/28	2028/29	TOTAL		
	£m	£m	£m	£m	£m	£m	£m
Environment & Community Services							
Purchase of New Vehicles	3.538	1.200	1.200	1.200	7.138	7.138	-
Capitalisation of Wheeled Bin Replacement	0.100	0.100	0.100	0.100	0.400	0.400	-
Capitalisation of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.055	0.055	0.220	0.220	-
Capitalisation of Highways Maintenance	0.575	0.575	0.575	0.575	2.300	2.300	-
Local Transport Plan -Highways Maintenance	2.811	2.339	-	-	5.150	-	5.150
Local Transport Plan - Incentive Funding	1.395	1.065	-	-	2.460	-	2.460
Street Lighting-Maintenance	0.468	0.568	0.468	0.468	1.972	1.972	-
Bridges & Structures (non Local Transport Plan)	2.550	2.630	2.650	4.798	12.628	12.628	-
Newport Bridge	1.171	0.500	-	-	1.671	1.671	-
Henry Street	0.038	-	-	-	0.038	-	0.038
Traffic Signals -TeesValley Combined Authority	0.010	-	-	-	0.010	-	0.010
Highways Infrastructure	1.626	-	-	-	1.626	1.626	-
Carriageway Resurfacing Programme	0.187	0.687	-	-	0.874	0.874	-
Footway Repairs Programme	0.100	0.500	-	-	0.600	0.600	-
Urban Traffic Management Control 2	0.233	-	-	-	0.233	-	0.233
Traffic Signals Non Rees Valley Combined Authority	0.480	-	-	-	0.480	0.480	-
Traffic Signals Obsolescence Grant	1.500	-	-	-	1.500	-	1.500
Fusion	0.319	-	-	-	0.319	-	0.319
Food Waste Collection	1.076	-	-	-	1.076	-	1.076
Street Lighting Column Replacement	0.137	0.463	-	-	0.600	0.600	-
Linthorpe Rd Cycleway	0.414	-	-	-	0.414	-	0.414
Levelling Up Partnership - Neighbourhood Safety	0.786	-	-	-	0.786	-	0.786
Parks Playzones	0.063	-	-	-	0.063	-	0.063
Regulatory Services ICT System	0.566	0.256	-	-	0.822	0.822	-
Total Environment & Community Services	20.198	10.938	5.048	7.196	43.380	31.331	12.049

	Forecast Expenditure					Council Funding	External Funding
	2025/26	2026/27	2027/28	2028/29	TOTAL		
	£m	£m	£m	£m	£m	£m	£m
Public Health							
Middlesbrough Sports Village Full Size 3G Pitch Repair	0.507	-	-	-	0.507	0.507	-
Neptune Leisure Centre Boiler Replacement & Building Management System Upgrade	0.172	-	-	-	0.172	0.172	-
Live Well West Building Works	0.100	-	-	-	0.100	0.100	-
Total Public Health	0.779	-	-	-	0.779	0.779	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Education & Partnerships	£m	£m	£m	£m	£m
Block Budget - Family Hubs	0.005	-	-	-	0.005
Block Budget - Devolved Formula Capital (DFC) - All Schools	0.224	-	-	-	0.224
Block Budget - School Condition Allocation (SCA)	0.453	-	-	-	0.453
Block Budget - Basic Need	2.665	-	-	-	2.665
Block Budget - High Needs Provision Capital Allocation (HNCPA)	1.468	-	-	-	1.468
Block Budget - Early Years 2 years old entitlement	0.001	-	-	-	0.001
Section 106 - Lowgill	0.035	-	-	-	0.035
Contingency Funding Reserve	0.105	-	-	-	0.105
Building Condition Improvements - Primary School	0.238	-	-	-	0.238
Building Condition Improvements - Special Schools	0.005	-	-	-	0.005
School Led Capital Schemes - All Maintained Schools	0.015	-	-	-	0.015
Sufficiency Schemes - Primary	0.250	0.250	-	-	0.500
Sufficiency Schemes - Secondary	1.308	0.746	-	-	2.054
Sufficiency Schemes - SEND and Alternative Education	0.781	-	-	-	0.781
Total Education & Partnerships	7.553	0.996	-	-	8.549

Council Funding	External Funding
£m	£m
-	0.005
-	0.224
-	0.453
-	2.665
-	1.468
-	0.001
-	0.035
-	0.105
-	0.238
-	0.005
-	0.015
-	0.500
0.646	1.408
-	0.781
0.646	7.903

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Children's Care	£m	£m	£m	£m	£m
Children's Services Financial Improvement Plan	0.550	3.253	-	-	3.803
Total Children's Care	0.550	3.253	-	-	3.803

Council Funding	External Funding
£m	£m
3.803	-
3.803	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Adult Social Care	£m	£m	£m	£m	£m
Chronically Sick & Disabled Persons Act - All schemes	0.860	0.935	1.000	1.070	3.865
Disabled Facilities Grant - All schemes	2.720	0.684	-	-	3.404
Capitalisation of Staying Put Salaries	0.050	0.050	0.050	0.050	0.200
Home Loans Partnership (Formerly 5 Lamps)	0.071	-	-	-	0.071
Total Adult Social Care	3.701	1.669	1.050	1.120	7.540

Council Funding	External Funding
£m	£m
3.865	-
-	3.404
0.200	-
-	0.071
4.065	3.475

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	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Legal & Governance Services	£m	£m	£m	£m	£m
ICT Essential Refresh & Licensing	1.610	2.185	2.185	2.185	8.165
HR Pay	-	0.037	-	-	0.037
Total Legal & Governance Services	1.610	2.222	2.185	2.185	8.202

Council Funding	External Funding
£m	£m
8.165	-
0.037	-
8.202	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Finance	£m	£m	£m	£m	£m
Former Partnership Investment (ICT Infrastructure Revenues & Benefits)	0.025	0.239	-	-	0.264
Business World Upgrade	0.016	-	-	-	0.016
Capitalisation of Property Finance Lease Arrangements	0.150	0.150	-	-	0.300
Total Finance	0.191	0.389	-	-	0.580

Council Funding	External Funding
£m	£m
0.264	-
0.016	-
0.300	-
0.580	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation Programme	£m	£m	£m	£m	£m
Transformation	2.500	2.500	2.000	0.750	7.750
Subject Matter Expertise	1.000	1.000	1.000	-	3.000
Redundancy	1.750	1.000	1.000	-	3.750
ICT	1.500	1.500	1.500	-	4.500
Contingency	0.750	0.750	0.750	0.300	2.550
Total Transformation	7.500	6.750	6.250	1.050	21.550

Council Funding	External Funding
£m	£m
7.750	-
3.000	-
3.750	-
4.500	-
2.550	-
21.550	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
ALL DIRECTORATES	£m	£m	£m	£m	£m
Total ALL DIRECTORATES	74.798	63.008	17.863	14.621	170.290

Council Funding	External Funding
£m	£m
103.999	66.291

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	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
FUNDED BY:	£m	£m	£m	£m	£m
Borrowing	17.085	28.180	-	-	45.265
Capital Receipts	6.000	6.000	11.613	13.571	37.184
Flexible Use of Capital Receipts	7.500	6.750	6.250	1.050	21.550
Grants	43.230	15.558	-	-	58.788
Contributions	0.983	6.520	-	-	7.503
Total FUNDING	74.798	63.008	17.863	14.621	170.290

Council Funding	External Funding
£m	£m
45.265	-
37.184	-
21.550	-
-	58.788
-	7.503
103.999	66.291

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Appendix 7

Council Tax Setting 2025/26

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 2025/26, calculated in accordance with section 31A(4) of the Act. This has been calculated as **£ 75,783,139**.

T is the amount calculated by Middlesbrough Council as its Council Tax Base for 2025/26. On 4 December 2024 the Executive calculated the amount of **36,513.9** as its Council Tax Base for the year 2025/26 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 **£2,075.46** 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 2025/26

	£	£
Net Budget Requirement		143,304,409
Less:		
Revenue Support Grant	15,443,658	
Business Rates Top up Payment	30,793,551	
Retained Business Rates	18,232,449	
		64,469,658
		78,834,751
Estimated Collection Fund Surplus 2024/25		(3,051,612)
Council Tax Requirement	R	75,783,139
Taxbase	T	36,513.9
Basic Council Tax	(R) / (T)	2,075.46

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:		2,075.46
Less : Parish Precepts	40,881	
Divided by Tax Base	36,513.9	
Equals		1.12
Band D Tax		2,074.34

b. Table 3 – Actual Council Tax (Band D) – Nunthorpe Parish:-

	£	£
Add: Parish Precept	26,871	
Divided by Tax Base	2,447.3	
Equals		10.98
Band D Tax		2,085.32

c. Table 4 - Actual Council Tax (Band D) Stainton & Thornton Parish:-

	£	£
Add: Parish Precept	14,010	
Divided by Tax Base	1,504.8	
Equals		9.31
Band D Tax		2,083.65

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 2025/26 (excluding Police & Fire Precepts)

Middlesbrough Council Tax bands excluding Police & Fire Precepts				
Band	Proportion	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	6/9	1,382.89	1,390.21	1,389.10
B	7/9	1,613.38	1,621.92	1,620.62
C	8/9	1,843.86	1,853.62	1,852.13
D	1	2,074.34	2,085.32	2,083.65
E	11/9	2,535.30	2,548.72	2,546.68
F	13/9	2,996.27	3,012.13	3,009.72
G	15/9	3,457.23	3,475.53	3,472.75
H	18/9	4,148.68	4,170.64	4,167.30

- 1.6 Cleveland Fire Authority has set a precept for Middlesbrough of **£3,449,103** and a £5 (5.59%) increase in Band D Council Tax. Council Tax levels for 2025/26 are set out in **Table 6** below (*subject to formal approval*)

Table 6 – Cleveland Fire Authority Council Tax 2025/26

Cleveland Fire Authority	
Band	Tax £
A	62.97
B	73.47
C	83.96
D	94.46
E	115.45
F	136.44
G	157.43
H	188.92

- 1.7 Cleveland Police and Crime Commissioner has set a precept of **£11,601,561** and a 4.61% increase in Band D Council Tax. Council Tax levels for 2025/26 are set out in **Table 7** below

Table 7 – Cleveland Police & Crime Commissioner Council Tax 2025/26

Cleveland Police & Crime Commissioner	
Band	Tax £
A	211.82
B	247.12
C	282.43
D	317.73
E	388.34
F	458.94
G	529.55
H	635.46

- 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 2025/26 including Police & Fire Precepts (subject to formal approval of Fire Precept)

Middlesbrough Council Tax bands including Police & Fire Precepts			
Band	Areas without Parishes £	Nunthorpe £	Stainton & Thornton £
A	1,657.68	1,665.00	1,663.89
B	1,933.97	1,942.51	1,941.21
C	2,210.25	2,220.01	2,218.52
D	2,486.53	2,497.51	2,495.84
E	3,039.09	3,052.51	3,050.47
F	3,591.65	3,607.51	3,605.10
G	4,144.21	4,162.51	4,159.73
H	4,973.06	4,995.02	4,991.68

Appendix 8

Schools Budget 2025/26

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 2025/26 totals £207.169m 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 2025/26 and a comparison to that received in 2024/25. 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 certain elements of the High Needs Block are paid directly to providers. No assumption has currently been made of any increases in DSG for 2026/27 and 2027/28.

Table 1 - Dedicated Schools Grant (DSG) after deductions 2025/26

DSG Block	2024/25 £m	2025/26 £m	Increase £m	Increase %
Schools Block	139.892	150.103	10.211	7.3
Central School Services Block	1.061	1.136	0.075	7.1
High Needs Block	30.650	33.283	2.633	8.6
Early Years Block	17.557	22.647	5.090	29.0
TOTAL DSG AFTER DEDUCTIONS	189.160	207.169	18.009	9.5

1.4 Schools Block

2025/26 DSG Schools Block allocation, after business rate deduction, is an increase of £10.211m (7.3%) compared with 2024/25. However, it should be noted that the Teachers' Pay Additional Grant (TPAG), the Teachers' Pension employer contribution rate (TPECG) and the Core Schools Budget grant (CSBG) have been rolled into the above allocations for 2025/26, having previously been separate grant allocations outside of the DSG.

DSG Schools block funding is allocated based on the National Funding Formula (NFF), which is based on the October 24 census:

Table 2 – Pupil Numbers

	October 2024 census numbers	October 2023 census numbers	Difference
Primary	13,515	13,728	(213)
Secondary	8,805	8,868	(63)
Total	22,320	22,596	(276)

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.

The minimum funding guarantee (MFG) is in place at -0.50% ensuring schools management forum desire to fund, as best possible within allocation, the primary school settings as they are experiencing reducing school roll numbers along with one significant secondary reduction. 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 4 on 15 January 2025. The Schools Budgets has been submitted for Middlesbrough schools on 22 January 2025 within the required deadline along with political ratification.

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 2025/26 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 of 0.5% to High Needs Block of (£0.750m), was approved by SMF on 15 January 2025.

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 £1.136m for 2025/26 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 2024/25 by £24,379. 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 a £75,466 increase from 2024/25.

The services funded can be found in the SMF DSG CSSB report 2025/26 of 15 January 2025.

1.6 **High Needs Block**

For 2025/26 Middlesbrough’s indicative allocation is £33.283m. The indicative allocations are based on the latest mid-2024 ONS population estimate for Middlesbrough. The High Needs Block allocation for 2025/26 is finalised during 2025/26 taking into account the Spring 2025 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 with any extension period only due to timing of grant and delivery of the programme.

Currently after deductions and recoupment the Council will receive DSG of £63.655m in 2024/25. The forecast expenditure is £70.055m, a forecast year-end over-spend of £6.400m within 2024/25 as shown in **Table 3**.

Table 3 - Dedicated Schools Grant (DSG) after recoupment and deductions 2024/25

	2024/25 Income Forecast	2024/25 Expenditure Forecast	2024/25 Forecast Year-end Overspend	Balance as at 31/03/2024	Forecast Cumulative DSG Deficit as at 31/03/2025
	£m	£m	£m	£m	£m
Early years	17.557	17.797	0.240	(0.467)	(0.227)
Schools Block	14.387	14.324	(0.063)	(0.298)	(0.361)
High Needs	30.650	36.852	6.202	15.079	21.281
Central school services block	1.061	1.082	0.021	(0.021)	0.000
TOTAL	63.655	70.055	6.400	14.293	20.693

As shown in **Table 3** above there was a £14.293m total cumulative deficit on the DSG grant at the end of 2023/24, which included £15.079m attributed to the High Needs Block. The DSG deficit is predicted to increase during 2024/25 and it is currently forecast that there will be a total cumulative DSG deficit of £20.693m on 31 March 2025, including £21.281m relating to the High Needs Block.

The pressure has been driven up by Education and Health Care Plans (EHCPs) increasing from 2023 to 2024 by over 12.3% (up from 1804 to 2026) 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 the Government extended the arrangement to at least 31 March 2026. This is 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 £20.693m 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 £22.647m for Early Years in 2025/26 is shown in **Table 4** below:

Table 4 – Indicative Early Years Block Funding 2025/26

Description	2025/26 (Provisional) £
3 & 4 Year Old Universal Entitlement	7,778,093.00
3 & 4 Year Old Additional 15 hours	2,542,022.00
2 Year Old Families Receiving additional support	3,407,532.00
2 Year Old Working Parent Entitlement	3,274,283.00
Under 2s Entitlement	4,875,996.00
Early Years Pupil Premium (EYPP)	364,230.00
2 Year old Pupil Premium	214,320.00
Under 2s Pupil Premium	19,289.00
Disabled Access Fund (DAF)	171,654.00
Maintained Nursery Supplementary Funding	0.00
TOTAL	22,647,419.00

Note: This is a provisional allocation (based on January 2024 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 15 January 2025.

MIDDLESBROUGH COUNCIL

Report of:	Director of Finance & Transformation (S151 Officer)
Relevant Executive Member:	Executive Member for Finance
Submitted to:	Council
Date:	19 February 2025
Title:	Prudential Indicators and Treasury Management Strategy Report - 2025/26
Report for:	Decision
Status:	Public
Council Plan Priority:	All
Key decision:	Yes
Why:	Decision(s) will incur expenditure or savings above £250,000
Subject to call in?	No
Why:	Part of the statutory budget setting process

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 any decisions made. It also sets out the parameters and criteria that govern the day-to-day cashflow management activity and how these impact on the 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 four years, how this has been financed, the maximum level of external debt and the cost to the revenue budget.

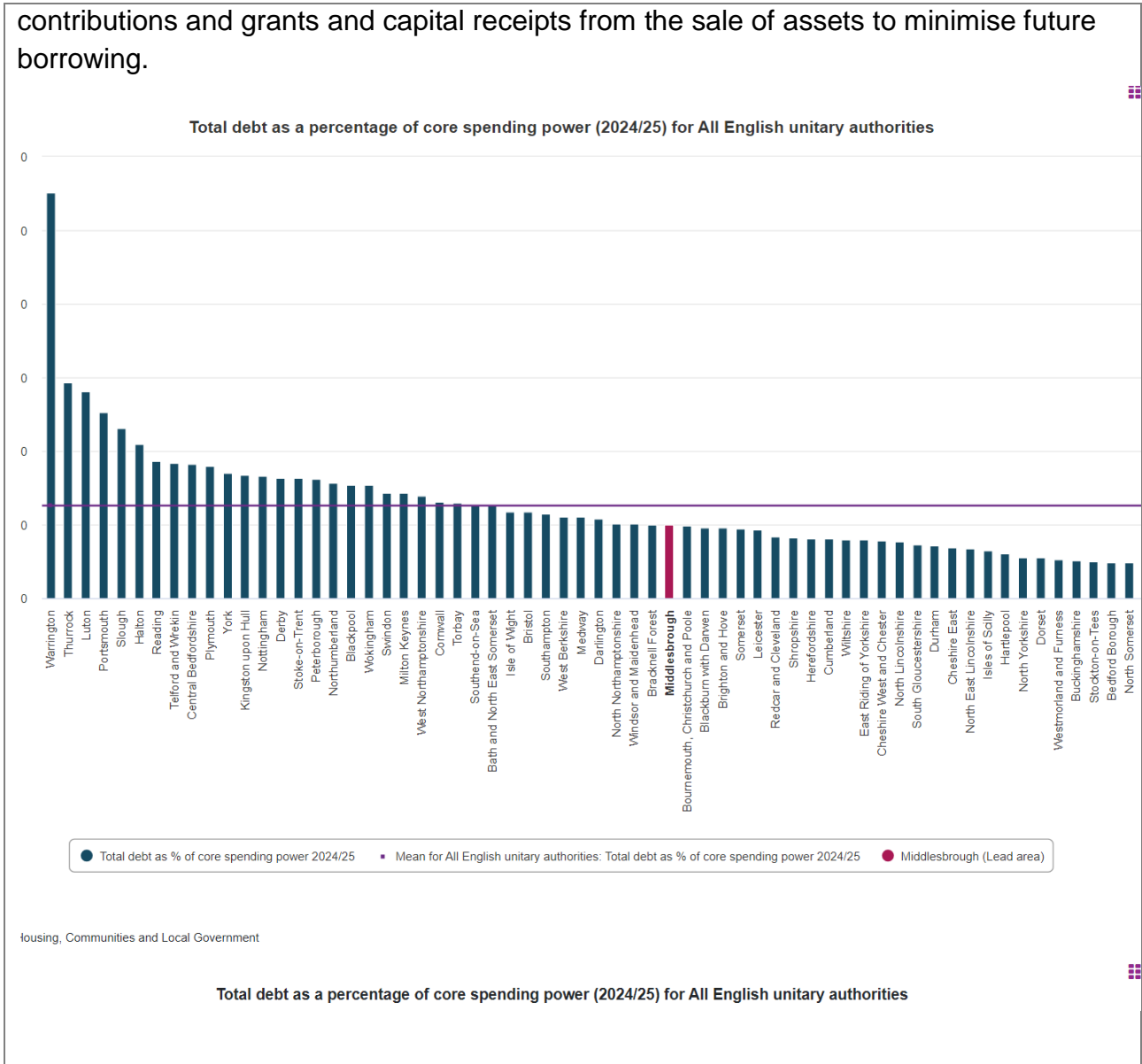
The Minimum Revenue Provision (MRP) policy governs how the Council plans to account for the repayment of loan principal in relation to its borrowing activities and has a fundamental impact upon the annual revenue cost of borrowing and over the long term. The current MRP policy is based on a 2% annuity model in line with many other local authorities. The Council took this decision during the 2022/23 financial year to review the MRP policy, the effect of which is to achieve improved affordability on an annual basis over the short to medium term, although there are higher revenue charges in 25 – 50 years' time.

The Council's underlying need to borrow is measured by the Capital Financing Requirement which is forecast to be £310.197m during 2025/26 rising to £333.295m by the end of 2026/27 and decreasing slightly thereafter. This results in the revenue cost of borrowing as shown below.

	2023/24 actual	2024/25 forecast	2025/26 forecast	2026/27 forecast	2027/28 forecast	2028/29 forecast
Financing costs (£m)	9.376	11.154	12.060	13.732	14.685	15.404
Net Revenue Budget (£m)	126.354	143.190	143.304	144.382	148.621	152.973
Proportion of net revenue budget (%)	7.4%	7.8%	8.4%	9.5%	9.9%	10.1%

Whilst the Council is not an outlier in terms of its level of total debt (see the graph below), it is reaching its limit of revenue affordability on borrowing to fund its future capital investment. It will need to prioritise its capital investment decisions over the medium and longer term and secure its financing through third party funds such as

contributions and grants and capital receipts from the sale of assets to minimise future borrowing.



1. Purpose

This report outlines the Council's prudential indicators for the financial years 2025/26 – 2028/29 and sets the framework and approves the limits within which the treasury management operations for this period will work. It fulfils key legislative and guidance requirements as follows:

- (a) The setting of the prudential indicators setting out 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 historic capital debt for the financial year.
- (d) The Authorised Limit for External Debt for the financial year. This is the maximum amount of borrowing that the Council can enter into, with any amount above this limit being deemed illegal.
- (e) The Annual 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 from the perspective of the S151 Officer.
- An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

2. Recommendations

That the Council approves the following as set out below:

- The Prudential Indicators and Limits for 2025/26 to 2028/29 relating to capital expenditure and treasury management activity set out in tables 1 to 10 of Appendix 1.
- The Treasury Management Strategy for 2025/26, which includes the Annual Investment Strategy for that financial year.
- The Minimum Revenue Provision (MRP) Policy for the 2025/26 financial year.
- An Authorised Limit for External Debt of £331 million for the 2025/26 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**

5. The PI & TMS report for the Council for 2025/26 covers the following areas:
 - How the capital programme for the MTFP period is financed.
 - 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 financed by prudential borrowing.
 - 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 – This determines how much the Council accounts for in terms of the revenue costs of historical capital debt. These costs have been incurred in relation to historical and future capital investment in its asset base to support the operational delivery of services.
6. 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.
7. 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 repay the principal element of debt (known as the Minimum Revenue Provision).

Prudential Indicators and Capital Investment Plans

8. 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.
9. 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 2025/26 financial year.

10. There is total outstanding debt of £245.860 million on 31 December 2024, with circa £25m of borrowing expected to be required before 31 March 2025.
11. The forecast overall total long term external debt at the end of 2024/25 of £270.303 million, should be compared with the estimated *Capital Financing Requirement* (the underlying value which the Council needs to borrow to fund capital activities) of £297.816million. The Council therefore has an expected under-borrowed position of £27.513 million, which provides some savings in interest payments as other revenue and capital cash has been used in lieu of borrowing. This is a key strategic decision each year as to whether the under-borrowing position is increased or reduced.
12. Table 6 in Appendix 1 shows the profile of outstanding debt over the whole of the medium-term financial planning period, and this will rise to a maximum of £333.295m on 31st March 2027 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, and any additional cash flow demands in each financial year.
13. The Council holds revenue budgets for repaying debt and interest (known as Capital Financing Costs). The repayment of debt costs for 2025/26 are £12.060million (8.4% of the net revenue budget for 2025/26). For comparison purposes the forecast capital financing costs in 2024/25 are expected to be £11.154 million (which represented 7.8% of the planned net revenue budget for 2024/25).

<u>Prudential Indicator</u>	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Capital Financing Requirement (underlying need to borrow)	297.816	310.197	333.295	327.929	321.994
External Borrowing	270.303	292.388	320.568	320.568	315.568
Internal Borrowing	27.513	17.809	12.727	7.361	6.426
% of Net Revenue Budget on debt costs	7.8%	8.4%	9.5%	9.9%	10.1%
Authorised limit for External Debt	318.000	331.000	354.000	348.000	342.000

14. The table above illustrates the key figures from paragraphs 11-13 and how these change over the period to 2028/29. It also shows that the proportion of capital financing costs is increasing over the period due to the level of external debt required for the capital programme and due to the annuity policy adopted for minimum revenue provision that unwinds over time.
15. Although the Council does not have relatively highly 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, a nominal amount of 10% of the net revenue budget was suggested as being a threshold for sustainability and prudence. Although some councils have exceeded this over the years the S151 Officer would not advise Members to go much higher, particularly given the financial position and low level of unrestricted reserves.

16. It is also 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 2024/25 is £318 million, with this increasing to £331 million for 2025/26 due to an increase in the level of borrowing required for the financial year.
17. It should be noted that the authorised limit for the Council is currently higher than either the level of external debt or the capital financing requirement. This is not uncommon within local authorities to build in extra headroom for unexpected capital investment, possible debt re-financing opportunities and the remote possibility of needing to borrow for any further exceptional revenue purposes. At present, the Council's authorised limit is set at £20m above its capital financing requirement and allows a degree of flexibility within the Council's planning processes and this legal limit. As suggested above, it is not recommended to go beyond the capital financing requirement unless this is only for temporary and defined purposes.

Treasury Management

18. 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.
19. 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.
20. Given that credit criteria are the most important factor when making an investment decision, the Council receives regular updates from its 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 (financial institution) and the maximum duration for any fixed term deposits made. This framework helps to protect against the loss of any sums invested (credit risk), ensuring liquidity is not compromised, and that these investments earn interest to support the revenue budget.
21. On 31 December 2024, the Council had cash balances of £35.021 million 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 £15.000 million below which the Council will look to borrow to maintain liquidity. The amount currently is higher than normal, due to asset sales that have happened during the

2024/25 financial year and have not yet been spent. This means that external borrowing has been lower as result of this additional income.

22. 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 capital programme 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).
23. Out of the £245.860 million worth of external debt on 31 December 2024, 86% is long term from the Public Works Loan Board – the government agency for local authority borrowing and 14% is long term with financial institutions (generally banks). There is also £7.4m short-term borrowing in place at present.
24. Current long term interest rates for borrowing from the PWLB are between 5.0% and 5.8% depending on the length of the loan (local authorities can borrow up to 50 years from central government) with short term rates being between 5.25% and 6.0% for up to one year in duration.
25. 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.
26. 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 outlawed any local authority applications for this type of activity from 1st April 2021 with Section 151 Officers having to confirm each year that their investment plans do not contain any of these types of activity.
27. 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, with funding from the PWLB if required.

Knowledge & Skills

28. 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.

29. 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.
30. 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 a new programme of activity for members of the Executive and Audit Committee will be provided over the next 12 months. This is important given the level of new members at the last election and some of the financial challenges facing the Council over the medium-term financial plan.

Minimum Revenue Provision

31. 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 2022/23 moved to an annuity basis of calculating these revenue costs. No changes are being proposed to the MRP policy for 2025/26 financial year and there is no further scope to make annual savings beyond this on a prudent basis. This policy is set out at the end of Appendix 1 for information.

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

32. 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.

Impact(s) of the recommended decision(s)

33. 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 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.

Financial (including procurement and Social Value)

34. All relevant financial implications are outlined within the body of this report and the supporting appendix. 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.

35. The table between paragraphs 13 and 14 outlines the key debt metrics and the capital financing costs as a % of the net revenue budget over the medium-term financial planning period.

36. Other impact areas are considered in the table below:

Topic	Impact
Legal	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 2003 or the capital finance and accounting regulations.
Risk	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.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no applicable issues to consider within this report.
Climate Change / Environmental	There are no applicable issues to consider within this report.
Children and Young People Cared for by the Authority and Care Leavers	There are no applicable issues to consider within this report.
Data Protection	There are no applicable issues to consider within this report.

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

Action	Responsible Officer	Deadline
To implement and monitor the 2025/26 prudential indicators and treasury management strategy	Head of Finance & Investment	1 April 2025 (and during the 2025/26 financial year)

Appendices

1	Prudential Indicators & Treasury Management Report for 2025/26 to 2028/29
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Background papers

Body	Report title	Date
Council	Prudential Indicators and Annual Treasury Management Strategy – 2024/25	08/03/24
Executive	Prudential Indicators and Treasury Management Strategy Report – Mid Year review 2024/25	04/12/24

Contact: Justin Weston, Head of Finance & Investment

Email: justin_weston@middlesbrough.gov.uk

APPENDIX 1

PRUDENTIAL INDICATORS &
TREASURY MANAGEMENT STRATEGY - 2025/26

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 2025/26 financial year, the Council is planning a total capital expenditure of £74.798m as summarised below.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
	Estimate	Estimate	Estimate	Estimate	Estimate
Total Capital Expenditure	65.158	74.798	63.008	17.863	14.621

All capital expenditure has to be financed, from either external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital

receipts) or debt (borrowing, leasing and private finance initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2024/25	2025/26	2026/27	2027/28	2028/29
FUNDED BY:	£m	£m	£m	£m	£m
Prudential Borrowing	12.003	17.085	28.180	-	-
Capital Receipts	6.000	6.000	6.000	11.613	13.571
Flexible Receipts	9.850	7.500	6.750	6.250	1.050
Grants	35.713	43.230	15.558	-	-
Contributions	1.592	0.983	6.520	-	-
Total FUNDING	65.158	74.798	63.008	17.863	14.621

Any external debt must be repaid over time by other sources of finance. This comes from the revenue budget in the form of Minimum Revenue Provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace/repay debt finance. The Council generally uses capital receipts to finance new capital expenditure rather than to redeem debt. The total cost of MRP included in the Council's revenue budget is as follows:

Table 3: Minimum Revenue Provision in £ millions

	2024/25 actual	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
Cost to Revenue Budget	4.316	4.704	5.082	5.366	5.935

- The Council's minimum revenue provision statement for 2025/26 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 £12.381m or 4.2% during the 2025/26 financial year. This increase is due to the new capital expenditure funded by external debt of £17.085m less the MRP set aside of £4.704m.

Based on the above plans for expenditure and financing, the Council's estimated CFR for the period of the Medium-Term Financial Plan is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2025 forecast	31.3.2026 forecast	31.3.2027 budget	31.3.2028 budget	31.3.2029 budget
TOTAL CFR	297.816	310.197	333.295	327.929	321.994

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 £29.4m 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. Some of these receipts may not be required in the financial year they are generated and can be carried forward for future use.

Table 5: Capital receipts in £ millions

	2024/25 forecast	2025/26 forecast	2026/27 budget	2027/28 budget	2028/29 budget
TOTAL	28.687	29.387	9.204	1.800	9.650

- 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.
- The large value of receipts generated in the 2024/25 and 2025/26 financial years as part of the assets sales theme to support the Council's transformation programme. Some of these may need to be rolled forward depending on the actual transformation expenditure achieved in each financial year.

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 2024 had £245.860m of borrowing at an average interest rate of 3.5% and £35.201m of treasury investments at an average rate of around 4.75%.

Both investment and borrowing rates available to the Council are at high levels currently due to the uncertainty in the US/global economy at present.

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 more difficult than in previous years due to long-term borrowing rates being higher currently than within the Council's strategy. However, both longer term and short-term borrowing rates are expected to reduce during the 2025/26 financial year which will help.

Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (overall council need to borrow).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	31.3.2028 budget	31.3.2029 budget
External Debt	270.303	292.388	320.568	320.568	315.568
Capital Financing Requirement	297.816	310.197	333.295	327.929	321.994

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. Discussions are ongoing with our treasury advisers on this position and what the long-term 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 2025/26

financial year from the original budget assumptions will be reported by the Director of Finance to the Executive at the earliest opportunity.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2024/25 limit	2025/26 limit	2026/27 limit	2027/28 limit	2028/29 limit
Authorised Limit (OB + £10m)	318.000	331.000	354.000	348.000	342.000
Operational Boundary (CFR + £10m)	308.000	321.000	344.000	338.000	332.000

Investment strategy: Treasury investments arise from the Council receiving cash before it is paid out again for service commitments. These cash balances can be a useful source of working capital, particularly around the need to externally borrow for capital needs.

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. Most investments are for less than 6 months so do not qualify as long term investments. Interest earned on cash balances tends to follow base rate returns over the financial year.

The aim of the Council is to hold a strategic level of cash of around £15 million. This amount meets two criteria for the Council. It cash backs all of the general fund reserve, plus a small amount of earmarked reserves. It also classifies the organisation as a professional (rather than retail) investor under MIFID II legislation – European law on financial instruments management. There may be an occasional need to hold less than the £15m when interest rates are higher than the medium-term approach to cash.

Table 8: Treasury management investments in £millions

	31.3.2025 forecast	31.3.2026 budget	31.3.2027 budget	31.3.2028 budget	31.3.2029 budget
Short-term investments	10.000	15.000	15.000	15.000	15.000
Longer-term investments	0.000	0.000	0.000	0.000	0.000
TOTAL	15.000	15.000	15.000	15.000	15.000

Governance: Decisions on treasury management in relation to investment and borrowing are made daily. These are delegated by the Director of Finance to the Head of Finance & Investment and staff within the central finance team. They act in line with the treasury management strategy approved by Council and the treasury management practices (operational guidance set out by the CIPFA Code of practice). Significant decisions on treasury are discussed by the Head of Service with the Section 151 Officer as necessary.

Quarterly updates on treasury management activity are reported to Executive as part of the regular budget monitoring process, including a more detailed mid-year report. The central finance team meet weekly to discuss cash flow forecasts, borrowing decisions and operational matters on a weekly basis. All this information feeds into the both the prudential indicators and the treasury management strategy.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on external borrowing and minimum revenue provision on capital expenditure are. These costs can be offset by any interest earned on cash balances or by income earned via commercial investments where borrowing has been used.

The net annual charge to the revenue budget 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 programme going forwards.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream.

	2024/25 actual	2025/26 forecast	2026/27 forecast	2027/28 forecast	2028/29 forecast
Financing costs (£m)	11.154	12.060	13.732	14.685	15.404
Net Revenue Budget (£m)	143.190	143.304	144.382	148.621	152.973
Proportion of net revenue stream	7.8%	8.4%	9.5%	9.9%	10.1%

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 at lower levels when debt for the Council has been 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 £2.6m of income per year being credited to the capital financing budget by the end of the 2025/26 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 2025/26 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

	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
	Estimate	Estimate	Estimate	Estimate	Estimate
Capital Programme	12.003	17.085	28.180	-	-
Debt Refinancing	20.000	20.000	15.000	10.000	10.000
Working Capital	10.000	10.000	-	5.000	-
Total	42.003	47.085	43.180	15.000	10.000

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 2025/26, 2026/27, 2027/28 and 2028/29 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 2025/26, 2026/27, 2027/28 and 2008/29 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 2 years, with any deals being arranged so that the maturity will be no more than 2 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 Investment has more than 25 years’ experience in local government treasury management. There is similar experience within the finance teams in relation to treasury management, 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 2025/26

1. In accordance with revised guidance from 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 MHCLG 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 updated 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 2025/26

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, and an annual report at the end of each financial 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">• The minimum % of the total of all investments which must be Specified Investments, at the time the investment is made, is 90%• The maximum investment with any one counterparty is £15 million, except for the Debt Management Office which is has no limit.• The maximum investment in any one group (i.e., a bank and its wholly owned subsidiaries) is £15m. |
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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 considers that it is empowered by Section 12 of the Local Government Act 2003 for the temporary investment of funds borrowed for the purpose of expenditure in the reasonably near future. While not "borrowing to invest" it is prudent to invest monies raised in advance of expenditure. As required by the Guidance such investment is permitted providing the anticipated expenditure is within this or the next financial year or within a period of eighteen months, whichever is the greater.

TREASURY MANAGEMENT POLICY STATEMENT

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 interest rate environment where short-term borrowing or internal borrowing offer revenue budget savings.
- The main sources of funding for external borrowing for the Council are the Public Works Loan Board, Local Authorities, and financial institutions.

Investments

- The CIPFA/MHCLG guidance require the Council to invest its funds prudently and to have regard to security, liquidity and yield, when making 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 - 2025/26

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 the same duty as applies to other statutory guidance including, for example, the CIPFA Prudential Code, the CIPFA Treasury Management Code and the CLG 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 basis for calculating the revenue costs of repaying debt.

**MINIMUM REVENUE PROVISION -
2025/26 POLICY 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.