

# 2024/25 Budget & MTFP Scrutiny Consultation

January 2024

# Agenda

- Remaining Budget Gap
- Post Settlement Update/ Exceptional Financial Support
- Environment and Communities – context
- Questions : Environment and Communities – Budget savings proposals
- Next Steps and Close

## Remaining Budget Gap after all current budget proposals and Council tax assumptions

Item	2024/25 £m	2025/26 £m	2026/27 £m	Cumulative £m
Revised gap before new budget savings proposals	18.098	6.552	2.272	26.922
New savings proposals	(14.038)	(5.083)	(1.967)	(21.088)
Revised gap after new savings proposals	4.060	1.469	0.305	5.834
New growth to support transformation	0.000	0.127	0.000	0.127
Reversal of savings approved by Council in 2023/24 Budget Report	1.158	-	-	1.158
Proposed unachievable previously approved savings	1.061	-	-	1.061
New growth/amend previous years' savings	2.219	0.127	0.000	2.346
Refreshed Budget Gap + / Surplus ()	6.279	1.596	0.305	8.180

Report Reference - Table 18

# Post Settlement Update

- **Local Government Finance Settlement** announced 18 December
  - Analysis of impact will be complete early January
- Initial assessment - settlement is in line with officer expectations and **does not close the 2024/25 budget gap.**
- CIPFA guidance to s151 Officers who are considering issuing a **s114 Notice** is to:
  - engage with DLUHC and make an application for **Exceptional Financial Support (EFS)**
  - in order to agree a financial recovery plan that will avoid the requirement for a s114 Notice
- EFS will provide a temporary funding solutions that will buy time for the Council to achieve financial sustainability and avoid a s114 Notice
- Prior to issuing a s114 Notice, the s151 Officer and Chief Executive, with the support of the Mayor and Executive
  - will make an **application for EFS – Mid January**
  - **DLUHC response** expected at the latest prior to Council meeting on **28 February.**

# Environment and Communities – Context

Key messages from Environment and Communities Executive

- Significant increase in the cost of Waste Disposal
- Need to increase the rate of recycling towards national targets
- Reducing levels of crime and antisocial behaviour but still a significant problem within Middlesbrough.
- Move towards neighbourhood working to increase both responsiveness to the needs of the citizen along increasing community resilience and social capital.
- Increased dissatisfaction derived from community survey in respect of condition of place.
- Green agenda requiring focus on environment sustainability.
- Requirement to ensure that bridges and structures and other assets or maintained to acceptable standards.

# Environment and Communities – Context

## Waste Management

The Council currently operates weekly collection of waste, where the current 2023/24 net budget for Waste Collection is £2.854m. Waste disposal is a significant cost to the Council with a 2023/24 budget of £3.969m.

As well as contributing to the Council’s environmental objectives, the cost of disposing of recycled waste (average disposal rate is £53.01 per tonne) is much lower than the cost of residual waste (disposal rate is £72.56 per tonne). Further, it is important to note that there is a significant cost to disposing of waste incorrectly. Residual waste that is put in the recycling bin causes contamination to the recycled waste stream and is rejected by waste operators and diverted to the residual waste stream for which the Council has to pay to process twice (average residual waste disposal rate of £173.78 per tonne).

Table 1 below summarises the forecast total waste disposal cost, tonnage, and cost per tonne of recycled waste, residual waste, and contaminated waste for 2023/24

**Table 1: forecast total waste disposal cost, estimated tonnage, and average cost per tonne of recycled waste, residual waste, and contaminated waste for 2023/24 (Forecast as at October 2023)**

Disposal Stream	Annual Forecast Cost as at October 2023 (£)	Forecast Tonnage	Average Rate per tonne* (£)
Main Waste Disposal Contract	3,073,594	41,588	72.56
Landfill	452,000	3,327	135.86
Recycling - Civic Amenity Site	584,442	8,661	Various
Recycling - MRF Facility	389,183	9,815	Various
Green Waste	178,444	6,024	28.00
Road Sweepings	39,573	1,019	35.00
Miscellaneous/Fly/Bulk	79,508	817	Various
Other Costs (staffing, rates, miscellaneous)	203,156	n/a	n/a
	<b>4,999,900</b>	<b>71,251</b>	

*\*Note - as these are average tonnage rates, the tonnage multiplied by these rates for each element do not necessarily equal the total forecast for the year as at October 2023*

Based upon 2021/22 available comparative data, Middlesbrough has one of the lowest recycling rates of all single tier authorities at 29.8% compared to a mean of 42.3%. Whilst the amount of residual waste is higher than most single tier authorities at 701kg per household compared to 554kg, the level of contaminated waste is also higher than most single tier authorities.

# Environment and Communities – Financial Context 2023/24

- For Period 7 (October 2023), the forecast outturn is £133.792m (before Financial Recovery Plans), an adverse variance of £7.438m (+5.9%) – a decrease of (£1.118m) from the £8.556m reported at Quarter 2.
- Financial Recovery Plans totalling £1.584m have been proposed which if assured and fully implemented would reduce the adverse variance to £5.854m.
- Environment and Communities, with a current net budget of £17.369m forecast outturn is £18.228m, as **adverse variance of £0.859m**, however with financial recovery plans the outturn may reduce by £0.078m to an adverse £0.781m.
- The key drivers of the adverse variance is due to an increase in waste disposal costs, £1.017m largely due to increases in tonnage price, increased Management Fees and higher than anticipated Shutdown costs. In addition, Bereavement services has an adverse variance of £0.699m due to a shortfall in income and increased operational costs. This is partially offset by additional grant income, £(0.857)m across Environment services and Supported Communities.

# Savings Summary – Environment and Communities

## Appendix 2: Budget savings proposals considered to potentially affect front line service delivery levels

Ref:	Category	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
ECS01	E	<p><b>Fortnightly Collection Residual Waste.</b> As in line with most Councils, Middlesbrough will introduce the fortnightly collection of residual waste. This will assist in the Council's efforts to increase recycling. The impact will be a reduction in the number of full time Residual Waste Operatives from 41 to 29 and savings on fuel and equipment. This will include the offering of bigger 240 ltrs bins to those with families with 3 or more and moving where possible for those areas on black bags to wheeled bins. Areas that have communal bins collections will remain on weekly collection. Those who have medical needs or larger families will have their needs assessed and larger or additional bins will be offered. In order to improve the level of recycling, increased waste education and communication will take place to ensure people understand which waste should be put in which bin and encourage residents to do so.</p>	(0.374)			(0.374)	(12.0)	6.0
ECS02	I	<p><b>Green Waste Collection Charge</b> As with most councils, introduction of charging for Green Waste which collection service will run fortnightly from the beginning of April until the end of November. This will include the continuation of two weekly collection throughout this period rather than monthly in October and November. The annual charge will be £40 for the first bin then £20 per additional bin.</p>	(0.406)			(0.406)		
ECS03	I	<p><b>'Junk' Job collection will be Chargeable.</b> Introduction of a £24.50 charge for a bulky household waste collection. In general, this will be for up to five items. This will provide a more streamlined service than the two-tier system in place now.</p>	(0.092)			(0.092)		
ECS04	I	<p><b>Replacement Wheeled bins charge</b> The introduction of charges for replacement of all wheeled bins including delivery charge. This will include wheeled bins used for recycling. 140 Ltr Bin £20.45, 240 Ltr Bin £23.50, 240 Ltr Green Waste Bin £37.50. This is an increase of £3.70 for 140 Ltr bin, currently £16.75, and introduction of charge for recycling bin and new larger sized waste bins.</p>		(0.033)		(0.033)		
ECS07	S	<p><b>Cease Council financial support for Environment City</b></p>	(0.105)			(0.105)	(2.0)	
ECS08	I	<p><b>Resident Parking Permits Charge</b> Introducing a charge for residents parking permits in those areas that have a residents parking scheme. The charge will be £25 per first permit and £40 for additional permits. NHS and official careers would be charged £10 for a permit.</p>	(0.125)	(0.125)		(0.250)		
ECS09	I	<p><b>Car Parking Charge at Stewart Park</b> Introduction of a £2 daily car parking charge at Stewart Park. This will require the introduction of a resident parking scheme in nearby streets.</p>		(0.060)		(0.060)		
ECS10	T	<p><b>Review of Community Facilities</b> A review of community facilities will include potential income generation from use of facilities, or alternatives to reduce operating costs.</p>		(0.200)	(0.100)	(0.300)		



# Savings Summary – Environment and Communities

Appendix 1: Budget Savings proposals that are considered to have minimal, or no effect on front line service delivery levels

Ref:	Categorisation	Budget savings proposal	24/25 (£m)	25/26 (£m)	26/27 (£m)	Total (£m)	Proposed reduction in Staff over 2024/25 to 2025/26 FTE	Current Vacant Posts FTE
ECS05	E	<b>Integrate Environment Services and Supporting Community functions and create a Neighbourhood management approach.</b> This will be based on 4 working locality focused teams to deliver front line services with savings achieved following a management restructure and a reduction in management posts.	(0.287)	(0.113)		<b>(0.400)</b>	(12.0)	8.0
ECS06	E	<b>Increase in Education and Enforcement around Recycling.</b> By encouraging people to put less waste in their residual waste bin and recycle instead, the Council will improve the amount of recycling and in turn reduce the cost of waste disposal.	(0.030)	(0.169)	(0.020)	<b>(0.219)</b>	-	-
ECS11	I	<b>Review contribution to Community Hubs running costs</b> This will be achieved by increase income from chargeable activities, room hire and the renting of space at Community Hubs.	(0.040)			<b>(0.040)</b>	-	-
ECS12	I	<b>Charge for Waste Bins on New Developments</b> The introduction of charging for waste bins on new developments to Developers.		(0.030)		<b>(0.030)</b>	-	-

# Questions

# Next Steps & Close

- Individual Panel's views/ comments will be compiled in a “consolidation briefing note“ and discussed at the OSB Special meeting on the 18<sup>th</sup> Jan.
- Once agreed at OSB this will be submitted to the Mayor/ Exec by the Chair of OSB.
- If any answers are provided outside of the Panel these may need to be fed into the “consolidation note.”