

EXECUTIVE

A meeting of the Executive was held on Wednesday 3 September 2025.

PRESENT: Mayor C Cooke (Chair) and Councillors I Blades, P Gavigan, L Henman, J Rostron, J Ryles and P Storey

PRESENT BY INVITATION: Councillor L Young (Chair of Overview and Scrutiny Board)

OFFICERS: D Alaszewski, S Bonner, M Brown, B Carr, C Cannon, G Field, L Grabham, R Horniman, A Humble, A Johnstone and E Scollay

APOLOGIES FOR ABSENCE: Councillors T Furness and N Walker

25/17 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Mayor welcomed all those present to the meeting and explained the fire evacuation procedure.

25/18 **DECLARATIONS OF INTEREST**

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

25/19 **MINUTES - EXECUTIVE - 16 JULY 2025**

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

25/20 **CORPORATE PERFORMANCE QUARTER ONE 2025/2026**

The Mayor submitted a report for Executive's consideration, the purpose of which was to advise the Executive of corporate performance at the end of Quarter One 2025/2026, and where appropriate, sought approval of any changes, where those were within the authority of the Executive. The primary purpose of the report was to set out how effectively the Council was delivering activity to deliver against each of the Council Plan priorities, aims and underpinning workplan activities.

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

The report provided the necessary information to enable the Executive to discharge its performance management responsibilities, setting out progress against priority performance disciplines and other key associated items, together with actions to be taken to address any issued identified.

The projected financial outturn at Quarter One and 2025/2026, was presented separately at the meeting and was not repeated here. There were plans in development to integrate performance, risk and financial reporting for future financial years.

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

The output from these sessions was reflected through quarterly updates to the Executive and covering, in addition, progress in delivering actions agreed by the Executive, key Directorate performance issues and other performance-related matters.

The Council's overall performance at the end of Quarter One 2025/26 saw progress towards expected performance standards, as set out in the Council's risk appetite, achieved in two of

the five corporate performance disciplines.

As activity within the Council Plan workplan had rolled over from Quarter Four 2024/25 to Quarter One 2025/26, trend data had been carried forward to demonstrate progress.

It was noted that performance against Council Plan outcomes for Quarter One 2025/26 was measured by tracking progress against baseline key performance indicators, as outlined in the Council Plan 2024-27 and its associated workplan. It was expected that over time, 90% of the outcome measures would be achieved.

The Mayor commented that future reports of this nature needed to be more explicit that overspends were predictions in most cases. There was a need to take management of public funds seriously and there was a need to review ongoing pressures. The Mayor had seen an action plan for Children's Services which looked promising and he commented he felt confident about the progress of Children's Services, despite previous funding cuts and rising costs.

The Mayor also commented that he, and the Council as a whole was working with central government to ensure Middlesbrough received a fair funding settlement.

The Mayor stated that a Member's briefing be set up

OPTIONS

The Council was required to operate a performance management framework in order to ensure delivery of its best value duty; to not do so would place the council at risk of failing in its statutory responsibility in this regard.

ORDERED that Executive

1. Approves the proposed changes to the Executive actions, as detailed at Appendix 1 of the report.
2. Approves the proposed changes to the Council Plan 2024-27 supporting workplan actions, as detailed at Appendix 3 of the report.

AGREED that Executive

1. Notes the progress and position of the corporate performance disciplines, including the Transformation Portfolio.
2. Notes the delivery status of the Council Plan 2024-27 supporting workplan at Quarter One, detailed at Appendix 2 in the report.
3. Notes the Strategic Risk Register, at detailed in Appendix 4 of the report.

REASONS

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

25/21

REVENUE AND CAPITAL BUDGET – FORECAST YEAR-END OUTTURN POSITION AT QUARTER ONE 2025/26

The Executive Member for Finance submitted a report for Executive's consideration, the purpose of which was to discharge the responsibilities of the Executive to manage and control the revenue budget, capital programme, and overall balance sheet position of the Council.

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

The report enabled Executive to discharge its financial management responsibilities by setting out the following position at Quarter One (30 June 2025):

- General Fund Revenue Budget forecast outturn;
- Virements
- Statement of the Council's reserves and provisions;
- Capital Programme forecast outturn;
- Statement of the Council's borrowing and prudential indicators;
- Statement of the level of debt owed to and to be recovered by the Council;
- Actions that have been taken and are planned to be taken in order address the issues identified.

Financial Procedure Rule 18.38.3 of the Council's constitution required Executive's approval of revenue and capital programme budget virements over £250,000 and Financial Procedure Rule 18.80.2 required approval by Executive of the write off of debt over financial thresholds set out in the Financial Limits Annex of the Council's Constitution.

The forecasts within the report, as of 31 March 2026, were prepared using the following major assumptions:

- All known staffing changes had been captured
- Agreed pay award of 3.2% for local government officers for 2025/26 included
- Income and Expenditure forecasts had been prepared in conjunction with budget holders using the best information currently available.

The 2025/26 Revenue Budget, Medium Term Financial 2025/26 to 2028/29, and Council Tax report to Council on 19 February 2025 set out the future financial position of the Council.

Executive were advised that both the report presented, and the report submitted to Council, should be read together to fully understand the context within which the Council was operating and the financial challenges it faced.

As part of the report submitted to Council, a net revenue budget for 2025/26 of £143.304m was approved by Full Council. Within the report the Director of Finance and Transformation (S151 Officer) issued his Section 25 Report which set out the basis upon which the revenue budget was seen as robust and the basis upon which reserves were considered adequate.

While the Council had achieved significant improvement in its financial position since the start of 2024/25, there was still a need to control expenditure within the approved 2025/26 budget. There was also a need to develop further savings and income generating opportunities through the Recover, Reset, Deliver Transformation Portfolio to balance the MTFP and stabilise the Council's financial position as well as rebuilding its financial resilience.

This required the delivery of all approved 2025/26 savings plans in full. Budgetary control measures as detailed in the 2024/25 Revenue and Capital Outturn report to Executive on 11 June 2025 would continue to be implemented during 2025/26.

Table one in the report summarised the overall position per Directorate and showed that the 2025/26 forecast year-end outturn position, as of 30 June 2025 (Quarter One), was an overspend of £10.677m (7.5%) against the approved budget of £143.304m.

Table one in the report showed if actions to reduce the overspend were not successful it was proposed to use central contingencies, which were set aside for this purpose. This would be done alongside other central budgets to reduce the forecast year end overspend to £4.482m (3.1%).

This would mean there would be limited central contingencies for use in 2025/26. Therefore, Directorates needed to make every effort to reduce their forecast overspends and achieve a balanced budget by the end of 2025/26.

A summary of the main variances for each Directorate was detailed in paragraphs 4.17 to 4.30 of the report and included any recovery plans proposed by Directorates.

The Mayor commented that future reports of this nature needed to reflect that overspends, in most cases, were predictions. There was a need to be realistic and take the management of

public funds seriously, especially in the face of current pressures.

The Mayor also stated he had seen an action plan for Children's Services that helped to address the issues identified in the report and he was confident in its approach, especially in light of rising service costs.

The Mayor, and the Council were working with government to ensure Middlesbrough received a better funding settlement from government.

The Mayor requested a Member Briefing be set up to explain the current position within Adults and Children's Services once the full situation was understood.

OPTIONS

The alternative would be to not approve the revenue budget virements over £250,000 and the changes to the Council's capital programme, and to not report on the Council's forecast year-end financial outturn for the financial year 2025/26. This would not enable the Executive to discharge their responsibilities to manage and control the revenue budget, capital programme and overall balance sheet position of the Council.

ORDERED that Executive:

1. Approves budget virements over £250,000 within the revenue budget (Appendix 1)
2. Approves the inclusion of new schemes and additions to existing schemes to the Capital Programme totalling £5.004m for 2025/26, of which £1.818m were externally funded and £3.186m was from existing Council funded resources (detailed in Appendix 5). Subject to approval this will increase the approved 2025/26 Capital Programme budget to £87.575m

AGREED that Executive:

1. Notes the Council's financial performance and forecast year-end financial outturns for revenue and capital budgets for the financial year 2025/26 as at Quarter One, including that if there was no further action the overspend on the revenue budget at year end was currently forecast to be £4.482m (3.1%) after the proposed use of central contingencies and other budgets.
2. Notes the requirement for Directors to develop and submit further recovery plans and mitigations in order to reduce their forecast overspends and seek to achieve a balanced budget for their Directorate by the end of 2025/26, and also that corporate revenue budget spending controls would continue to be applied during 2025/26.

REASONS

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

25/22

MEDIUM TERM FINANCIAL PLAN (MTFP) UPDATE AND 2026/27 BUDGET APPROACH AND TIMETABLE

The Mayor submitted a report for Executive consideration, the purpose of which provided an update for Executive of the issues affecting the Council's current Medium Term Financial Plan.

The report also sought approval of the budget development approach and timetable within which Officers would work with the Mayor, Executive and other elected Members to develop the 2026/27 budget and Medium-Term Financial Plan (MTFP) for the four-year period to 2029/30.

Each year the Council engaged in an annual financial planning and budget setting cycle with the intention to achieve a balanced annual revenue budget and MTFP. The cycle also set the council tax and set out the capital and treasury management strategy. A high-level overview of

the annual financial planning cycle was summarised in Figure 1 at section four in the report. A more detailed timetable for the 2026/27 budget and MTFP was summarised in Table one and set out in Appendix 2 of the report.

The annual financial planning cycle involved the periodic review and updating of financial planning assumptions in the light of new information and data at key stages of the financial year to inform the Council's budgetary control, financial forecasting and medium to long term financial planning. Areas of focus included The Council's actual financial performance against its financial forecasts, Changes in information and intelligence concerning external factors outside the Council's direct control, Internal factors relating to the design and operation of service delivery models and the level of reserves and forecast impact of all factors upon reserves.

The cycle needed to align with the Recover, Rest, Deliver Transformation Programme which itself aimed to improve, modernise, and transform the delivery of services by the Council, and potentially providing savings for use in the MTFP.

Funding of £26.7m had been allocated for the costs of the Transformation Programme from 2024/25 to 2028/29.

The report was the first stage of the budget development strategy for the four-year period 2026/27 to 2029/30. It built upon the MTFP approved by Council on 19 February 2025, the 2024/25 financial outturn reported to Executive on 11 June 2025, and the 2025/26 forecast financial position at Quarter One reported to the meeting. It set out the financial framework and timetable within which Officers would work with the Mayor and Executive, with input from elected Members, to develop budget proposals that would deliver the Council Plan within available resources.

OPTIONS

The Council was required by law to set a balanced budget and to operate robust and meaningful financial planning arrangements. The report set out the development process and timeline for achieving that objective. Therefore, no other options were submitted as part of the report.

ORDERED that the budget development approach and timetable set out in Appendix two of the report, for developing the 2026/27 Budget and Medium-Term Financial Plan (MTFP) to 2029/30, be approved.

AGREED that the update of the Council's Medium Term Financial Plan (MTFP), be noted.

REASONS

The forward planning for, and setting of a robust budget and balanced MTFP, enabled the Council to provide and deliver services within its overall corporate and financial planning framework. The MTFP underpinned the delivery of the Council's vision for Middlesbrough to be a thriving, healthier, safer, and more ambitious place where people wanted to live, work, invest, and visit, and where the Council would support its residents to live fulfilling lives, to ensure that its communities thrived.

All Council elected Members had a legal obligation to agree a balanced robust budget and set the Council Tax by 11 March 2026. In addition, the Council had a Best Value duty to demonstrate financial sustainability through the delivery of a balanced MTFP over a period of at least three years. The setting of the budget was part of the budget and policy framework and therefore required Full Council approval scheduled for 18 February 2026.

The Council was 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.

25/23

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

The decision(s) will come into force after five working days following the day the decision(s) was/ were published unless the decision(s) become subject to the call in procedures