

**COUNCIL**

A meeting of the Council was held on Wednesday 19 February 2025.

**PRESENT:** Councillors J Rostron, (Chair), J Ewan, (Vice-Chair), J Banks, I Blades, D Branson, E Clynch, C Cooke - Elected Mayor, J Cooke, C Cooper, D Coupe, T Furness, P Gavigan, TA Grainge, L Henman, S Hill, B Hubbard, L Hurst, N Hussain, D Jackson, D Jones, J Kabuye, L Lewis, T Livingstone, L Mason, I Morrish, J Nicholson, M Nugent, J Platt, S Platt, A Romaine, M Smiles, P Storey, S Tranter, Z Uddin, N Walker, G Wilson, J Young and L Young

**OFFICERS:** S Bonner, C Benjamin, B Carr, A Davis, G Field, R Horniman, A Hoy, A Humble, S Lightwing, J Tynan and J Weston

**APOLOGIES FOR ABSENCE:** Councillors D Davison, D McCabe, M McClintock, J McConnell, J McTigue, J Ryles, M Saunders and J Thompson

24/100 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Fire Evacuation Procedure.

24/101 **DECLARATIONS OF INTEREST**

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

24/102 **ANNOUNCEMENTS/COMMUNICATIONS**

The Chair announced, with sadness, the death of former Councillor Geraldine Purvis.

Geraldine represented Brambles and Thorntree Ward between 2011 and 2023. During her time as a Councillor Geraldine served on a number of committees and scrutiny panels and represented the Council on outside bodies including Thorntree Community Hub and the Tees Valley Arts Board.

Council were also asked to remember former Councillor Terry Lawton, who had also sadly passed away recently.

The Chair invited Members to join her in a minute's silence, as a mark of respect.

Motion No. 167

Motion No. 167, carried at the Council meeting held on 16 October 2024, resolved that Council would write to the Chancellor of the Exchequer asking that HM Treasury consider reforming eligibility for the Winter Fuel Payment.

A response dated 18 February 2025 had been received from Torsten Bell MP, Minister for Pensions, and a copy of the letter would be circulated to all Councillors following the Council meeting.

24/103 **COUNCIL TAX REDUCTION SCHEME 2025/26**

A joint report of the Executive Member for Finance and Director of Finance and Transformation (S151 Officer) was presented to seek Council approval for the Council Tax Reduction Scheme for 2025/26.

The report outlined the proposed Council Tax Reduction (CTR) scheme (sometimes referred to as Council Tax Support) scheme for 2025/26. Each Billing Authority in England had 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 would incorporate the minor legislative amendments to be made by Government through regulations that the Council was obliged to include.

It was recommended that the scheme's income bandings were 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 was maintained and continued to provide appropriate support for the town's financially vulnerable residents.

A copy of Middlesbrough Council's Council Tax Reduction Scheme was attached to the submitted report.

On a vote being taken, it was **ORDERED** that the Council Tax Reduction Scheme for 2025/26 was approved.

24/104

## **2025/26 REVENUE BUDGET, MEDIUM TERM FINANCIAL PLAN, AND COUNCIL TAX SETTING**

A joint report of the Mayor, Executive Member for Finance and Director of Finance and Transformation (S151 Officer) was presented to seek Council approval 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 Mayor presented the report and thanked all Officers and Councillors for their involvement in crafting the budget.

The annual budget report and MTFP was a detailed and complex report which formed the basis of the Budget and Policy Framework. Information presented in the main report highlighted the key issues for consideration and provided substantial detail in the supporting appendices.

The report incorporated 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).

The report contained a number of issues for consideration and approval by Council, and also a number of issues to note which were detailed in Section 2.

The report reflected 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 was required by the statutory deadline of 11 March 2025.

The report was to be read in conjunction with the Prudential Indicators and Treasury Management Strategy 2025/26 report at Agenda Item 7 for the Council meeting. The Prudential Indicators and Treasury Management Strategy 2025/2026 translated 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 was governed.

Councillor Mason raised a Point of Order under Council Procedure Rule No. 4.34.1 (e).

Consideration was given to a procedural motion moved by Councillor Mason and seconded by Councillor Smiles of which notice had been given in accordance with Council Procedure Rule No. 4.34.1 (e) as follows:

To adjourn the debate for a period of two weeks in order to allow Councillors more time to consider the proposed budget.

On a vote being taken the motion was **REJECTED**.

The Chair invited Members to comment on the report.

Councillors Branson, Coupe, Morrish, Smiles, Hubbard, Walker, Kabuye, Mason, Henman, Banks, L Young, Clynch, Jones and J Platt spoke on the proposed budget.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendations contained in paragraphs 2.1.1 to 2.1.8 of the report.

The result of the vote was as follows:

Votes for: (24)

C Cooke, (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, Cooke, Ewan, Furness, Gavigan, Henman, Hussain, Kabuye, Lewis, Mohan, Nicholson, Nugent, Romaine, Rostron, Storey, Tranter, Uddin, Walker, J Young, L Young.

Votes against: (14)

Councillors Cooper, Coupe, Grainge, Hill, Hurst, Hubbard, Jackson, Jones, Mason, Morrish, J Platt, S Platt, Smiles, Wilson.

Abstentions: (1)

Councillor Livingstone.

Following the vote, it was **ORDERED** that:

1. the following recommendations set out at 2.1.1 to 2.1.8 of the submitted report were approved by Council:

- 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).
- 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).
- 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).
- 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).
- The proposed General Fund revenue budget for 2025/26 with a net budget requirement of £143.304m.
- 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.

- 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).
- 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. The following key issues set out at 2.2.1 to 2.2.13 in the report were noted:

- 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).
- 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).
- 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).
- 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).
- The creation of a Middlesbrough Priorities Fund totalling £4.367m for 2025/26 only (Appendix 2).
- 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).
- The feedback of the budget consultation exercise (paragraphs 4.8 to 4.16 and Appendix 3).
- 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.
- 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.
- 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.
- Details of the Dedicated Schools Grant (DSG) Grant for 2025/26 and the allocation to schools (detailed in Appendix 8).
- The forecast total cumulative DSG deficit of £20.693m on 31 March 2025, including £21.281m relating to the High Needs Block (Appendix 8).
- 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).

24/105

## **PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT - 2025/26**

A joint report of the Executive Member for Finance and the Director of Finance and Transformation (S151 Officer) was presented to seek Council approval for the Treasury Management Strategy and Prudential Indicators 2025/26.

The Council was required to approve annually a Treasury Management Strategy and a set of Prudential Indicators, which self-regulated the level of capital financing activities of the Council and the affordability of the capital programme. These needed 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 was important from both a financial and governance perspective as it set the framework within which the Council managed its borrowing and investments, how it delivered these services, and how it controlled the risks attached to any decisions made. It also set out the parameters and criteria that governed the day-to-day cashflow management activity and how these impacted on the medium to long term financial planning. These included achieving value for money from any borrowing undertaken, managing risk, and protecting any resources that had been invested.

The Prudential Indicators were an integral part of the CIPFA Capital Finance Code and demonstrated whether the capital programme was affordable, sustainable, and prudent. They included the level of capital expenditure over the next four years, how this had been financed, the maximum level of external debt and the cost to the revenue budget.

The Minimum Revenue Provision (MRP) policy governed how the Council planned to account for the repayment of loan principal in relation to its borrowing activities and had a fundamental impact upon the annual revenue cost of borrowing and over the long term. The current MRP policy was based on a 2% annuity model in line with many other local authorities. The Council took the decision during the 2022/23 financial year to review the MRP policy, the effect of which was to achieve improved affordability on an annual basis over the short to medium term, although there were higher revenue charges in 25 – 50 years' time.

The Council's underlying need to borrow was measured by the Capital Financing Requirement which was forecast to be £310.197m during 2025/26 rising to £333.295m by the end of 2026/27 and decreasing slightly thereafter. This resulted in the revenue cost of borrowing as at page 2 of the submitted report.

Whilst the Council was not an outlier in terms of its level of total debt it was reaching its limit of revenue affordability on borrowing to fund its future capital investment. The Council would 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.

The Chair invited the Monitoring Officer to conduct a recorded vote on the recommendations contained in paragraph 2 of the report.

The result of the vote was as follows:

Votes for: (30)

C Cooke (Elected Mayor), Councillors Banks, Blades, Branson, Clynch, Cooke, Cooper, Coupe, Davison, Ewan, Furness, Gavigan, Grainge, Henman, Hill, Hurst, Hussain, Jackson, Jones, Kabuye, Lewis, Mason, Mohan, Morrish, Nicholson, Nugent, J Platt, S Platt, Romaine, Rostron, Smiles, Storey, Tranter, Uddin, Walker, Wilson, J Young, L Young.

Votes against: (0)

Abstentions: (1) Councillor Livingstone.

19 February 2025

Following the vote, it was **ORDERED** that the following recommendations set out a paragraph 2 of the submitted report were approved by Council:

- 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.