

OVERVIEW AND SCRUTINY BOARD

Date:	Wednesday 19th November, 2025
Time:	4.30 pm
Venue:	Mandela Room (Municipal Buildings)

AGENDA

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

To receive any apologies for absence.

3. Declarations of Interest

To receive any declarations of interest.

4. Minutes - Overview and Scrutiny Board - 22 October 2025

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To receive the minutes of the previous meeting.

5. Scrutiny Chairs Update

To receive updates from scrutiny chairs.

6. OSB Review into Poverty - Overview

7. Delivery against the Continuous Improvement Plan - Progress Update

The Mayor will be in attendance to present the report.

Report to note.

8. Executive Member Update - Finance 9 - 54

The Executive Member for Finance will be in attendance to provide her update. The Executive Member will refer to the Quarter 1 Budget Outturn report which was approved by Executive on 3 September 2025. That report is attached to this agenda.

9. Executive Forward Work Programme 55 - 74

For members of overview and scrutiny board to consider the executive forward plan.

Report to note.

- 9.1 Forward Plan Actions Progress

To provide members of the overview and scrutiny board with an update on outstanding forward plan actions arising from the previous meeting.

10. Any other urgent items which, in the opinion of the Chair, may be considered.

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Tuesday 11 November 2025

MEMBERSHIP

Councillors L Young (Chair), J Ewan (Vice-Chair), D Branson, E Clynch, D Coupe, J Kabuye, L Lewis, T Mohan, I Morrish, J Platt, M Saunders, Z Uddin, G Wilson and J Young

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Scott Bonner/ Sue Lightwing, 01642 729708/ 01642 729712, scott_bonner@middlesbrough.gov.uk/ sue_lightwing@middlesbrough.gov.uk

OVERVIEW AND SCRUTINY BOARD

A meeting of the Overview and Scrutiny Board was held on Wednesday 22 October 2025.

PRESENT: Councillors L Young (Chair), J Ewan (Vice-Chair), D Branson, E Clynych, D Coupe, J Kabuye, L Lewis, T Mohan, I Morrish, J Platt, M Saunders, Z Uddin, G Wilson and J Young

PRESENT BY INVITATION: Councillor L Henman, Executive Member for Children's Services

ALSO IN ATTENDANCE: Councillor S Platt

OFFICERS: P Allen and S Lightwing

APOLOGIES FOR ABSENCE: None submitted.

25/26 DECLARATIONS OF INTEREST

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

25/27 MINUTES - OVERVIEW AND SCRUTINY BOARD - 17 SEPTEMBER 2025

The minutes of the Overview and Scrutiny Board meeting held on 17 September 2025 were submitted and approved as a correct record, subject to the following amendments:

Minute No 25/20 – Fourth paragraph, last sentence in relation to the date of the next meeting of the Place Scrutiny Panel should read “27 October” rather than “20 October”.

Minute No 25/21 – Nineth paragraph, third sentence after “ordinarily” add: “them”.

Further to a request from the Board for details of the total number of young people engaged in the Youth Justice System, the Democratic Services Manager stated there were approximately 90 children open to youth justice in Middlesbrough who were active cases. Support was also provided to children in police custody and this figure did not include those children or the ones supported at Court.

25/28 SCRUTINY CHAIRS UPDATE

Scrutiny Panel Chairs were invited to provide their updates to OSB.

The Chair of the Place Scrutiny Panel advised the Board that the Final Report on Home to School Transport had recently been presented to the Executive. The Place Scrutiny Panel would monitor the executive actions agreed going forward. The Place Panel last met on 29 September and agreed the Terms of Reference for the scrutiny investigation into Barriers to Regeneration. At the next meeting of the Executive on 12 November 2025, the Chair would be presenting the Panel's Final Report on Empty Properties for consideration.

The Chair of the Children's Scrutiny Panel informed the Board that the next meeting was scheduled for 27 October 2025. The Panel would be continuing its investigation into Out of Area Specialist Provision, receiving further evidence in relation to Workforce Development Strategy (SEND and Inclusion) and how this had assisted in maintaining children in Middlesbrough education provision. The Panel would also consider the Terms of Reference for the review.

The Chair of the Adult Social Care and Health Scrutiny Panel advised OSB the Panel had last met on 20 October 2025. The Panel had agreed their Terms of Reference for the review of Healthy Placemaking with a Focus on Childhood Obesity and had also received a presentation on Healthy Placemaking through Transport and Infrastructure.

NOTED

25/29

EXECUTIVE MEMBER UPDATE - CHILDREN'S SERVICES

The Chair welcomed the Executive Member for Children's Services, who was accompanied by the Interim Executive Director.

The Executive Member was invited to deliver his presentation. The Chair reminded Members not to discuss individual casework and to ask any questions they had at the end of each slide.

The Executive Member had been in post for almost twelve months and the permanent Executive Director of Children's Services had been in post for eight days. There would be a handover period prior to the Interim Executive Director leaving the Authority.

Children's Services Mission Statement was shared as follows:

- Keep children and young people at the heart of our work.
- Work together to get the best outcomes for our children, young people and families.
- Learn from what we do to improve the experience for young people and families.
- Work together with integrity trusting each other in an open and honest manner and exercising moral courage in all that we do.
- Work in a way that is creative , developing new ideas to deliver a better future for children's young people and their families.
- When safeguarding services are necessary and children need protecting, we ensure they are cared for well as any good parent would do.
- Our aim is to keep our children looked after in the community that they know best and where they have a sense of belonging.

Members were updated on key numbers in relation to children and families and the Executive Member highlighted that there had been a reduction in the number of children looked after from 504 since he last presented the data to the Overview and Scrutiny Board in January 2025.

- Number of families accessing Early Help – 658.
- Number of child and family assessments being completed – 297.
- Number of children subject to Child in Need Plans – 418.
- Number of children subject to Child Protection Plans – 350.
- Number of children looked after by Middlesbrough Council – 494.

In relation to the 494 children looked after by Middlesbrough Council, a breakdown was provided of their current situation. This included for example, the numbers of those in foster care, living in residential homes both in and outside of Middlesbrough, in secure accommodation etc. It was noted that there were currently 97 children in foster care and 112 with connected carers. These figures had increased since January and this reflected some of the really important work that had taken place with carers. There had also been a reduction in children living in residential homes that were outside of Middlesbrough and an increase in those within Middlesbrough. The Council had recently re-opened Holly Lodge and had been able to bring children back from other placements.

It was noted that there were also private sector residential homes operating within the town. Other local authorities who placed children into private homes were bound to inform Middlesbrough Council. However, Middlesbrough Council did not have any responsibilities towards those children.

A Member acknowledged that whilst it was good to see the number of children looked after reducing, since the 2022-2023 there has been a £20 million increase in the Children's Services budget with an £8 million overspend currently forecast. The Interim Executive Director explained that sadly the number of foster care and independent foster care agency places had reduced. This meant that more children, often with complex needs, were being accommodated in residential placements, which were more expensive. This was a national issue and not unique to Middlesbrough.

The Executive Member added that some children had issues in relation to emotional wellbeing, who might have suffered significant trauma in their lives and had a tendency to self-

harm or become violent. These children needed multiple members of staff to care for them and keep them and other people safe. Unfortunately, there were often a lot of complexities that resulted in significant care costs.

In relation to children who were adopted, some allowances continued to be paid, especially for those with additional needs or a sibling group. It was difficult to say whether there was a backlog of children awaiting adoption as it was now a regional process. Middlesbrough Council would present children to a regional panel who would look for all available carers. This was an advantage where the preference was for children not to be adopted within Middlesbrough. Babies were usually adopted quite quickly up to the age of eighteen months, after two years there was often more of a delay and once aged three to four, it was more likely that children would stay with foster carers than be adopted. Twenty one Middlesbrough children had been adopted during the last year. The Court had commended Middlesbrough Council on the fact that 93% of care proceedings had been completed within 26 weeks which was good for children, adoptive carers and families.

It was explained Connected Carers were family and friends who stepped in to provide care in emergencies. A rapid assessment would be completed within twenty-four hours. A foster carer assessment would then be completed over the next six weeks and if successful, a Special Guardianship Order would be applied for and they would then become Kinship Carers.

The Executive Member outlined the priorities that Children's Services were focussing on to drive up results for young people which included:

- Leadership, Vision and Culture.
- Quality of Practice.
- Partnerships.
- Workforce Stability and Development.
- Corporate Parenting and Care Leavers Support.

The Executive Member commented that a few years ago, Children's Services were in a point of crises and it was very difficult for any organisation to get out of that. The Service was now in a very different place and fixing some of the foundations that would improve quality and consistency of practice by:

- Increasing the Voice of the Child in reporting.
- Making sure reports were consistent and included the right detail.
- Focussing on reflective practice, practice weeks and learning.
- Children's homes had been rated "good" by OFSTED."

The Executive Member attended the Children's Improvement Board monthly to look at how data was improving. The Executive Member also attended other events such as the Practice Week where he had thanked staff for the work they were doing. It was important to improve the culture of reflection and the Executive Member also ensured he was involved in preparations for OFSTED inspections.

The next steps to improve quality of practice included:

- Embedding the new practice model.
- Strengthening relationships with partners and understanding of thresholds.
- Continuing to support improvements to the Multi-Agency Children's Hub (MACH).
- Launch the Edge of Care Service.

The new practice model was about consistency and working with parents and carers at the time they needed support and to solve problems quickly.

The Edge of Care Service was a preventative service working with young people who were on the verge of formal care proceedings. There had been some staff recruitment issues that had delayed the launch. The Harm Outside the Home Team was also working alongside the Service.

Another priority for Children's Services was workforce stability. There had been a reduction in substantive posts filled by agency staff which was positive news. 33% of agency staff had

converted to permanent posts at the Council which more cost effective and better for delivering services.

The Executive Member highlighted the recent appointment of the new Executive Director for Children's Services and the transition arrangements from the current Interim Executive Director. The Executive Member also attended wellbeing events for staff where their contributions were acknowledged and celebrated. Work would continue on reducing caseloads and recruiting to harder to fill posts.

The new Care Leavers Hub had recently opened to provide support to young people as they transitioned into adulthood and prepared to leave care.

The Executive Member chaired the Council's You Matter To Us Corporate Parenting Board and was looking to focus on single issues at future meetings, such as housing, to try and do a deep dive into those issues. Young People were involved on the Board and there were also informal meetings. The Executive Member reminded Councillors that they were all Corporate Parents and would be welcome to attend Board meetings.

The Service was also focussing on providing care and support in the right place and at the right level by creating more flexibility in the admission criteria within the children's home and striving to keep more looked after children living within Middlesbrough.

There had been a successful Family Reunification Project which had seen 16 Care Orders discharged and children moved back home. The project had also resulted in a significant saving in care costs of £463,000.

It was acknowledged that the Council needed to recruit more foster carers by removing some of the barriers that existed and providing more incentives. One suggestion was whether a reduction in Council Tax for foster carers could be explored. The Executive Member stated that social media was a useful platform for promoting fostering and he was keen to work with Councillors to provide some resources that could be shared.

In terms of assurance the Executive Member outlined that:

- Performance meetings took place monthly with the senior management team and Executive Member.
- Head of Service presented a deep dive within their area with Key Performance Indicators and narrative.
- Transformation meetings occurred monthly, with challenge and confirmation from the Programme Management Office Senior Business Advisors.
- Officers had weekly Budget meetings with the Section 151 Officer.
- Budget challenge events with the Executive Member.

The Council's overall budget for 2025-2026 was £143.3 million with 39% allocated to Children's Services (£56 million). Pressures on the budget included record levels of complexity and demand within children's social care, looked after children living out of area and the use of agency social work staff. Actions to respond to pressures were listed as follows:

- Children's Services controls included a change in delegated authority. Any placement over £7k per week to be agreed by Director of Social Care or the Executive Director of Children's Services.
- Residential Panel and Resource Panel to consider best value for money and encourage staff to understand the relationship between the cost and the outcomes for the child.
- To positively encourage agency staff to take permanent contracts .
- To offer 'acting up opportunities' in preference to interim agency staff where appropriate.
- Review by Interim DCS of each child living in residential placements out of authority.

On behalf of the Board, the Chair thanked the Executive Member and the Interim Director for their presentation.

ORDERED that the information provided was received and noted.

25/30

EXECUTIVE FORWARD WORK PROGRAMME

The Chair introduced the report for the Board's consideration. A copy of the Work Programme was attached at Appendix A and Members were asked to raise any issues they had in relation to any of the items listed.

Members identified several entries on the Forward Plan which they felt required more information. Those items were:

- Development of Middlehaven Proposals to commence preparatory work for the comprehensive redevelopment of Middlehaven – information was requested in terms of the consultation arrangements.
- Investment in Homelessness Proposals for investment alongside a social investor to purchase properties to reduce the expenditure on temporary accommodation – clarification as to the £6 million grant funding.
- Middlesbrough Street Security Approval to enter into a funding agreement with TVCA to deliver 3 year pilot – confirmation that this project was on track.

ORDERED that:

1. The Democratic Services Manager would request further information from the relevant Service Areas relating to the following entries on the Forward Plan:
 - Development of Middlehaven Proposals to commence preparatory work for the comprehensive redevelopment of Middlehaven.
 - Investment in Homelessness Proposals for investment alongside a social investor to purchase properties to reduce the expenditure on temporary accommodation.
 - Middlesbrough Street Security Approval to enter into a funding agreement with TVCA to deliver 3 year pilot.

The report was noted.

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FORWARD PLAN ACTIONS PROGRESS

The Democratic Services Manager informed the Board that there were no actions to update for this meeting.

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

None.

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MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance and Transformation (s151 Officer), Andrew Humble
Relevant Executive Member:	Executive Member for Finance, Cllr. Nicky Walker
Submitted to:	Executive
Date:	3 September 2025
Title:	Revenue and Capital Budget – Forecast Year-End Outturn position at Quarter One 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 and have a significant impact in two or more wards
Subject to call in?	Yes
Why:	Non urgent decision

Proposed decision(s)	
That Executive:	
• APPROVES budget virements over £250,000 within the revenue budget (Appendix 1) • 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 are externally funded and £3.186m is 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 • 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 is no further action the overspend on the revenue budget at year end is currently forecast to be £4.482m (3.1%) after the proposed use of central contingencies and other budgets • 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 will continue to be applied during 2025/26	

Executive summary

This report advises the Executive of the Council's forecast year-end financial outturn as at Quarter One 2025/26, and seeks approval of budget virements within the revenue budget and revisions to the capital programme in relation to activity in Quarter One.

The report enables the 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.

The main highlights of the report are:

- the 2025/26 revenue budget forecast year-end outturn as at Quarter One for Directorate and Central budgets is an overspend of £10.677m at year end. If actions to reduce this are not successful, the proposed use of central contingencies and other budgets totalling £6.195m can reduce the **forecast overspend to £4.482m (3.1%)** at year end (Table 1 in paragraph 4.10)
- the main areas of overspending are within Children's and Adults Social Care, Environment & Community Services (Bereavement Services, Fleet Services, and home to school and vulnerable adults transport), Strategic Commercial Properties income, and Central budgets (paragraphs 4.17 to 4.30), and Directors are required 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
- the forecast year-end overspend includes **£5.701m of net savings which are currently forecast to not be deliverable in 2025/26** (Table 2 and Appendix 2)
- the 2025/26 budgets and commitments against the central Corporate Contingency budget and Change Fund (paragraph 4.31 and Table 3)
- **forecast total usable unrestricted revenue reserves at 31 March 2026 of £23.860m** (Table 4 and Appendix 3). This is in line with that recommended by the Director of Finance and Transformation in the Reserves Policy for 2025/26 approved by Council on 19 February 2025 to rebuild the Council's financial resilience.
- **the forecast deficit of £9m for 2025/26 on the Dedicated School Grant**, increasing the **forecast cumulative deficit to £31.213m at 31 March 2026** (Table 5). This is a major risk as whilst the statutory override (which instructs Councils to account for the DSG deficits in a separate reserve and not to fund it by using its General Fund resources) has been extended recently it is due to end on 31 March 2028. The DSG recovery actions and risks to the Council's financial resilience are detailed in Appendix 4.
- the **addition of £5.004m for new schemes and additions to existing schemes (externally and Council funded) to the Capital Programme in 2025/26** creating a revised budget of £87.575m for 2025/26 (paragraphs 4.45 and 4.47 and Appendix 5)

- **the 2025/26 Capital Programme forecast year-end outturn of £78.619m** which is a reduction of £8.956m from the revised £87.575m budget (Table 6). This is largely due to slippage of planned expenditure from 2025/26 into 2026/27 and future years (Appendix 6)
- **that £7.500m of qualifying revenue expenditure is planned to be funded from Flexible Use of Capital Receipts (FUoCR) for Transformation in 2025/26** in accordance with the FUoCR strategy for 2025/26 approved by Council on 26 March 2025 (paragraph 4.55 to 4.57 and Appendix 7)
- the budget and forecast positions on **treasury management prudential indicators** at Quarter One for 2025/26 (Table 8)
- the forecast level of Debtors on 31 March 2026 (Table 9)

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

1.1 The report discharges the responsibilities of the Executive to manage and control the revenue budget, capital programme, and overall balance sheet position of the Council.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	This report covers both the revenue budget and capital programme of the Council and as a result it supports all the ambitions within the Council Plan.
A healthy Place	
Safe and resilient communities	
Delivering best value	The proposed recommendations are consistent with and will promote the achievement of the Council's general legal duty to achieve Best Value in accordance with Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007). The report provides assurance that the Council has effective corporate governance arrangements in place, and that the Council is attempting to manage its finances within the budget approved by Council for 2025/26, and also ensures that the Medium Term Financial Plan to restore financial resilience and sustainability is not impacted.

2. Recommendations

2.1 That Executive:

- **APPROVES** budget virements over £250,000 within the revenue budget (Appendix 1)
- **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 are externally funded and £3.186m is 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

- **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 is no further action the overspend on the revenue budget at year end is currently forecast to be £4.482m (3.1%) after the proposed use of central contingencies and other budgets
- **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 will continue to be applied during 2025/26

3. Rationale for the recommended decision(s)

- 3.1 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.

4. Background and relevant information

- 4.1 The Council's Scheme of Delegation gives the Executive collective responsibility for corporate strategic performance and financial management, monitoring and control. Standing Orders and Financial Procedures require the Executive's approval for major virements between revenue budgets, and in-year changes to the Council's Capital Programme within approved Council resources within the approved policy framework.
- 4.2 This report enables the Executive to discharge its financial management responsibilities by setting out the Council's financial position at Quarter One 2025/26.
- 4.3 Financial Procedure Rule 18.38.3 of the Council's constitution requires the Executive's approval of revenue and capital programme budget virements over £250,000.
- 4.4 Financial Procedure Rule 18.80.2 requires approval by Executive of the write off of debt over financial thresholds set out in the Financial Limits Annex of the Council's Constitution (summarised in Table 10 in paragraph 4.73).
- 4.5 The forecasts within this budget monitoring report as at 31 March 2026 have been prepared using the following major assumptions :
- All known staffing changes have been captured
 - Agreed pay award of 3.2% for local government officers for 2025/26 included
 - Income and Expenditure forecasts have been prepared in conjunction with budget holders using the best information currently available

Revenue Budget

- 4.6 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. Both this report and that report should be read together to fully understand the context within which the Council is operating and the financial challenges that it faces.

- 4.7 As part of that report 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 to Council Members which set out the basis upon which the revenue budget was considered to be robust and the basis upon which reserves were considered adequate.
- 4.8 While the Council has achieved significant improvement in its financial position from that which existed at the start of the 2024/25 financial year, there is still a need to control expenditure within the approved 2025/26 budget whilst developing further savings and income generating opportunities through the Recover, Reset, Deliver Transformation Portfolio in order to balance the MTFP and stabilise the Council's financial position and rebuild its financial resilience. This requires 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 will continue to be implemented during 2025/26.
- 4.9 Table 1 below summarises the overall position per Directorate and shows that the 2025/26 forecast year end outturn at 30 June 2025 (Quarter One) is an overspend of £10.677m (7.5%) against the approved budget of £143.304m.
- 4.10 As shown at the bottom of Table 1 if actions to reduce the overspend are not successful it is currently proposed to use central contingencies set aside for this purpose and other central budgets to reduce the forecast year end overspend to £4.482m (3.1%). The use of these would mean that there would be limited central contingencies remaining for use in the rest of 2025/26, therefore Directorates need to make every effort to reduce their forecast overspends and achieve a balanced budget by the end of 2025/26.

Table 1 – Summary of Net Revenue Budget Forecast Outturn 2025/26 at Quarter One

Directorate	Current Full Year Budget £m	Forecast Outturn £m	Forecast Outturn Variance £m	MEMO FORECAST VARIANCE SPLIT	
				Savings Delivery Variance £m	Other variances £m
			Adv / (Fav)	Adv / (Fav)	Adv / (Fav)
Adult Social Care	55.264	56.762	1.498	0.211	1.287
Public Health	0.086	0.086	0.000	0.000	0.000
Children's Care	56.998	63.670	6.672	2.064	4.608
Education & Partnerships	6.595	7.022	0.427	0.343	0.084
Regeneration	1.605	1.806	0.201	0.375	(0.174)
Environment & Communities	22.142	24.040	1.898	0.624	1.274
Legal & Governance	11.503	11.440	(0.063)	0.136	(0.199)
Finance	4.943	4.104	(0.839)	0.000	(0.839)
Chief Executive	0.251	0.251	0.000	0.000	0.000
Total Directorates	159.387	169.182	9.795	3.753	6.042
Central Budgets	(16.083)	(15.200)	0.883	1.948	(1.065)
Total	143.304	153.981	10.677	5.701	4.976

Proposed use of central contingencies and other budgets to reduce forecast overspend

	£m
Savings Delivery Risk Budget held centrally	(2.000)
Corporate Contingency Budget	(1.050)
Pay & Prices Contingency - amount remaining after use for agreed 3.2% pay award for 2025/26	(1.000)
Middlesbrough Priorities Fund - remaining balance after report to Executive 16/7/25	(2.145)
Remaining forecast outturn variance	4.482

- 4.11 A summary of the main variances for each Directorate is included in paragraphs 4.17 to 4.30 including any recovery plans proposed by Directorates. Table 1 also includes a split of the forecast outturn variance between those due to potential non-delivery of required budget savings (detailed in paragraphs 4.12 to 4.16 and Appendix 2), and other variances.

Budget Savings Delivery

- 4.12 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).
- 4.13 In addition to these new budget savings required there was also a total of £2.291m of previous savings which were not fully achieved during 2024/25 and are still remaining to be achieved in 2025/26. This makes a total of £14.167m of savings which are required to be achieved in 2025/26.
- 4.14 Table 2 summarises projected delivery performance in 2025/26 against the savings required. Further details of savings categorised as unachievable in 2025/26 are attached at Appendix 2, Savings delivery plans are monitored via the Thematic/Directorate and Corporate Transformation Boards.
- 4.15 Any forecast unachieved savings in 2025/26 are required to be achieved in full or replaced fully with alternative approved savings in future years otherwise this will have negative impact on the Council's MTFP. Any savings that are deemed unachievable permanently will need to be submitted for Council approval to remove in the 2026/27 budget setting, and this will only be approved if finances allow.
- 4.16 As announced at Full Council on 26 March 2025 the plan to charge for residents parking permits approved as part of the 2024/25 budget setting process was being paused. It is proposed that the savings associated with this (£0.250m) are submitted for removal from the Council's budget as part of the 2026/27 budget setting. Pending formal approval of the removal the savings will be funded from the Corporate Contingency budget in 2025/26 and a temporary virement is included for approval by Executive in Appendix 1.

Table 2 – Savings Programme Assurance Summary for 2025/26 by Directorate

Directorate	2025/26 Budgeted Savings Target	2025/26 Forecast Savings Achieved	2025/26 Savings (over) / under achieved
	£m	£m	£m
Adult Social Care	(2.733)	(2.522)	0.211
Children's Care	(4.112)	(2.048)	2.064
Education & Partnerships	(0.359)	(0.016)	0.343
Regeneration	(1.394)	(1.019)	0.375
Environment & Communities	(2.040)	(1.416)	0.624
Legal & Governance	(0.367)	(0.231)	0.136
Finance	(0.395)	(0.395)	-
Central	(2.767)	(0.819)	1.948
	(14.167)	(8.466)	5.701

Directorate main variances

- 4.17 The explanations for Directorate major variances and current proposed mitigations, where appropriate, which have been agreed with Directorates following the Member led Budget Clinics, are summarised below.
- 4.18 Directors are required 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 an update of this will be provided in the Quarter Two budget monitoring report.
- 4.19 Proposed revenue budget virements above £250,000 require Executive approval, and those proposed following Quarter One monitoring are set out at Appendix 1 for consideration and approval.

Adult Social Care : forecast overspend £1.498m

Adult Social Care	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	55.264	56.762	1.498

- 4.20 An overall overspend of £1.498m is currently forecast for the Directorate at year end, the main reasons for this are detailed below:
- Prevention, Provider & Support Service : £0.578m*

Mainly as a result of unachieved savings and a shortfall of income in respect of the re-provisioning of Levick Court. Complex negotiations have been on-going for a number of months with Tees, Esk and Wear Valley Health Trust regarding the sale of beds to them on a block basis, and these are expected to conclude during Quarter Two, with anticipated mobilisation in the latter half of the financial year.
 - Purchasing - Growth : £1.076m*

Demand for services (mainly residential care) have exceeded the available budget for the year during Quarter One. The forecast includes a provision for future growth for the remainder of 2025/26.
 - Purchasing - Residential : (£0.281m)*

A number of over-payments for Out of Area placements have been identified and recovered. This was as a result of service users passing away some months ago and the care homes failed to inform the authority in a timely manner. Procedures have now been implemented to prevent reoccurrence.
 - Other Variances across the Directorate : £0.125m*

Public Health : forecast break even

Public Health	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	0.086	0.086	0.000

- 4.21 An underspend of £0.085m is currently forecast on Public Health budgets for 2025/26, however in accordance with the grant conditions this will be transferred to the Public Health reserve at year end. The Public Health Reserve totalled £1.686m at 31 March 2025 and plans are in place for this to be utilised on public health activities in accordance with the grant conditions.

Children's Care : forecast overspend £6.672m

Children's Care	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	56.998	63.670	6.672

- 4.22 An overall overspend of £6.672m is currently forecast for the Directorate at year end, the main reasons for this are detailed below:

- *External Residential placements: £4.493m*

The number of Children Looked After (CLA) within Middlesbrough has remained broadly the same. However, there are both increasing numbers of external residential placements (77 at 30 June 2025) and increased costs due to the complexity of number of young people's placement requirements against that budgeted for.

It should be noted that a significant proportion (20.4%) of the Council's CLA are placed in residential type settings (102 children out of a total CLA of 501 as at 30 June 2025) and this is currently increasing.

During the last year three projects have been set up with the aim to reduce numbers; whilst the reunification project has delivered reduced numbers, the Modernising Fostering and Edge of Care projects have not yet seen the effect of reducing numbers and numbers have actually increased in Quarter One.

This budget has potential to be a volatile forecast across the financial year due to a number of highly complex placements that currently exist (these are greater in number than in previous years).

£0.750m of mitigation has been proposed by the Service as part of its recovery plans and these will be included in future forecasts if assured. A full review of placement planning across all related services is being undertaken along with placement plans for the next couple of years for existing young people in order to feed into the Council's MTFP for 2026/27 onwards. This includes the Fostering project and internal residential occupancy review and statement of purpose.

- *Other placement pressures: £0.482m*

Services within the Directorate are overspending against budgets for transport (a review of this is currently taking place), and emergency placements for looked after young people and those on the edge of care to support.

The Internal Fostering service is currently spending in excess of that budgeted due to increased numbers against budget. Generally this would be a positive position if budgets for other placement types were on target. The increased numbers in Internal Fostering have not yet had a forecast impact upon the demand for external residential position.

- *Staffing & agency: £1.023m*

Demand for staffing has increased this year, including agency staff to support with challenges within across the Directorate. Some agency staff have been recruited for sickness and maternity cover whilst others are above budgeted structure. A review of this is required to determine what is required on a longer term for MTFP planning purposes.

- *Other Variances across the Directorate: £0.674m*

Services are overspending against budget on emergency related support packages including Section 17 budgets, and are reviewing whether any of those in future can be offset by other grants within the Council.

Education & Partnerships : forecast overspend £0.427m

Education & Partnerships	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	6.595	7.022	0.427

- 4.23 This forecast overspend is within the Integrated Transport Service which provides home to school transport for children and transport for vulnerable adults. The forecast overspend is mainly due to forecast unachievable savings of £0.345m which the Service are looking at alternative ways of achieving the required savings and/or replacing with alternative savings, alongside the service review of all routes and efficiencies for the school academic year from September.

Regeneration : forecast overspend £0.201m

Regeneration	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	1.605	1.806	0.201

- 4.24 An overall overspend of £0.201m is currently forecast for the Directorate at year end, the main reasons for this are detailed below

- *Strategic Commercial Properties £0.367m*

£0.438m Boho Buildings - Currently only 20% of the buildings are occupied, resulting in lost rent and increased building related costs to the Council. The Council is reviewing rents charged and employing a local agent and examining other options to increase the level of tenants within the buildings.

£0.129m Centre Square 1 and 2 - The major tenant at Centre Square 1 is in the process of renewing its lease agreement but is intending to reduce the space occupied, therefore increasing the cost to the Council due to the vacated space

£0.218m income below budget at Cleveland Centre and Captain Cook Square shopping centres

The above pressures are partially alleviated by the Investment Property Contingency budget being fully utilised.

- *Unachieved Savings*

The savings of £0.300m relating to homelessness will now not be achieved. Whilst actions are being undertaken which will address costs, the nature of the budgets which sit within other directorates and the increase in homeless cases will only result in cost reduction as opposed to budget savings. It is proposed that this saving is permanently replaced by a reduction in unrequired supplies and services budgets across Regeneration.

There will be an underachievement of a saving relating to the Captain Cook Museum of £0.075m due the service only receiving half of the £0.150m of sponsorship and donations income that were previously assumed. The unachieved element of the savings will be permanently covered by general savings across the Cultural Services.

4.25 There are other variances across the Directorate below £0.250m which reduce the total forecast overspend across the Regeneration Directorate to £0.201m.

Environment & Communities : forecast overspend £1.898m

Environment & Communities	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	22.142	24.040	1.898

4.26 An overall overspend of £1.898m is currently forecast for the Directorate at year end, the main reasons for this are detailed below:

- *Bereavement Services £0.463m overspend* - due to a significant reduction in the number of cremations, an income shortfall of £0.280m is anticipated. In addition, the expenditure budget is expected to overspend by £0.183m, mainly due to the need to replace the current digital display and music system. The Service are currently reviewing operations and processes in order to increase the income stream and reduce expenditure.

- *Catering Service £0.226m overspend* - due to rising food costs. School meal prices have not been increased to reflect the cost of delivering the Service. A decision is required as to whether to increase prices to cover costs.
- *Fleet Services £0.600m overspend* - the recruitment and retention of mechanical fitters and the sharp rise in the cost of vehicle parts have resulted in a forecast overspend totalling £0.600m. A comprehensive review of the Service has been undertaken to look at how this might be mitigated, and a report will be completed in August 2025.
- *On Street Car Parking £0.250m overspend* - A budgeted saving (totalling £0.250m) was applied as part of the 2024/25 Savings Programme with the intention to charge residents for issuing parking permits. Executive have made the decision not to proceed with the charge and it is proposed that this saving is permanently removed from the budget as detailed in paragraph 4.16.
- *Management Review Savings* - Increased service demands, growth and a health and safety issue has meant that the Director of Environment and Community Services has had to delay his staffing restructure. This is expected to result in a pressure of £0.374m. The original review will need to be re-configured to align with the updated service needs and is expected to complete in 2026/27.
- *Vacancy Factor Savings* – Current projections show that the savings target is expecting a shortfall in achievement of £0.464m. This will be partially offset by additional grant received totalling £0.344m.

Legal & Governance : forecast underspend (£0.063m)

Legal & Governance	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	11.503	11.440	(0.063)

4.27 An overall underspend of (£0.063m) is currently forecast for the Directorate at year end, the main reasons for this are detailed below:

- *ICT Service (£0.251m) underspend* - There are a number of posts that had been kept vacant until the new Head Of Service commenced her role, resulting in (£0.261m) of forecast salary savings in 2025/26.
- *Customer Centre / Mail and Print £0.062m overspend* - Mail & Print volumes for April and May 2025 are 13% higher than the previous year, and assuming this continues for whole financial year the budget is set to overspend by £0.050m. The contract is due to transfer to a different supplier in December 2025 which when confirmed will create some in-year savings in 2025/26 and bring the budget back to balance in future years.
- *Cross Cutting Admin. Savings £0.136m overspend* - The savings will be achieved through the Customer Programme, however, until planned actions are agreed and costed the savings are considered to be currently unachieved. It is proposed that

this budget is transferred to Central Budgets along with other cross cutting savings, and a virement will be actioned for this.

Finance : forecast underspend (£0.839m)

Finance	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	4.943	4.104	(0.839)

4.28 An overall underspend of (£0.839m) is currently forecast for the Directorate at year end – the main reasons for this are detailed below:

- (£0.403m) underspend within *Financial Planning & Business Partnering* mainly due to MTFP growth provided at 2025/26 budget setting not forecast to be fully utilised in 2025/26 as the associated staff review has not yet been implemented
- £0.236m overspend within *Corporate Finance* mainly due to pressures on bank charges and costs of cash collection
- (£0.183m) underspend within *Pensions Governance and Investments* due to staff savings on vacant posts
- (£0.306m) underspend within *Resident & Business Support (excluding Housing Benefits Subsidy)* due to staff savings, higher than anticipated income, and changes in bad debt provision requirement
- (£0.193m) underspend within *Strategic Commissioning & Procurement* mainly due to staff savings from vacant posts and staff working reduced hours to those budgeted

Chief Executive : forecast break even

Chief Executive	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	0.251	0.251	0.000

4.29 The *Chief Executive* budget is made up of the Chief Executive's salary budget, plus a small budget for supplies and services, and at this stage, it is forecast that this budget will be spent in full, with no variance to budget expected.

Central Budgets: forecast overspend £0.883m

Central Budgets	Full Year Budget £m	Full Year Forecast £m	Forecast Over / (Under) spend £m
Revenue Outturn	(16.083)	(15.200)	0.883

4.30 The main issues comprising the latest forecast position for Central budgets are detailed below, however it should be noted that due to the nature of the budgets contained in this area, including Central Contingency budgets, the position on Central budgets is

volatile, and it is to be expected that the forecast position on these budgets will change between accounting reporting periods.

- (£0.600m) underspend on *Capital Financing* due to a combination of Exceptional Financial Support (EFS) financed by borrowing now not being required and slippage within the capital programme, resulting in lower revenue costs of financing capital expenditure
- (£0.465m) underspend on *Centrally Held Grants* due to final confirmation of the Extended Producer Responsibility (EPR) Grant funding which was higher than anticipated at the time of budget setting
- £0.244m overspend due to the *Senior Management Review* savings target which will now not be achieved in 2025/26
- £1.704m overspend due to *Cross Cutting Savings* which are now not expected to be achieved due to the following:
 - £0.700m relating to Contractual Spend Review, which has now been identified as a double count of a 2024/25 saving.
 - £1.004m of savings relating to Business Rates and Council Tax, which whilst savings have been made as intended these are recognised in the Collection Fund rather than the General Fund. Due to the prescribed mechanisms for operating the Collection Fund, the savings in the Collection Fund do not impact the General Fund position until the next year and therefore these cannot be included within the revenue outturn for 2025/26 (see paragraph 4.69 for details)
- The ongoing effect of the above unachieved savings is being considered within the MTFP for future years, as noted in the separate report to this Executive.

Contingency Budget and Change Fund

4.31 Table 3 summarises the 2025/26 budgets and commitments against the central Corporate Contingency budget and Change Fund Reserve which are controlled under the delegated powers of the S151 Officer.

Table 3 – Summary of 2025/26 budget and commitments - Corporate Contingency Budget and Change Fund Reserve

	Corporate Contingency	Change Fund Reserve
	£m	£m
Starting Budget 2025/26	1.327	2.766
Contributions 2025/26	-	0.730
Available for use	1.327	3.496
Approved use to date		
Middlesbrough Independent Improvement Advisory Board costs 2024/25 - residual costs falling into 2025/26	(0.007)	
Employers Pension Contribution Rate Review costs	(0.001)	
Interim Finance consultant - Infrastructure, assets and leasing	(0.002)	
Financial improvement - Interim finance lead - accounts closure and audit, financial reporting, systems, and control	(0.007)	
Armed Forces Day Council contribution	(0.001)	
Turner Prize contribution	(0.150)	
<i>Earmarked for potential use from Contingency Budget - if other budgets not available within Directorates</i>		
Education - Literacy work & events	(0.010)	
Finance - Community Grants - VE Day Celebrations	(0.027)	
General contingency for remainder of year	(0.073)	
Approved use to date	(0.277)	-
BALANCE REMAINING CURRENTLY UNCOMMITTED ON CORPORATE CONTINGENCY	1.050	
- AVAILABLE TO MITIGATE FORECAST OVERSPEND		
FORECAST CLOSING BALANCE ON CHANGE FUND RESERVE AT 31/03/26		3.496

Council Reserves and Provisions

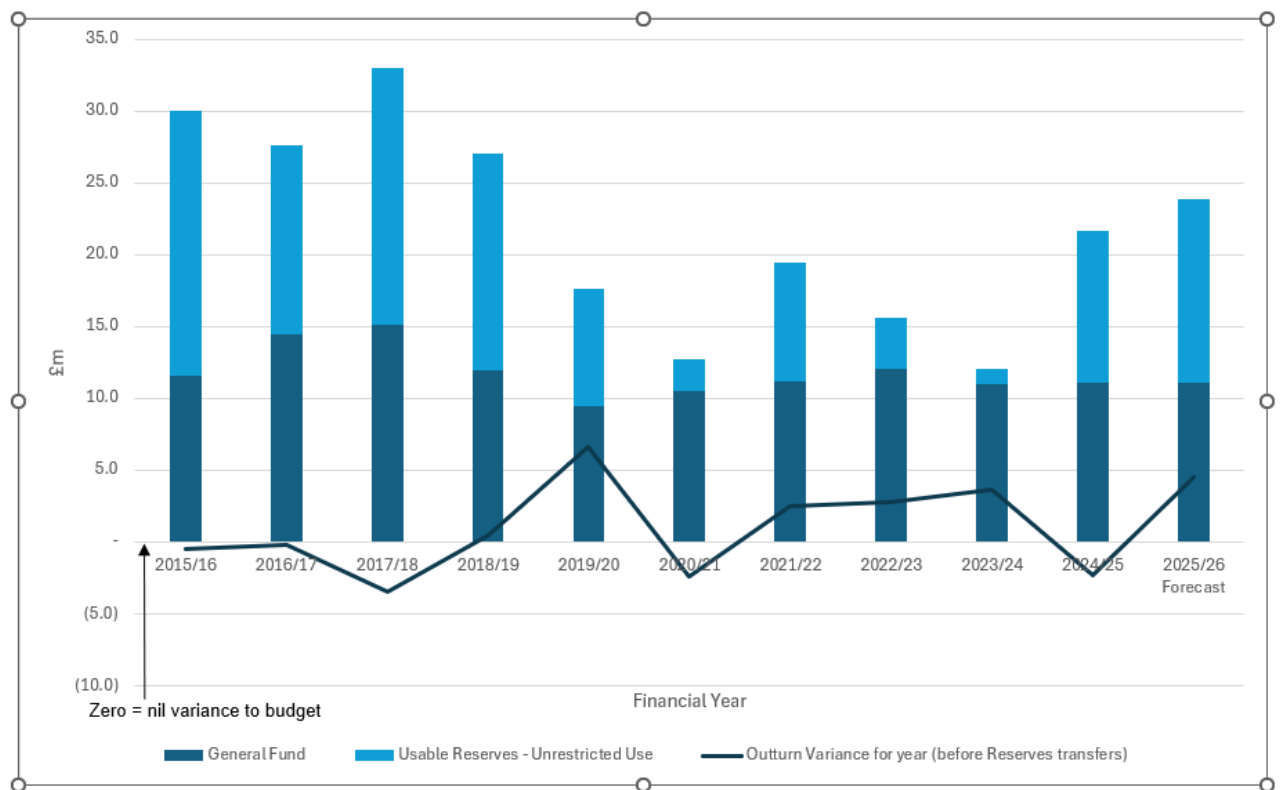
4.32 Table 4 summarises the Council's General Fund reserves and provisions showing the movement between 31 March 2025 and that currently forecast at 31 March 2026, with full details included in Appendix 3. It shows that the Council has forecast usable unrestricted revenue reserves at 31 March 2026 of £23.860m (highlighted yellow).

Table 4 – Summary of General Fund Balance, Reserves, and Provisions

	<u>Opening Balance 1/4/25</u>	<u>Forecast Use in Year</u>	<u>Projected Additional Contributions</u>	<u>Projected Transfers from / (to) General Fund</u>	<u>Projected Transfers between Reserves</u>	<u>Forecast 2025/26 year end overspend</u>	<u>Forecast Balance at 31/3/26</u>
	£m	£m	£m	£m	£m	£m	£m
GENERAL FUND RESERVE	11.100	-	-	-	-	-	11.100
USABLE EARMARKED RESERVES							
Restricted Use	2.689	-	0.500	-	-	-	3.189
Unrestricted Use	10.554	-	6.688	-	-	(4.482)	12.760
	13.244	-	7.188	-	-	(4.482)	15.950
UNUSABLE EARMARKED RESERVES	(16.813)	-	-	(9.000)	-	-	(25.813)
SCHOOL BALANCES	3.050	-	-	-	-	-	3.050
PROVISIONS	3.814	-	-	-	-	-	3.814
	14.395	-	7.188	(9.000)	-	(4.482)	8.101

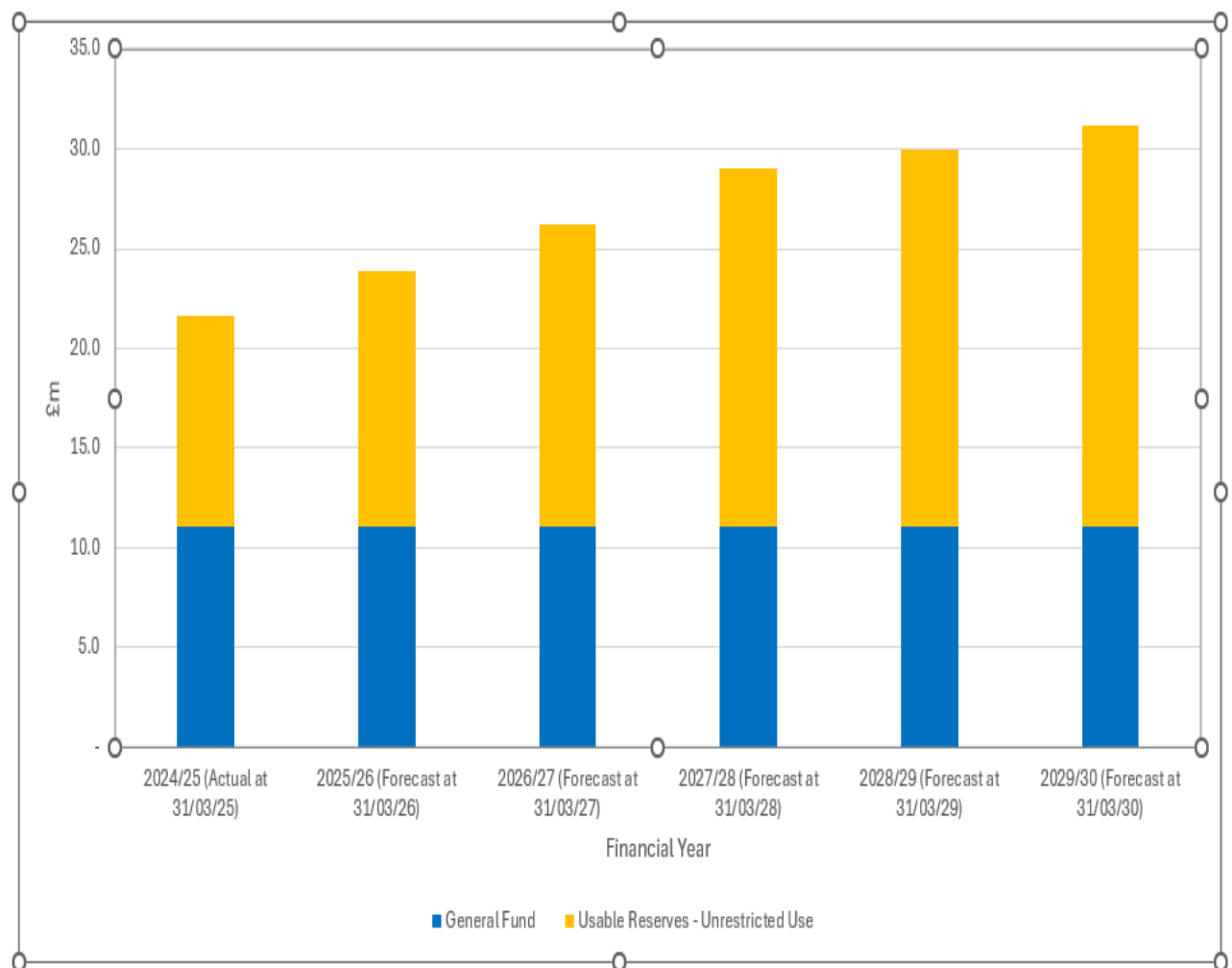
- 4.33 Figure 1 below shows the trajectory of Middlesbrough's unrestricted usable reserves from 2015/16 through to 2025/26 year-end forecast closing balance against both the recommended minimum reserves level and the reported outturn position per year.

Figure 1 - Middlesbrough Council - Unrestricted Reserves Balances from closing balance 2015/16 through to year-end forecast closing balance 2025/26 and reported outturn variance per year



- 4.34 The Council must continue to rebuild its unrestricted revenue reserves over the period of the MTFP in order 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. Reserves will increase in future years due to planned contributions to reserves as set out in the Reserves Policy in the 2025/26 Revenue Budget, Medium Term Financial 2025/26 to 2028/29, and Council Tax report to Council on 19 February 2025.
- 4.35 Figure 2 below shows the projected unrestricted usable reserves through to the end of 2029/30 after planned contributions, however this will depend on any unplanned drawdowns of reserves.

Figure 2 - Forecast Unrestricted Usable Reserves from closing balance 2024/25 through to closing balance 2029/30 (following planned contributions and drawdowns)



Dedicated Schools Grant (DSG)

4.36 Local authorities receive a ring-fenced grant from central government each year, which can only be used to fund education – Dedicated Schools Grant (DSG). The DSG budget is accounted for separately to the main Revenue Budget. The funding comprises of a number of blocks:

- Schools Block
- Central School Services Block
- High Needs Block
- Early Years Block

4.37 Table 5 below summarises the latest position on the DSG budget and shows that there is a forecast year-end overspend of £9.000m on DSG within 2025/26 and this when added to the cumulative deficit at the end of 2024/25 means that there is currently forecast a total cumulative deficit of £31.213m at 31 March 2026.

Table 5 - Dedicated Schools Grant (DSG) after recoupment and deductions

	2025/26 Income	2025/26 Expenditure	2025/26 Year-end Overspend	Balance as at 31/03/2025	Cumulative DSG Deficit as at 31/03/2026
	£m	£m	£m	£m	£m
Early years Block	22.674	22.674	0.000	(0.749)	(0.749)
Schools Block	12.526	12.526	0.000	(0.490)	(0.490)
High Needs Block	33.910	42.910	9.000	23.515	32.515
Central school services Block	1.136	1.136	0.000	(0.063)	(0.063)
TOTAL	70.246	79.246	9.000	22.213	31.213

- 4.38 The 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 2026, however in the Government's Fair Funding review consultation published on 20 June 2025 it was announced that this would be extended by a further two years to 31 March 2028 to tie in with the transition to a reformed Special Education Needs and Disabilities (SEND) system, details of which will be set out in a White Paper in the autumn.
- 4.39 The limited impact of measures taken to date and if the statutory override is removed without a government led solution in 2028, this presents a significant risk to the Council's financial position as the forecast DSG deficit at 31 March 2026 of £31.213m is greater than all of the Council's forecast usable revenue reserves of £23.860m at 31 March 2026, and the DSG deficit is currently forecast to increase in future years of the MTFP by more than the forecast increase in reserves. Like many local authorities, this could result in the Council being subject to a s114 Notice in the future without a solution by the Government.
- 4.40 The Delivering Better Value (DBV) programme is due to end in Summer 2025 and the results of this will be analysed and further work undertaken by the Education Service and Finance to look at options to improve the deficit figures during future years. However there is a likelihood of significant deficits continuing to arise in future years and this will therefore remain a significant risk in the future even if the Government resolves the deficits accumulated from previous years.
- 4.41 Further details of the DSG budget and the management actions being taken alongside the DBV programme are provided in Appendix 4.
- 4.42 The DSG risk is included in the Council's Strategic Risk Register and was reflected in the Annual Governance Statement for 2024/25.

Medium Term Financial Plan issues

4.43 Quarter One budget monitoring has identified several issues for consideration along with other strategic longer term issues within the next update of the Council's Medium Term Financial Plan (MTFP) for which a separate MTFP update and 2026/27 budget approach and timetable report is included in the agenda for this meeting. These mainly relate to increased demand for Children's and Adults Social Care, Integrated Transport Unit (home to school and vulnerable adults transport), Bereavement, Catering and Fleet Services, Strategic Commercial Property income, and unachieved savings.

2025/26 Capital Programme Forecast Outturn as at Quarter One

4.44 On 19 February 2025 Council approved a Capital Programme for 2025/26 of £74.798m (the original 2025/26 capital budget). This was revised to £82.571m as approved by Executive within the 2024/25 Revenue and Capital Outturn report of 11 June 2025 to take account of 2024/25 programme slippage and some new externally funded schemes.

4.45 The budget has been further revised at Quarter One by the addition of a total of £1.818m of new externally funded schemes / additional external funding to existing schemes, mainly relating to Regeneration grant funded schemes and schemes in schools.

4.46 Also £3.186m of existing Council funding has been added to 2025/26 to fund new and existing schemes (shown below), this has been provided from the cessation of the Children's Services Financial Improvement Plan scheme where £2.931m of Council funding was withdrawn from the Capital Programme at Quarter Four 2024/25 and other minor changes to the capital programme.

- £1.6m relating to investment in Middlesbrough College to enable facility expansion
- £1.515m to acquire additional bins to comply with the new legislation for Simpler Recycling
- £0.071m for investment in equipment with the Council's leisure provider as part of the contract

4.47 The total additional funding of £5.004m has increased the Capital Programme for 2025/26 to £87.575m as at Quarter One.

4.48 An additional £8.275m of externally provided funding has also been added to the Capital Programme relating to financial years 2026/27 to 2028/29.

4.49 Details of all of the additional funding and the schemes to which it is attributed to are provided at Appendix 5.

4.50 There are no virements over £0.250m requested for approval by Executive between schemes in the Capital Programme approved by Council on 19 February 2025 which are funded from within existing Council resources. There are two virements between Directorates that are under £0.250m and several virements between schemes within

Directorates, and for information all virements between schemes are provided at Appendix 5. The virement relating to East Middlesbrough Community Hub does not require Executive approval as the movement of Council resources is below £0.250m.

4.51 Table 6 below summarises the capital programme approved budget, revised budget, forecast year end outturn, and forecast year end outturn variance for 2025/26. It shows that the 2025/26 forecast year end outturn on capital expenditure at Quarter One is £78.619m, against the revised budget of £87.575m for 2025/26.

4.52 The £78.619m of planned expenditure is expected to be funded by:

- £46.903m (60%) grants and external funding / contributions
- £13.500m (17%) capital receipts
- £18.216m (23%) borrowing

Table 6 – summary of capital programme approved budget, revised budget, forecast year end outturn and variance for 2025/26

Directorate	2025/26 Capital Programme Budget (as approved by Council 19/2/25)	2025/26 Revised Capital Programme Budget (as per Executive report 11/6/25)	2025/26 Revised Capital Programme (as at Quarter One)	2025/26 Year-end Forecast Outturn	2025/26 Year-end Forecast Outturn Variance	2025/26 Year-end Forecast Outturn Variance against Revised Budget at Quarter One	MEMO Explanation of Year- End Forecast Outturn Variance	
	£m	£m	£m	£m	£m	%	Slippage	Underspend
							£m	£m
Regeneration	32.716	32.617	34.145	28.908	(5.237)	(15.34)	(5.237)	-
Environment and Community	20.198	24.774	26.538	25.039	(1.499)	(5.65)	(0.876)	(0.623)
Public Health	0.779	0.971	1.042	1.042	-	0.00	-	-
Education and Partnerships	7.553	10.241	11.772	9.342	(2.430)	(20.64)	(2.325)	(0.105)
Children's Care	0.550	0.711	0.821	0.821	-	0.00	-	-
Adult Social Care	3.701	3.925	3.925	3.925	-	0.00	-	-
Legal and Governance Services	1.610	1.629	1.629	1.839	0.210	12.89	0.210	-
Finance	0.191	0.203	0.203	0.203	-	0.00	-	-
Transformation Programme	7.500	7.500	7.500	7.500	-	0.00	-	-
Total	74.798	82.571	87.575	78.619	(8.956)	(10.23)	(8.228)	(0.728)

4.53 Capital slippage results from a delay in delivery of projects compared to the planned delivery. Whilst expenditure remains within the approved project budget, this results in an in-year underspend which is required to be carried forward to future financial years. The amount of capital slippage (currently forecast at £8.228m) is reprofiled and carried forward to 2026/27 and future years to reflect revisions to the expected delivery and expenditure timescale. Details of capital slippage for 2025/26 as at Quarter One are shown in Appendix 6.

4.54 The major reasons for the underspend of (£0.728m) are as follows:

- (£0.380m) of assumed contributions from Stockton Borough Council has been removed from the Transporter Bridge scheme within Environment and Community Services due to a reduction in the overall costs of the scheme
- The Food Waste Collection scheme in Environment and Community Services has reduced by (£0.243m) as the Department for Environment, Food and Rural Affairs (DEFRA) have confirmed that this element of the grant is to be used for revenue purposes.

Transformation

4.55 The Capital Programme 2025/26 to 2028/29 and Capital Strategy 2025/26 (Appendix 6) of the 2025/26 Revenue Budget, Medium Term Financial Plan and Council Tax setting report approved by Council on 19 February 2025 noted the inclusion of transformation and redundancy expenditure totalling £7.500m which can be capitalised under the Flexible Use of Capital Receipts Strategy (FUoCR) in 2025/26 (as part of the planned £26.700m Transformation Programme from 2024/25 to 2028/29), and the annual Flexible Use of Capital Receipts (FUoCR) Strategy for 2025/26 approved by Council on 26 March 2025 confirmed this and provided further details.

4.56 This section provides an update on the FUoCR with £7.500m still anticipated to be spent within 2025/26, however there has been a change in how it will be spent as shown in Appendix 7. Appendix 7 also shows that the total remaining allocation of £14.753m for 2026/27 onwards has also been reviewed at Quarter One with the following changes to assumptions being made :

- On 30 April 2025 Executive approved the Neighbourhoods Model report. The report detailed £2.042m of required expenditure for increased staffing over a two year period. In addition, £5.000m was included for significant investment into the building works at the Neighbourhood Hubs. The total amount of £7.042m has been ringfenced to Neighbourhood transformation, and a further report will be presented to Executive relating to this element of expenditure once a detailed plan has been completed.
- The total allocation for 2025/26 to 2028/29 for Transformation / Subject Matter Expertise has changed from £11.362m to £6.802m.
- The total amount allocated for redundancies for 2025/26 to 2028/29 has reduced to £0.547m, this is based on all current known redundancies that will be required due to savings initiatives.
- As overall costs for Transformation are firmed up the need for the contingency decreases, as such the contingency allowance has reduced to £3.362m for 2025/26 to 2028/29.

4.57 An update of Transformation expenditure forecast to be incurred in 2025/26 will be provided at Quarter Two along with details of the forecast expenditure.

4.58 Table 7 summarises and Appendix 7 details updated forecast year-end outturn expenditure for 2025/26 and forecast expenditure for the period 2026/27 to 2028/29 split over the various schemes and the proposed funding.

Table 7 – Summary of Capital Programme 2025/26 to 2028/29

Directorate	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	TOTAL £m
Regeneration	28.908	41.103	8.329	7.783	86.123
Environment and Community Services	25.039	12.024	5.108	7.256	49.427
Public Health	1.042	-	-	-	1.042
Education and Partnerships	9.342	3.436	-	-	12.778
Children's Care	0.821	-	-	-	0.821
Adult Social Care	3.925	1.669	1.050	1.120	7.764
Legal and Governance Services	1.839	2.012	2.185	2.185	8.221
Finance	0.203	0.389	-	-	0.592
Transformation Programme	7.500	9.522	5.231	-	22.253
Total EXPENDITURE	78.619	70.155	21.903	18.344	189.021
Funded by					
Borrowing	18.216	25.315	-	-	43.531
Capital Receipts	6.000	6.000	12.560	14.231	38.791
Flexible Use of Capital Receipts	7.500	9.522	5.231	-	22.253
Grants	45.165	22.810	-	-	67.975
Contributions	1.738	6.508	4.112	4.113	16.471
Total FUNDING	78.619	70.155	21.903	18.344	189.021

Treasury Management - Borrowing & Prudential Indicators

- 4.59 The Council's investment and borrowing activity is managed in accordance with the Treasury Management Strategy (TMS) which is a key element of the MTFP alongside the annual revenue budget and capital programme which are approved by Council annually before the start of the financial year, with the TMS for 2025/26 approved by Council on 19 February 2025.
- 4.60 The affordability & sustainability of the Capital Programme and its total level of external borrowing and capital financing costs is self-regulated by the Council through a set of prudential indicators. CIPFA and central government view this approach as best practice in ensuring resources are allocated prudently to capital schemes and the local authority achieves value for money in the use of resources.
- 4.61 Investment and borrowing decisions are taken to manage the short, medium, and long-term cash needs of the Council and these are driven primarily by the following:
- the extent to which the Council finances its capital expenditure by borrowing which is measured by the Capital Financing Requirement (CFR)
 - the timing differences between operational income and expenditure flows
 - the level of cash backed reserves held, and.
 - current short to long term interest rate forecasts.

- 4.62 The budget and forecast positions on these prudential indicators at Quarter One for 2025/26 are summarised in Table 8 below.

Table 8 – Prudential Indicators – Quarter One 2025/26

	<u>Budget</u> <u>(as approved</u> <u>by Council</u> <u>19/2/25)</u> <u>(£m)</u>	<u>Forecast</u> <u>at Quarter</u> <u>One</u> <u>(£m)</u>	<u>Variance</u> <u>(£m)</u>	<u>Variance</u> <u>as %</u> <u>of Budget</u> <u>%</u>
Capital Expenditure	74.798	78.619	3.821	5.11
<u>Financing</u>				
External Sources	44.213	46.903	2.690	6.08
Own resources	13.500	13.500	0.000	0.00
Debt	17.085	18.216	1.131	6.62
	74.798	78.619	3.821	5.11
Capital Financing Requirement	310.197	312.261	2.064	0.67
External Debt	292.388	249.860	(42.528)	(14.55)
Investments	15.000	14.812	(0.188)	(1.25)
Capital Financing	13.205	12.605	(0.600)	(4.54)
Cost as a % of Revenue Budget	9.21%	8.80%	-0.42%	

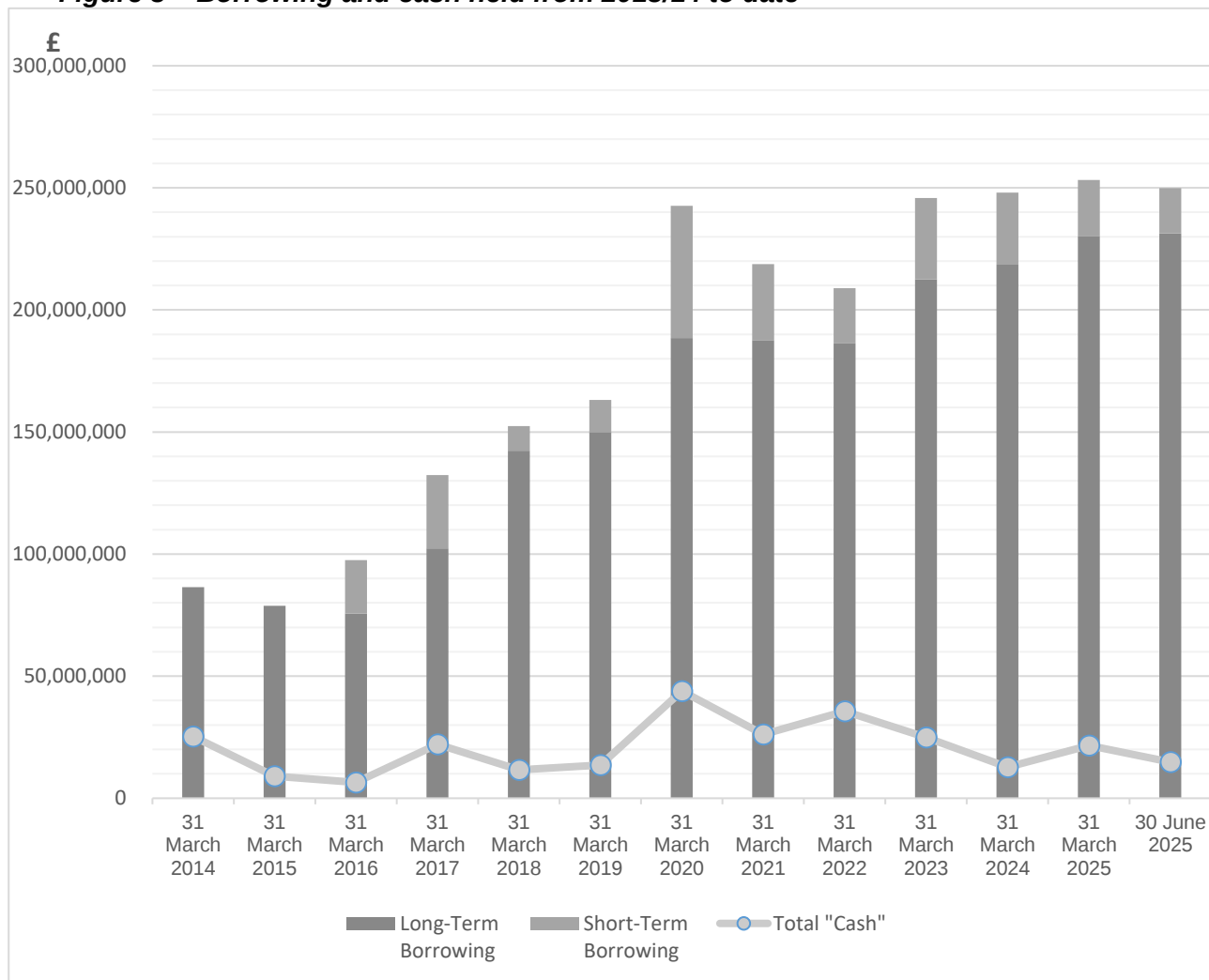
- 4.63 The Council's forecast Capital Expenditure outturn at Quarter One is £78.619m compared to an original approved budget of £74.798m for 2025/26, a forecast increase of £3.821m (5.1%) against the original approved budget for 2025/26. The increase in capital expenditure is due to new schemes funded by grants and contributions of £2.690m, plus additional borrowing of £1.131m (mainly the loan of £1.6m to Middlesbrough College approved by Executive in July 2025, offset by some minor rephasing).
- 4.64 During the first quarter of 2025/26, external borrowing decreased from £253.441m on 1 April 2025, to £249.860m on 30 June 2025. This decrease of £3.581m reflects the repayment of principal on annuity loans only. Long-term interest rates from the Public Works Loan Board have increased above 5.00% during the first quarter. This is well above the target borrowing rate of 4.75% for the financial year. As a result, no new long or short-term borrowing has been taken during the period, mainly due to those higher interest rates and with cash flow being generally positive within the first three months.
- 4.65 The ratio of long-term to short-term borrowing has also remained stable during the quarter given that repayments only have been made to date. The Council's total under borrowed position (external debt compared to the capital-financing requirement – or underlying need to borrow for the financial year) is £62.401m on 30 June 2025, or 20.0%. Total borrowing of around £40m is required over the remainder of the financial year to finance the forecast spend on the capital programme and to keep liquidity balances at a sustainable level. The over-riding objective continues to be to demonstrate value for money and affordability from any borrowing decisions taken over the medium term, whilst using internal cash balances in the interim.

4.66 The amount of external debt at £249.860m and the total underlying need to borrow of £312.261m, are both below the Council's authorised debt limit of £331.000m for the year. This is the threshold above which any borrowing would be unlawful. The difference relates to the contingency buffer included within the authorised limit for any unexpected and unbudgeted borrowing required by the Council outside of the capital programme. The total annual cost of financing the capital investment plans is forecast at £12.605m, or 8.8% of the current net revenue budget. This is a £0.600m underspend against the approved budget, which relates to a combination of Exceptional Financial Support (EFS) financed by borrowing now not being required, and interest savings from slippage on the capital programme into later financial years.

4.67 Cash balances have reduced from £21.555m to £14.082m between the start of April 2025 and the end of June 2025. This reflects the capital and revenue spending plans of the Council to date in this financial year and that internal balances have been used in lieu of new borrowing.

4.68 The debt and cash levels held by the Council and how these have changed over time is showing in the graph below.

Figure 3 – Borrowing and cash held from 2013/14 to date



Collection Fund - Council Tax and Business Rates income

- 4.69 Income received from Council Tax and Business Rates (NNDR) is a major source of revenue income for the Council and funds around 62% of its annual expenditure in delivering all Council services. It is accounted for within the Collection Fund and operates under the Government regulations. Due to the prescribed mechanisms for operating the Collection Fund, the financial impact of any 2025/26 income collection variances from the budgeted amount used in setting the Council Tax for 2025/26 do not immediately affect the General Fund position. By illustration, the impact of any estimated surplus or deficit variance on the Collection Fund for 2025/26 is fed into the development of the 2026/27 budget and MTFP and any cost/ benefit does not impact the 2025/26 financial year.
- 4.70 An update on the Collection Fund position will be provided in the Quarter Two budget monitoring report.

Debt Recovery Performance

- 4.71 A key workstream within the plans to recover the Council's financial position is the renewed focus upon recovering monies owed to the Council from the following sources
- Council Tax
 - Business Rates
 - Sundry (general) debt
 - Housing Benefit Overpayments
- 4.72 The Council's approach to improving debt recovery performance whilst maintaining appropriate support to residents and businesses who are entitled to available help, advice and support, was detailed in Appendix 11 of the Quarter Three 2024/25 report. The position at Quarter One 2025/26 (30 June 2025) is shown in Table 9 below

Table 9 – Debt Collection Performance Quarter One 2025/26 (as at 30 June 2025)

Category of Collectable Debt	Balance at 1/4/25 (£m)	Movement in-year (£m)	Balance at 30/6/25 (£m)
Council Tax	40.683	(0.701)	39.982
Business Rates	8.508	(1.382)	7.126
Sundry Debt	8.905	0.301	9.206
Housing Benefits Overpayments	5.358	(0.215)	5.143
Total	63.454	(1.997)	61.457

Note that the figures for Council Tax and Business Rates are Middlesbrough's share of the Collection Fund debt (Council Tax 83% and Business Rates 49%).

- 4.73 The financial procedure rules (Financial Procedure Rule 18.80.2 and Financial Limits Annex) for the Council set out the thresholds for debt write offs between the S151 Officer (and nominated deputies) and the Executive. These are set out in Table 10 below for information:

Table 10 – Debt write of levels as per the Constiution

Category of Collectable Debt	S151 Officer (Amount per debtor)	Executive (Amount per debtor)
Council Tax	£0 - £10,000	Above £10,000
Business Rates	£0 - £100,000	Above £100,000
Sundry Debt (single debts)	£0 - £10,000	Above £10,000
Sundry Debt (subscription debts)	£0 - £50,000	Above £50,000
Housing Benefits Overpayments	£0 - £10,000	Above £10,000

- 4.74 All debts raised by the Council require an element of recovery to receive the cash amounts from the appropriate third parties. Due to the wide range of income streams and the volumes of debts raised, there are times where amounts cannot always be recovered, for example council tax debts due to lack of household income, business rates due to companies being winding up, sundry debts due to changing circumstances etc.
- 4.75 Where all avenues for collection of the debt have been exhausted and these can be significant and take several financial years, there is no choice but to write these debts off, generally against the revenue budget which received the benefit of the income previously.
- 4.76 It is recommended accounting practice to assess the level of debts and their recoverability at the end of each financial year, both at directorate level or corporately. Where there is the possibility of non-recovery, an assessment of the likelihood of this happening against the financial value should be calculated for each debt, and the appropriate amount placed in a bad debt provision. This will then act as a buffer against any amounts that subsequently need to be written off.
- 4.77 Most of these debts that do need to be written off are relatively low in value and can be considered and approved by the Director of Finance and Transformation (s151 Officer). However, there has only been partial delegation of debt write offs to the s151 Officer under the Constitution (financial procedure rules). The current amounts delegated (set at the 2023 review and under guidance from CIPFA and in comparison with other councils of a similar size) are set out in Table 10 above.
- 4.78 In exceptional circumstances following appropriate due diligence being applied over all aspects of the collection process and with no prospect of recovery for the reasons given, debt amounts that cannot be recovered and need to be written off, do exceed these levels and these will be required to be submitted to Executive for approval.
- 4.79 A separate report will be presented to Executive later in the year for approval of the write off a number of such debts, detailing the debtor involved, date raised, amount involved, recovery action taken to date, and the reason why this debt cannot be collected.

5. Ward Member Engagement if relevant and appropriate

5.1 Not applicable

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

6.1 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.

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

Topic	Impact
Financial (including procurement and Social Value)	This report sets out the implications associated with the financial performance of the Council in managing its revenue, grant and capital resources for the financial year 2025/26 and the financial implications are incorporated throughout. The report should be read in conjunction with the 2025/26 Budget, Medium Term Financial Plan 2025/26 to 2028/29, and Council Tax setting report and the Prudential Indicators and Treasury Management Strategy 2025/26 report presented to Council on 19 February 2025 to fully understand the financial position of the Council.
Legal	The proposed recommendations are consistent with and will promote the achievement of the Council's general legal duty to achieve Best Value in accordance with Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).
Risk	In line with the Council's Risk Management Policy, the corporate Strategic Risk Register will be reported to this Executive as part of the Corporate Performance Quarter One 2025/26 report.
Human Rights, Public Sector Equality Duty and Community Cohesion	The complete overall impact assessment included in Appendix 3 of the 2025/26 budget report to Council on 19 February 2025, along with all the individual impact assessments found that there was a justified adverse impact from these proposals in order to ensure the Council is able to maintain a balanced budget and continue to meet its statutory obligations.
Reducing Poverty	The proposed recommendations in this report do not directly impact on Reducing Poverty.
Climate Change / Environmental	The proposed recommendations in this report do not directly impact on Climate Change/Environmental issues.

Children and Young People Cared for by the Authority and Care Leavers	The proposed recommendations in this report do not directly impact on Children and Young People Cared for by the Authority and Care Leavers.
Data Protection	The proposed recommendations in this report do not directly impact on Data Protection issues.

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

Action	Responsible Officer	Deadline
Subject to approval by Executive revenue budget virements detailed in Appendix 1 to be actioned	Head of Financial Planning & Business Partnering	30/9/25
Subject to approval by Executive, amendments to the capital programme for 2025/26 to be actioned	Head of Financial Planning & Business Partnering	30/9/25
Corporate revenue budget spending controls will continue to be applied to Directorates in 2025/26.	Director of Finance and Transformation	31/3/26
Directors are required 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.	All Directors	31/10/25

Appendices

1	Proposed revenue budget virements above £250,000 at Quarter One 2025/26
2	Details of savings currently classified as unachievable at Quarter One 2025/26
3	Detail of Forecast Reserves and Provisions Movements in 2025/26
4	Dedicated Schools Grant
5	Capital Programme Quarter One 2025/26 – New External Funding, Additions to Council Funded Schemes, and Virements Between Schemes
6	Capital Programme Quarter One 2025/26 – Details of capital slippage
7	Revised Capital Programme Forecasts 2025/26 to 2028/29

Background papers

Body	Report title	Date
Executive	2025/26 Budget, Medium Term Financial Plan 2025/26 to 2028/29, and Council Tax setting	5/2/25
Council	2025/26 Budget, Medium Term Financial Plan 2025/26 to 2028/29, and Council Tax setting	19/2/25
Council	Prudential Indicators and Treasury Management Strategy 2025/26 report	19/2/25
Council	Flexible Use of Capital Receipts Strategy 2025/26	26/3/25
Executive	2024/25 Outturn Report	11/6/25

Contact: **Andrew Humble**
Director of Finance and Transformation (s151 Officer)

Email: andrew_humble@middlesbrough.gov.uk

Appendix 1 : Proposed revenue budget virements above £250,000 at Quarter One 2025/26
(under Financial Procedure Rule 18.38.3)

Proposed Virement Request	Regeneration	Environment & Community Services	Public Health	Education & Partnerships	Children's Care	Adult Social Care	Legal & Governance Services	Chief Executive	Finance	Central Budgets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<u>Permanent</u>										
Transfer of Street Lighting budget	1.322	(1.322)								
Disaggregation of Strategic Commissioning and Procurement budget - Adult Social Care Commissioning element moved from Finance to Adult Social Care						0.826			(0.826)	
<u>Temporary</u>										
Resident's Parking Saving ECS08 - unachievable as no longer going ahead with charging - to be covered by Central Contingency budget in 2025/26		0.250								(0.250)
Total Virement	1.322	(1.072)	-	-	-	0.826	-	-	(0.826)	(0.250)
									Total:	-

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Appendix 2 - Detail of savings currently classified as unachievable in 2025/26

Year Saving Initiative Introduce	Saving Reference	Saving Detail	Unachieved savings at Quarter One £m	Reason for underachievement
Adult Social Care				
2024/25	ASC11	Re-provision use of Levick Court	0.211	Negotiations with Health are on-going - due to conclude Sept 2025, and due to time required to mobilise new service, no savings are anticipated in 25/26, however a one-off mitigation of (£0.100m) has been identified.
			0.211	
Children's Care				
2024/25	CS04 - in year	Reduction in agency costs	0.380	This saving was brought forward from 2024/25 unachieved savings. Numbers of agency Social work related posts are not reducing and there is also a forecast overspend against staffing.
2024/25	CS07 - in year	Introduce Supplier Incentive Scheme across Children's Care	0.031	This saving was brought forward from 2024/25 unachieved savings. To date, there has been minimal take up of early payments. (The full year effect of early payments required to achieve this savings would need to be £6.2m).
2024/25	CC03	Improvement of Internal Residential Capacity through the purchase of suitable properties and refurbishment of existing Council properties into residential homes	0.308	Partly unachieved as it is no longer planned to progress new internal homes within this financial year, and staffing costs cannot be reduced due to demand requirements within existing registered homes.
2025/26	CC08	Modernising Foster Care	0.735	Placements into residential care are currently increasing rather than decreasing, this saving was linked to reducing residential care placements, and increasing fostering placements instead.. Part of Recovery Plan for Children's Services is to increase fostering provision.
2025/26	CC10	Introduce Edge of Care Team	0.610	Reduction in numbers has not yet materialised, and placements into residential care are currently increasing rather than decreasing.
			2.064	
Education & Partnerships				
2025/26	EDC02	Deliver passenger assistance training internally	0.037	The majority of the budgeted savings are unachieved to date in 2025/26. Plans for achievement or replacement savings for the remainder of the financial year are currently updated and updates will be provided in future Quarterly reports.
2025/26	EDC03	Increase transport capacity	0.084	
2025/26	EDC04	Management Review	0.044	
2025/26	EDC05	Recharge Discretionary Home to School Transport Services	0.062	
2025/26	EDC06	Increase management fee income	0.015	
2025/26	EDC07	Travel Training	0.102	
			0.343	
Regeneration				
2024/25	REG03	Review and implementation of alternative operating models for Captain Cook Birthplace Museum	0.075	It was assumed that the service would receive an annual contribution of (£0.150m) to keep the museum open, however following negotiations, only half of this will be received. Whilst there are actions being undertaken which will address costs, the nature of the budgets which sit within other directorates and the increase in homeless cases will only result in cost reduction rather than budget savings. As mentioned in paragraph 4.24 this saving will be replaced permanently by an alternative saving.
2024/25	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	0.300	
			0.375	
Environment & Community Services				
2024/25	ECS05	Integrate Environment Services and Supporting Communities functions and create a Neighbourhood Management approach	0.092	Due to service growth, it has not been possible to achieve the full £0.287m saving, as in order to meet service demands, staffing numbers could not be reduced further. A saving of £0.195m was achieved in 2024/25.
2024/25	ECS08	Resident Parking Permits charge	0.250	A decision was made by Executive not to proceed with charging residents for issuing parking permits. See paragraph 4.16 for details.
2025/26	ECS13	Management Review	0.282	The Director of Environment and Community Services has delayed his review until the Senior Management Review across the Council has been completed. It is expected that the original saving will need to be re-configured due to growth and new service demands and will not commence until
			0.624	
Legal & Governance Services				

Year Saving Initiative Introduce	Saving Reference	Saving Detail	Unachieved savings at Quarter One	Reason for underachievement
			£m	
2024/25	LGS03	A Cross Council review of administrative roles and functions	0.136	The savings will be achieved through the Customer Programme, however, until planned actions are agreed and costed the savings are considered to be currently unachieved. As mentioned in paragraph 4.27 this saving will be moved to Central budgets.
			0.136	
Central				
2023/24	CEN02	Senior Management Review	0.244	Review has not yet been completed.
2024/25	FIN02	Review of Single Person Discount and Student Exemption for Council	0.264	Saving will be realised in Collection Fund, not General Fund
2024/25	FIN03	Collection of Council Tax (Old Debt)	0.110	Saving will be realised in Collection Fund, not General Fund
2024/25	FIN04	Collection of Council Tax (Charging Orders)	0.504	Saving will be realised in Collection Fund, not General Fund
2024/25	FIN05	Collection of Business Rates	0.126	Saving will be realised in Collection Fund, not General Fund
2025/26	FIN13	Procurement Contract Management (Council wide)	0.700	Double count of saving FIN07 from 24/25 budget setting
			1.948	
TOTAL SAVINGS CURRENTLY CLASSIFIED AS UNACHIEVABLE IN 2025/26			5.701	

Appendix 3 - Detail of Forecast Reserves and Provisions movements in 2025/26

	<u>Opening Balance 1/4/25</u>	<u>Forecast Use in Year</u>	<u>Projected Additional Contributions</u>	<u>Projected Transfers from / (to) General Fund</u>	<u>Projected Transfers between Reserves</u>	<u>Forecast Balance at year-end (before any adjustments for forecast outturn variance)</u>	<u>Forecast 2025/26 year end overspend</u>	<u>Forecast Balance at 31/3/26 (after adjustment for forecast outturn variance)</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
GENERAL FUND RESERVE	11.100	-	-	-	-	11.100	-	11.100
USABLE EARMARKED RESERVES								
<i>Restricted Use</i>								
Public Health	1.686					1.686		1.686
Insurance Fund	0.013		0.500			0.513		0.513
Better Care Fund	0.897					0.897		0.897
Marton Library S106	0.025					0.025		0.025
Housing Rental Sinking Fund	0.068					0.068		0.068
	2.689	-	0.500	-	-	3.189	-	3.189
<i>Unrestricted Use</i>								
Financial Resilience Reserve	6.711		2.836		1.000	10.547	(1.430)	9.117
Legacy Accounts Reserve	1.000				(1.000)	-		-
Savings Delivery Risk Reserve	-		3.052			3.052	(3.052)	-
Change Fund	2.766		0.730			3.496		3.496
Elections Costs	0.077		0.070			0.147		0.147
	10.554	-	6.688	-	-	17.242	(4.482)	12.760
	13.244	-	7.188	-	-	20.432	(4.482)	15.950
UNUSABLE EARMARKED RESERVES								
Revenue Grants Unapplied (Technical Reserve)	5.400					5.400		5.400
Dedicated Schools Grant Adjustment Account	(22.213)	(9.000)				(31.213)		(31.213)
	(16.813)	(9.000)	-	-	-	(25.813)	-	(25.813)
SCHOOL BALANCES	3.050	-	-	-	-	3.050	-	3.050
PROVISIONS								
Business Rates Appeals	1.041					1.041		1.041
Insurance	2.606					2.606		2.606
Other	0.167					0.167		0.167
	3.814	-	-	-	-	3.814	-	3.814
	14.395	(9.000)	7.188	-	-	12.583	(4.482)	8.101

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Appendix 4

Dedicated Schools Grant

1. The DSG conditions of grant require that any local authority with an overall deficit on its DSG account at the end of financial year 2021/22, or who's DSG surplus had substantially reduced, present a plan to the DfE for managing its DSG spend in 2022/23 and future years and commit to reducing the deficit. There is also a requirement to provide information as and when requested by the DfE about pressures and potential savings on its High Needs budget.
2. The Council complete regular DSG management recovery plans to outline forecasts over the next 5 years. The Council continues working with the DfE and have received a Stage 1 grant of £45,000 and a Stage 2 grant of £1m for the "Delivering Better Value" (DBV) programme that is supporting work to reduce the ongoing pressures within the High Needs Block using best practice and benchmarking across the country. This funding is due to expire in summer 2025. Within this programme it has been identified that, to be successful, inclusion in mainstream schools needs to improve. DBV is a long-term programme and 55 other local authorities as well as Middlesbrough Council are participating in the DBV programme. It should be noted that Middlesbrough Council is not involved in the "Safety Valve" programme, which is support for those local authorities with the greatest DSG deficits.
3. DfE also expect that schools be regularly updated via the Schools Management Forum about the authority's DSG account and plans for handling it, including high needs pressures and potential savings.
4. The DBV programme (which commenced in September 2023) highlighted there were risks to the programme outcomes 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 for children with an Education, Health and Care Plan (EHCP) and alternative provision for those children and young people who are permanently excluded. This has resulted in increasing numbers of over commissioned places, the financial impact of which is pressure to provide additional place funding alongside high needs top up to meet the individual needs of the pupils. There have also been rate increases from specialist providers. The number of commissioned Alternative Provision placements has also increased to meet rising demand from the significantly high rates of exclusion; this again places additional financial pressure on the High Needs Block.
5. A range of management actions are being taken alongside the DBV programme these include initiatives such as:
 - Launch of Special Educational Needs & Disabilities (SEND) and Inclusion clinics in all schools to review how they are using their notional SEND budget as well as identifying training and support required within the setting.
 - Work with health colleagues to identify health contributions where relevant,
 - On-going reviews of Education, Health, and Care Plans (EHCPs)

- Dedicated training for school staff to support inclusive practice,
 - On going work with school to prioritise the reintegration of excluded pupils into mainstream school where possible
 - Review of funding provided to schools including special schools,
 - Continued early intervention and prevention work with schools to reduce exclusions,
 - Review of maintained schools' reserves and updated policy for challenging the use of those reserves
 - New Free School to be built by September 2026 which will support more children access local provision.
 - Ongoing development of local provision to meet needs and reduce the number of out of area placements,
 - Greater support during transitions
6. Regular meetings take place with the DfE and the DBV lead to monitor the actions within our DBV plan. Regular monitoring reports are also produced in line with the DBV grant conditions. The pressures on the High Needs Block are highlighted as part of this process to ensure the DfE are fully aware of the ongoing pressures within Middlesbrough.
7. The increasing pressure in DSG and the High Needs Block is due to the fact that alongside social care, the Service has seen, and is predicting, an increase in more complex placements with a forecast increase in Education, Health, and Care plans (EHCPs) in the future. In Middlesbrough, the number of EHCPs have increased from 1,659 in 2022 and 1,804 in 2023 to a current level of 2,040 in January 2025, an 8% increase between start of 2024 to 2025. It should be noted that the number of children with and EHCP is also a key cost driver in relation to home to school transport costs that are met by the General Fund through the Integrated Transport Unit. Some children in Alternative Provision are also a factor in relation to home to school transport costs. In 2022 132 children accessed Alternative Provision and in 2023 the figure was 175, and this figure has currently risen to 297. This is a national issue affecting many local authorities and presents a growing and significant financial risk to the Council. The Government have partly recognised this by an increase in funding allocated in the finance settlements in recent years for both Schools and High Needs Blocks. However, no specific funding has been provided in recognition of the adverse impact upon the General Fund cost of home to school transport.
8. Table 1 below shows the actual and forecast Education, Health, and Care plans (EHCPs), and is periodically being updated and used to calculate the forecasted increase in required demand on alternative provision services and also the Council's SEND transport requirements and also used to inform updates of the DSG Management Plan for Middlesbrough.

Table 1 – Actual and forecast Education, Health, and Care plans (EHCPs)

Year	2022	2023	2024	2025	2026	2027
Number of EHCP – actual and forecast	1,659	1,804	1,881	2,040	2,046	2,147

Appendix 5 : Capital Programme Quarter One 2025/26 - new externally funded schemes / additional external funding to existing schemes, additions to Council funded schemes, and virements between schemes

Directorate	Scheme	Total Value 2025/26	Total Value Future Years	Reason	Total Change to Capital Programme	External Funding	Council Funding
		£m	£m		£m	£m	£m

New Externally Funded Schemes / Additional External Funding To Existing Schemes

Regeneration	Towns Fund	-	0.050	The Council has received Section 106 funding which has been allocated to the Nunthorpe Community Hub scheme	0.050	0.050	-
Regeneration	Levelling Up Partnership	0.068	-	The Council has received a grant from the Department for Education relating to the Family Hubs and Start for Life programme. This has been added to the Levelling Up Funds already secured for improvements to Family Hubs.	0.068	0.068	-
Regeneration	Affordable Housing Via Section 106	-	4.721	The Council has received additional Section 106 contributions relating to affordable housing.	4.721	4.721	-
Regeneration	Highways Infrastructure Development Section 106	-	3.504	The Council has received additional Section 106 contributions relating to highways infrastructure schemes.	3.504	3.504	-
	Total Regeneration	0.068	8.275		8.343	8.343	-
Environment and Community Services	City Region Sustainable Transport Settlement	0.249	-	The Council has received notification of an Additional Resurfacing Grant to be received from the Department for Transport via Tees Valley Combined Authority.	0.249	0.249	-
	Total Environment and Community Services	0.249	-		0.249	0.249	-
Education and Partnerships	Block Budget - High Needs Provision Capital Allocation (HNCPA)	1.426	-	The Council has received confirmation of the 2025/26 grant award from the Department for Education	1.426	1.426	-
Education and Partnerships	Block Budget - Basic Need	0.064	-	Following a reconciliation of the Basic Need grant £0.064m of unallocated grant funding has been added to the capital programme	0.064	0.064	-
	Other Small Scale Additions	0.011	-	Following a reconciliation of a grant received in relation to reinforced autoclaved aerated concrete, £0.011m of unallocated grant funding has been added to the capital programme	0.011	0.011	-
	Total Education and Partnerships	1.501	-		1.501	1.501	-
	TOTAL ALL DIRECTORATES	1.818	8.275		10.093	10.093	-

Additions To Council Funded Schemes

Regeneration	Middlesbrough College Investment	1.600	-	On 11 June 2025 Executive approved the Middlesbrough College Investment report. The report approved investment of £1.600m in the college to enable facility expansion to grow the education capacity of the college. The report also agreed an amendment to their existing lease, to introduce rent of £0.130m per annum for 20 years.	1.600	-	1.600
	Total Regeneration	1.600	-		1.600	-	1.600
Environment and Community Services	Simpler Recycling	1.515	-	On 16 July 2025 Executive approved the Simpler Recycling - Legislation changes for Waste Streams report, which identified that an additional £1.515m of Council capital was required in order to acquire additional bins that are necessary to comply with the new legislation.	1.515	-	1.515
	Total Environment and Community Services	1.515	-		1.515	-	1.515
Public Health	Leisure Contract (SLM) Investment - Equipment	0.071	-	In accordance with the contract with the Council's external leisure provider, £0.071m has been provided for investment in the leisure centres.	0.071	-	0.071
	Total Public Health	0.071	-		0.071	-	0.071
	TOTAL ALL DIRECTORATES	3.186	-		3.186	-	3.186

Virements Within Directorates

This document was classified as: OFFICIAL

APPENDIX 5

Regeneration	Derisking Sites	0.000	(0.240)	Funds have been re-allocated from the Derisking Sites and general Towns Fund Grants schemes to the Towns Fund - East Middlesbrough Community Hub scheme to ensure that all costs associated with the scheme are budgeted for following the approval of the main tender contract.	(0.240)	-	(0.240)
Regeneration	Towns Fund - East Middlesbrough Community Hub	0.680	0.240		0.920	0.680	0.240
Regeneration	Towns Fund	(0.680)	-		(0.680)	(0.680)	-
Regeneration	Property Asset Investment Programme	0.066	-		0.066	-	0.066
Regeneration	Derisking Sites	(0.066)	-	To fund the demolition of the outbuildings at the Lingfield Countryside Centre.	(0.066)	-	(0.066)
Regeneration	Levelling Up Partnerships	0.038	-		0.038	-	0.038
Regeneration	Derisking Sites	(0.038)	-		(0.038)	-	(0.038)
	TOTAL REGENERATION	-	-		-	-	-

Virements Between Directorates

Education and Partnerships	Building Condition Improvements - Primary School	0.030	-	To complete roof and structural works at Whinney Banks Primary School	0.030	-	0.030
Regeneration	Property Asset Investment Programme	(0.030)	-		(0.030)	-	(0.030)
Children's Care	Children's Services Financial Improvement Plan	0.110	-	For the adaptation works within the Hilton Drive property	0.110	0.110	-
Regeneration	Towns Fund	(0.110)	-		(0.110)	(0.110)	-
	TOTAL ALL DIRECTORATES	-	-		-	-	-

Appendix 6 : Capital Programme Quarter One 2025/26 – Details of capital slippage

Capital slippage is a way of reprofiling capital budgets between financial years to match forecast timing of expenditure, whilst staying within the approved project budget. The following details the slippage during Quarter One.

Directorate	Scheme	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Funding Source	Slippage Explanation
Regeneration	Levelling Up Fund	(2.835)	2.835	-	-	Grant	£0.700m has been re-profiled in relation to the Employment as the CAT B works are now expected to conclude in 2026/27. The Live Well East building will now be used as a Neighbourhood hub. As such an alternative building requires sourcing for Public Health, this has resulted in changes to spend assumptions, resulting in £1.135m being re-profiled. The external Junction project has experienced delays in securing grant funding, whilst this is now resolved, the Council's contribution of £1.000m is no longer expected to be made in this financial year.
Regeneration	Towns Fund	(1.664)	2.164	(0.500)	-	Grant	The spend profile for the Old Town Hall scheme was previously estimated. A full tender programme is now in place, giving greater certainty as to the timing of the works. Consequently, £1.664m of grant funding have been re-profiled into 2026/27. The scheme is expected to be completed within 2026/27.
Regeneration	Towns Fund - East Middlesbrough Community Hub	-	0.500	(0.500)	-	Grant	The Community Hub is due for completion in 2026/27, the grant funding assumed within 2027/28 has been re-profiled accordingly.
Regeneration	Levelling Up Fund - South Middlesbrough Accessibility	(1.000)	1.000	-	-	Grant	The works to construct the spine road at the Newham Hall housing development are now expected to conclude in Spring 2026, this has resulted in £1.000m of grant funding being re-profiled into 2026/27.
Regeneration	Indigenous Growth Fund - Captain Cook Square	1.000	(1.000)	-	-	Grant	The transformation of Captain Cook Shopping Precinct into a high quality leisure destination continues to work at pace, resulting in £1.000m being re-profiled into 2025/26 to fund works, including the completion of Roxv Cinema which opened in July 2025.
Regeneration	Cemetery Provision	(0.701)	0.701	-	-	Borrowing	The external consultants recommended that the Council undertook three additional surveys relating to the underground soil, this coupled with some unforeseen delays in the design phase have resulted in an up to two month delay in the scheme.
Regeneration	Other Small Scale Slippage Across The Directorate	(0.037)	0.037	-	-	Grant / Borrowing	
	Regeneration Total	(5.237)	6.237	(1.000)	-		
Environment and Community Services	Bridges & Structures - City Regional Sustainable Transport	(0.750)	0.750	-	-	Borrowing	Delays to the contract process have been experienced due to internal capacity issues, resulting in the re-profiling of funds.
Environment and Community Services	Other Small Scale Slippage Across The Directorate	(0.126)	0.126	-	-	Grant / Borrowing	
	Environment and Community Services Total	(0.876)	0.876	-	-		
Education and Partnerships	Block Budget - School Condition Allocation (SCA)	(0.800)	0.800	-	-	Grant	The improvement programme for 2025/26 has been agreed and costed, £0.800m of grant funding has been re-profiled to part fund future years works.
Education and Partnerships	Block Budget - High Needs Provision Capital Allocation 2025-26	(1.426)	1.426	-	-	Grant	The improvement programme for 2025/26 has been agreed and costed, £1.426m of grant funding has been re-profiled to part fund future years works.
Education and Partnerships	Other Small Scale Slippage Across The Directorate	(0.099)	0.099	-	-	Grant	
	Education and Partnerships Total	(2.325)	2.325	-	-		
Legal and Governance Services	Other Small Scale Slippage Across The Directorate	0.210	(0.210)	-	-	Borrowing	
	Legal and Governance Services Total	0.210	(0.210)	-	-		
Transformation	Transformation / Subject Matter Expertise	1.507	(1.639)	(2.928)	(0.750)	Capital Receipts	The Council's Transformation programme has been reviewed as at Quarter 1 with significant reductions on the assumptions regarding redundancies based on current savings requirements. Additionally, it has now incorporated the Neighbourhood theme as approved by Executive on 30 April 2025.
Transformation	Neighbourhood	1.146	3.556	2.340	-	Capital Receipts	
Transformation	Redundancy	(1.153)	(0.850)	(1.041)	-	Capital Receipts	
Transformation	ICT	(0.750)	0.750	-	-	Capital Receipts	
Transformation	Contingency	(0.750)	0.555	0.557	(0.550)	Capital Receipts	
	Transformation Total	-	2.372	(1.072)	(1.300)		
	TOTAL	(8.228)	11.600	(2.072)	(1.300)		

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Appendix 7 : Revised Capital Programme Forecasts 2025/26 to 2028/29

	Forecast Expenditure						
	2025/26	2026/27	2027/28	2028/29	TOTAL	Council Funding	External Funding
	£m	£m	£m	£m	£m	£m	£m
Regeneration							
Town Centre Related Projects	0.083	-	-	-	0.083	0.083	-
Housing Growth	0.030	0.624	-	-	0.654	0.654	-
Newham Hall	1.340	11.892	-	-	13.232	4.094	9.138
BOHO X	0.418	-	-	-	0.418	0.042	0.376
Indigenous Growth Fund - Captain Cook Square	1.441	1.541	-	-	2.982	-	2.982
Towns Fund	6.053	5.731	-	-	11.784	1.125	10.659
Towns Fund - East Middlesbrough Community Hub	3.519	1.340	-	-	4.859	1.940	2.919
Acquisition of Town Centre Properties	-	1.000	-	-	1.000	1.000	-
Acquisition of The Crown	0.005	-	-	-	0.005	0.005	-
Levelling Up Partnership	4.251	4.976	-	-	9.227	0.081	9.146
New Civic Centre Campus	-	0.237	-	-	0.237	0.237	-
Capitalisation Of Major Schemes Salaries	0.530	0.530	0.530	0.530	2.120	2.120	-
Capitalisation of Planning Services Surveys	0.086	0.050	0.009	-	0.145	0.145	-
Affordable Housing Via Section 106	-	1.495	2.360	2.361	6.216	0.302	5.914
Highways Infrastructure Development Section 106	-	0.722	1.752	1.752	4.226	0.142	4.084
Levelling Up Fund - South Middlesbrough Accessibility	3.470	1.000	-	-	4.470	-	4.470
Middlesbrough College Investment	1.600	-	-	-	1.600	1.600	-
Derisking Sites	0.063	0.864	1.300	1.300	3.527	3.527	-
Property Services Building Investment	0.340	0.340	0.340	0.340	1.360	1.360	-
Property Asset Investment Programme	2.007	2.706	1.500	1.500	7.713	7.713	-
Town Hall Roof	-	2.956	-	-	2.956	2.956	-
Municipal Buildings Refurbishment	0.257	0.891	-	-	1.148	1.148	-
Resolution House	-	0.482	-	-	0.482	0.482	-
Cleveland Centre	0.748	0.226	-	-	0.974	0.974	-
Cemetery Provision	0.350	1.500	0.538	-	2.388	2.388	-
Investment In Parks	0.007	-	-	-	0.007	0.007	-
Cultural Development Fund - Enhancements to Central Library & Partner Organisations	2.309	-	-	-	2.309	0.090	2.219
Museum Estate and Development Fund	0.001	-	-	-	0.001	-	0.001
Total Regeneration	28.908	41.103	8.329	7.783	86.123	34.215	51.908

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Environment and Community Services	£m	£m	£m	£m	£m
Purchase of New Vehicles	3.567	1.200	1.200	1.200	7.167
Capitalisation of Wheeled Bin Replacement	0.100	0.100	0.100	0.100	0.400
Capitalisation of Street Furniture / Dog Fouling & Litter Bins	0.055	0.055	0.055	0.055	0.220
Capitalisation of Highways Maintenance	0.575	0.575	0.575	0.575	2.300
City Regional Sustainable Transport Scheme - Highways Maintenance	3.995	2.339	-	-	6.334
City Regional Sustainable Transport Scheme - Incentive Funding	1.455	1.291	-	-	2.746
Street Lighting-Maintenance	0.585	0.468	0.468	0.468	1.989
Urban Traffic Management Control 1	0.033	-	-	-	0.033
Flood Prevention	0.090	-	-	-	0.090
Section 106 Ormesby Beck	0.015	-	-	-	0.015
Bridges & Structures	2.125	3.380	2.650	4.798	12.953
Newport Bridge	0.877	0.500	-	-	1.377
CCTV	0.010	-	-	-	0.010
Towns Fund Initiatives	0.016	-	-	-	0.016
Traffic Signals -Tees Valley Combined Authority	0.029	-	-	-	0.029
Highways Infrastructure	1.371	-	-	-	1.371
Libraries Improvement Fund	0.006	-	-	-	0.006
Urban Traffic Management Control 2	0.389	-	-	-	0.389
Traffic Signals Non Tees Valley Combined Authority	0.516	-	-	-	0.516
Traffic Signals Obsolescence Grant	1.877	-	-	-	1.877
FUSION adaptive travel control solution	0.372	-	-	-	0.372
Food Waste Collection	1.076	-	-	-	1.076
Street Lighting Column Replacement	0.209	0.363	-	-	0.572
Levelling Up Partnership - Neighbourhood Safety	0.915	-	-	-	0.915
Section 106 Marton West Beck	0.094	-	-	-	0.094
Community Reaction Fund	0.033	-	-	-	0.033
Parks Play zones	0.125	-	-	-	0.125
Members Small Schemes	0.060	0.210	0.060	0.060	0.390
Linthorpe Road Cycleway Removal	2.169	-	-	-	2.169
Carriageway Resurfacing Programme	0.187	0.687	-	-	0.874
Footways Repairs Programme	0.100	0.500	-	-	0.600
Regulatory Services ICT System	0.466	0.356	-	-	0.822
Section 106 Stewart Park	0.032	-	-	-	0.032
Simpler Recycling	1.515	-	-	-	1.515
					-
Total Environment and Community Services	25.039	12.024	5.108	7.256	49.427

Council Funding	External Funding
£m	£m
7.167	-
0.400	-
0.220	-
2.300	-
-	6.334
-	2.746
1.989	-
-	0.033
-	0.090
-	0.015
12.953	-
1.377	-
0.010	-
-	0.016
-	0.029
1.371	-
-	0.006
-	0.389
0.516	-
-	1.877
-	0.372
-	1.076
0.572	-
-	0.915
-	0.094
-	0.033
-	0.125
0.390	-
-	2.169
0.874	-
0.600	-
0.822	-
-	0.032
1.515	-
33.076	16.351

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Public Health	£m	£m	£m	£m	£m
Live Well East – Internal Alterations & Improvements	0.010	-	-	-	0.010
Swimming Pool Support Fund	0.182	-	-	-	0.182
Middlesbrough Sports Village Full Size 3g Pitch Repair	0.507	-	-	-	0.507
Neptune Leisure Centre Boiler Replacement	0.172	-	-	-	0.172
Live Well West Building Works	0.100	-	-	-	0.100
Investment with Council's Leisure provider - Equipment	0.071	-	-	-	0.071
Total Public Health	1.042	-	-	-	1.042

Council Funding	External Funding
£m	£m
-	0.010
-	0.182
0.507	-
0.172	-
0.100	-
0.071	-
0.850	0.192

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Education and Partnerships	£m	£m	£m	£m	£m
Block Budget - Family Hubs	0.003	-	-	-	0.003
Block Budget - Devolved Formula Capital (DFC) - All Schools	0.097	-	-	-	0.097
Block Budget - School Condition Allocation (SCA)	0.014	0.737	-	-	0.751
Block Budget - Basic Need	2.388	-	-	-	2.388
Block Budget - High Needs Provision Capital Allocation (HNCPA)	0.357	1.426	-	-	1.783
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	0.404	0.010	-	-	0.414
Building Condition Improvements - Special Schools	0.033	0.005	-	-	0.038
School led Capital schemes - All Maintained Schools	0.130	0.100	-	-	0.230
Sufficiency Schemes - Primary	0.315	0.185	-	-	0.500
Sufficiency Schemes - Secondary	2.703	0.746	-	-	3.449
Sufficiency Schemes - Special Educational Needs & Disabilities (SEND) and Alternative Education	2.343	0.100	-	-	2.443
Special Educational Needs (SEN) Small Capital Grant Schemes	0.249	-	-	-	0.249
Family Hubs and Early Years	0.042	-	-	-	0.042
Capitalisation of Salary Costs	0.123	0.127	-	-	0.250
Total Education & Partnerships	9.342	3.436	-	-	12.778

Council Funding	External Funding
£m	£m
-	0.003
-	0.097
-	0.751
-	2.388
-	1.783
-	0.001
-	0.035
-	0.105
0.043	0.371
-	0.038
-	0.230
-	0.500
0.646	2.803
-	2.443
-	0.249
-	0.042
-	0.250
0.689	12.089

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Children's Care	£m	£m	£m	£m	£m
Gleneagles Refurbishment	0.030	-	-	-	0.030
Children's Services Financial Improvement Plan	0.791	-	-	-	0.791
Total Children's Care	0.821	-	-	-	0.821

Council Funding	External Funding
£m	£m
0.030	-
0.550	0.241
0.580	0.241

	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	1.090	0.935	1.000	1.070	4.095
Disabled Facilities Grant - All schemes	2.674	0.684	-	-	3.358
Capitalisation of Staying Put Salaries	0.050	0.050	0.050	0.050	0.200
Home Loans Partnership (Formerly 5 Lamps)	0.067	-	-	-	0.067
Small Schemes	0.044	-	-	-	0.044
Total Adult Social Care	3.925	1.669	1.050	1.120	7.764

Council Funding	External Funding
£m	£m
3.899	0.196
-	3.358
0.200	-
-	0.067
-	0.044
4.099	3.665

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Legal & Governance Services	£m	£m	£m	£m	£m
Desktop Strategy / Device Refresh	0.106	-	-	-	0.106
Enterprise Agreements	0.908	-	-	-	0.908
IT Refresh - Network Refresh	0.144	-	-	-	0.144
IT Refresh - Lights On	0.254	-	-	-	0.254
ICT Essential Refresh & Licensing	0.295	1.975	2.185	2.185	6.640
SharePoint	0.085	-	-	-	0.085
HR Recruitment	0.020	-	-	-	0.020
Iken Legal Case Management System	0.027	-	-	-	0.027
HR Pay	-	0.037	-	-	0.037
Total Legal & Governance Services	1.839	2.012	2.185	2.185	8.221

Council Funding	External Funding
£m	£m
0.106	-
0.908	-
0.144	-
0.254	-
6.640	-
0.085	-
0.020	-
0.027	-
0.037	-
8.221	-

	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	0.028	-	-	-	0.028
Capitalisation of Property Finance Lease Arrangements	0.150	0.150	-	-	0.300
Total Finance	0.203	0.389	-	-	0.592

Council Funding	External Funding
£m	£m
0.264	-
0.028	-
0.300	-
0.592	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
Transformation Programme	£m	£m	£m	£m	£m
Transformation / Subject Matter Expertise	4.507	2.211	0.084	-	6.802
Neighbourhood	1.146	3.556	2.340	-	7.042
Redundancy	0.347	0.200	-	-	0.547
ICT	0.750	2.250	1.500	-	4.500
Contingency	0.750	1.305	1.307	-	3.362
Total Transformation	7.500	9.522	5.231	-	22.253

Council Funding	External Funding
£m	£m
6.802	-
7.042	-
0.547	-
4.500	-
3.362	-
22.253	-

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
ALL DIRECTORATES	£m	£m	£m	£m	£m
Total ALL DIRECTORATES	78.619	70.155	21.903	18.344	189.021

Council Funding	External Funding
£m	£m
104.575	84.446

	Forecast Expenditure				
	2025/26	2026/27	2027/28	2028/29	TOTAL
FUNDED BY:	£m	£m	£m	£m	£m
Borrowing	18.216	25.315	-	-	43.531
Capital Receipts	6.000	6.000	12.560	14.231	38.791
Flexible Use of Capital Receipts	7.500	9.522	5.231	-	22.253
Grants	45.165	22.810	-	-	67.975
Contributions	1.738	6.508	4.112	4.113	16.471
					-
Total FUNDING	78.619	70.155	21.903	18.344	189.021

Council Funding	External Funding
£m	£m
43.531	-
38.791	-
22.253	-
-	67.975
-	16.471
104.575	84.446

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MIDDLESBROUGH COUNCIL	
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Report of:	Chief Executive – Erik Scollay
Relevant Executive Member:	Not applicable
Submitted to:	Overview and Scrutiny Board
Date:	19 November 2025
Title:	Executive Forward Plan
Report for:	Discussion
Status:	Public
Council Plan priority:	Delivering Best Value
Key decision:	Not applicable
Why:	Not applicable
Subject to call in?	Not applicable
Why:	Not applicable

Proposed decision(s)
It is recommended that the Overview and Scrutiny Board consider and Notes the content of the Executive Forward Work Programme.

Executive summary
OSB has delegated powers to manage the work of Scrutiny and, if appropriate, it can either undertake the work itself or delegate to individual Scrutiny Panels. One of the main duties of OSB is to hold the Executive to account by considering the forthcoming decisions of the Executive and decide whether value can be added by Scrutiny considering the matter in advance of any decision being made. This would not negate a Non-Executive Member's ability to call-in a decision after it has been made.

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

1.1 To make OSB aware of items on the Executive Forward Work Programme.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	<i>Aims within this ambition are to:</i> - attract and grow businesses to increase employment opportunities - Improve attainment in education and skills - Ensure housing provision meets local demand
A healthy Place	<i>Aims within this ambition are to:</i> - improve life chances of our residents by responding to health inequalities - protect and improve our environment - promote inclusivity for all - reduce poverty
Safe and resilient communities	<i>Aims within this ambition are to:</i> - support adults to be independent for longer - improve transport and digital connectivity - promote new ideas and community initiatives - reduce crime and anti-social behaviour
Delivering best value	<i>Aims within this ambition are to:</i> - ensure robust and effective corporate governance - set a balanced revenue budget and Medium Term Financial Plan to restore financial resilience and sustainability

2. Recommendations

2.1 That the Overview and Scrutiny Board

- Consider and note the content of the Executive Forward Work Programme.

3. Rationale for the recommended decision(s)

3.1 OSB has delegated powers to manage the work of Scrutiny and, if appropriate, it can either undertake the work itself or delegate to individual Scrutiny Panels.

3.2 One of the main duties of OSB is to hold the Executive to account by considering the forthcoming decisions of the Executive and decide whether value can be added by Scrutiny considering the matter in advance of any decision being made.

3.3 This would not negate a Non-Executive Member's ability to call-in a decision after it has been made.

4. Ward Member Engagement if relevant and appropriate

4.1 Not applicable

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

5.1 No other options are submitted as part of the report.

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

Topic	Impact
Financial (including procurement and Social Value)	Relevant Impact will be detailed in individual decisions.
Legal	
Risk	
Human Rights, Public Sector Equality Duty and Community Cohesion	
Reducing Poverty	
Climate Change / Environmental	
Children and Young People Cared for by the Authority and Care Leavers	
Data Protection	

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

Action	Responsible Officer	Deadline
Implement any decision of the Overview and Scrutiny Board with regard to the Executive Forward Work Plan.	Relevant Officer	As directed by OSB

Appendices

1	Executive Forward Work Plan
2	
3	

Background papers

Body	Report title	Date
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Executive Forward Plan - 1 April 2025 to 31 May 2026

FOR THE PERIOD 1 APRIL 2025 TO 31 MAY 2026

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
The Mayor							
1024424 All Wards	Continuous Improvement Plan To set out the expanded Continuous Improvement Plan.	Executive 12 Nov 2025	A Healthy Place to Live	KEY	Public		1) The Mayor <i>Ann-Marie Johnstone</i> <i>Ann-Marie_Johnstone@middlesbrough.gov.uk</i>
1024515	Corporate Performance Quarter Two 2025/2026 That Executive: • notes the progress and position of the corporate performance	Executive 3 Dec 2025	A Healthy Place to Live		Public		1) The Mayor <i>Joanne Chapman</i> <i>joanne_chapman@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	disciplines, including activity within the Transformation Portfolio • approves proposed changes to the Executive actions, detailed at Appendix 1 • notes delivery status of the Council Plan 2024-27 supporting workplan, detailed at Appendix 2 • approves the proposed changes to the Council Plan 2024-27 supporting workplan actions, detailed at Appendix 3 • notes the Strategic Risk Register, at Appendix 4						
1024586	Data Management Policy To complete the triennial review - the policy forms part of the Information	Executive Member - The Mayor 18 Dec 2025	Delivering Best Value		Public		1) The Mayor <i>Victoria Holmes</i> <i>Victoria_Holmes@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Governance Policy Framework						
I024584 All Wards	Council Plan 2026/27-29: Outcomes Refresh This report seeks the Executive's endorsement of the proposed revised Council Plan workplan for the period 2026-27.	Executive 3 Dec 2025	A Healthy Place to Live	KEY	Public		1) The Mayor <i>Erik Scollay, Chief Executive</i> <i>erik_scollay@middlesbrough.gov.uk</i>
I024585	Surveillance Policy 2026/7 To complete an annual review of the Council's Surveillance policy	Executive Member - The Mayor 18 Dec 2025	Safe and Resilient Communities		Public		1) The Mayor <i>Ann-Marie Johnstone</i> <i>Ann-Marie_Johnstone@middlesbrough.gov.uk</i>
I024603	Artificial Intelligence Policy To seek approval of the first AI policy which will articulate how the Council will exploit AI potential through an ethical, lawful framework	Executive Member - The Mayor 18 Dec 2025	Delivering Best Value		Public		1) The Mayor <i>Lynsey Zipfell</i> <i>lynsey_zipfell@middlesbrough.gov.uk</i>
I024710	Council Plan 2026/27-29: Workplan Refresh	Executive 4 Feb 2026	A Healthy Place to Live		Public		1) The Mayor <i>Erik Scollay, Chief Executive</i> <i>erik_scollay@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	This report seeks the Executive's endorsement of the proposed revised Council Plan workplan for the period 2026-27.						
I024711	Council Plan 2026/27-29: Service Plans This report seeks the Executive's endorsement of the proposed revised Council Plan workplan for the period 2026-27.	Executive 11 Mar 2026	A Healthy Place to Live		Public		1) The Mayor <i>Erik Scollay, Chief Executive</i> <i>erik_scollay@middlesbrough.gov.uk</i>
Deputy Mayor and Executive Member - Education and Culture							
I024389 All Wards	SHiFT Programme Progress Update To present findings from the Annual Partnership Review	Executive 3 Dec 2025	Safe and Resilient Communities		Public		2) Deputy Mayor and Executive Member for Education and Culture <i>Caroline Cannon, Strategic Lead for Inclusion and Specialist Support Service</i> <i>caroline_cannon@middlesbrough.gov.uk, Kay Dargue, Head of Partnerships</i> <i>kay_dargue@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
Executive Member - Adult Social Care							
1024050 All Wards	Domestic Abuse Strategy 2025-2028 For executive approval of Domestic Abuse Strategy developed by Middlesbrough Domestic Abuse Strategic Partnership to fulfil statutory duties within Domestic Abuse Act 2021	Executive 3 Dec 2025	A Healthy Place to Live	KEY	Public		3) Executive Member for Adult Social Care <i>Claire Moore</i> <i>Claire_Moore@middlesbrough.gov.uk</i>
1024213 All Wards	Reprovision of Levick Court Development of Respite Provision and partnership working with TEWV.	Executive 12 Nov 2025	Safe and Resilient Communities	KEY	Public		3) Executive Member for Adult Social Care <i>Suzanne Hodge</i> <i>suzanne_hodge@middlesbrough.gov.uk</i>
Executive Member - Children's Services							
Executive Member - Development							
1023748 Central	Development of Middlehaven Proposals to commence preparatory work for	Executive 12 Nov 2025	A Successful and Ambitious Town	KEY	Public		5) Executive Member for Development <i>Richard Horniman, Director - Regeneration</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	the comprehensive redevelopment of Middlehaven						<i>Richard_Horniman@middlesbrough.gov.uk</i>
1023750 All Wards	Investment in Temporary Accommodation Proposals for investment alongside a social investor to purchase properties to reduce the expenditure on temporary accommodation	Executive 21 Jan 2026	A Successful and Ambitious Town	KEY	Public		5) Executive Member for Development <i>Richard Horniman, Director - Regeneration</i> <i>Richard_Horniman@middlesbrough.gov.uk</i>
1024569 Berwick Hills and Pallister; Hemlington; Newport	Neighbourhood Hubs Investment The purpose of this report is to seek Executive Approval for the headline specifications for plans to adapt the four North, South, East and West Neighbourhood Hubs, as well as investment in the surrounding localities.	Executive 21 Jan 2026	Safe and Resilient Communities	KEY	Public		5) Executive Member for Development <i>Sam Gilmore, Head of Economic Growth</i> <i>Sam_Gilmore@middlesbrough.gov.uk</i>
Executive Member for Environment and Sustainability							

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
I024571 Acklam; Coulby Newham ; Hemlingt on; Marton East; Park; Stainton and Thornton	2025/26 Transport and Infrastructure Capital Programme Update Update Executive on approval granted in June 2025 on funding to develop and deliver transport and infrastructure improvements secured by the Council.	Executive 12 Nov 2025	Delivering Best Value	KEY	Public		6) Executive Member for Environment and Sustainability <i>Liyaqat Ud-Din liyaqat_ud- din@middlesbrough.gov.uk</i>
I024423 Acklam; Bramble s and Thorntr e	Cemetery Provision - Middlesbrough To update and inform on the current and proposed plans to ensure current and future burial plots supply	Executive 3 Dec 2025	Delivering Best Value	KEY	Public		6) Executive Member for Environment and Sustainability <i>Nasreen Younis Nasreen_Younis@middlesbro ugh.gov.uk</i>
Executive Member - Finance							
I024207	Progress Report - Forvis Mazars						
I024694	Members Small Scheme Allocations	Executive Sub-	A Successful and Ambitious Town		Public		7) Executive Member for Finance

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
All Wards	To approve the appropriate schemes that applied to Members Small Scheme Allocation	Committee for Property 19 Nov 2025					<i>Chris Orr</i> <i>Chris_Orr@middlesbrough.gov.uk</i>
I024516 All Wards	Tees Valley Investment Zone Memorandum of Understanding Seek approval for governance and Business Rates retention arrangements for Investment Zone Programme	Executive 12 Nov 2025	A Successful and Ambitious Town	KEY	Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>
I024292 All Wards	Revenue and Capital Budget - Forecast Year-end Outturn position at Quarter Two 2025/26 The report advises the Executive of the Council's financial position as at Quarter Two 2025/26	Executive 3 Dec 2025	Delivering Best Value	KEY	Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>
I024602	2026/27 Draft Budget and Medium	Executive 3 Dec 2025	Delivering Best Value		Public		1) The Mayor, 7) Executive Member for Finance

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
All Wards	Term Financial Plan 2026/27 to 2029/30 The report provides an update to the Executive on the budget and Medium Term Financial Plan (MTFP) development process for 2026/27 to 2029/30 that will conclude with consideration and approval of the budget by Council in February 2026. The recommendations in the report will be for formal noting and endorsing by Executive of a range of budget proposals aimed to balance the budget and MTFP. Subject to endorsement by the Executive, the draft budget will progress to the consultation phase of the budget development						<i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	process during the planned period 4 December 2025 to 7 January 2026.						
I024601 All Wards	Calculation of Council Tax Base for 2026/27 The Council has a legal obligation to calculate a council tax base each financial year. The calculation of the council tax base is a part of the Council's budget strategy which forms part of the Council's Policy Framework. This report is part of the process to set the council tax base for the financial year 2026/27 by the statutory deadline of 31 January 2026.	Executive 3 Dec 2025	Delivering Best Value	KEY	Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrou</i> <i>gh.gov.uk</i>
I024235 All Wards	Service Response to Final Report of the Place Scrutiny Panel "Empty Properties	Executive 4 Feb 2026	A Successful and Ambitious Town		Public		7) Executive Member for Finance <i>Tami Egonu</i> <i>tami_egonu@middlesbrough.g</i> <i>ov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	Respond to Panel Recommendations						
1024278	Annual Treasury Management Strategy and Prudential Indicators 2026/27 to 2029/30 The report outlines the Council's prudential indicators for the financial years 2026/27 – 2029/30 regarding the affordability of the capital programme, 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 in this area and is an essential part of the annual budget setting process.	Executive 4 Feb 2026	Delivering Best Value	KEY	Public		7) Executive Member for Finance <i>Justin Weston</i> <i>Justin_Weston@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
I024704 All Wards	Revenue and Capital Budget – Forecast Year-end Outturn position at Quarter Three 2025/26 The report advises the Executive of the Council's forecast year-end financial outturn position as at Quarter Three 2025/26	Executive 4 Feb 2026	A Healthy Place to Live	KEY	Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>
I024703 All Wards	2026/27 Revenue Budget, Medium Term Finance Plan, and Council Tax Setting This report provides information and advice to the Executive in terms of the proposed budget for 2026/27, the Medium Term Financial Plan (MTFP) to 2029/30, and the proposed Council Tax for 2026/27. It requests that Executive approves that	Executive 4 Feb 2026	A Healthy Place to Live	KEY	Public		1) The Mayor, 7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	several items are forwarded for approval by Full Council on 18 February 2026. Council approval of the 2026/27 budget and proposed Council Tax is required by the statutory deadline of 11 March 2026.						
1024781 All Wards	Section 13A (1) (a) (Exceptional Hardship Fund) Policy This report seeks approval to amend the Council's Section 13A (1) (a) policy, under the Local Government Finance Act (LGFA) 1992 (as amended).	Executive 4 Feb 2026	Delivering Best Value		Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>
1024705 All Wards	2025/26 Revenue and Capital Year-end Outturn The report advises the Executive of the Council's year-end financial outturn position for 2025/26	Executive 6 May 2026	A Healthy Place to Live	KEY	Public		7) Executive Member for Finance <i>Andrew Humble, Director - Finance and Transformation</i> <i>andrew_humble@middlesbrough.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
Executive Member - Neighbourhoods							
I024425 Central; Newport ; Park	TS1 PSPO Extension To present the findings of the consultation and request a decision on extending the PSPO for the TS1 area for a further 3 years	Executive 12 Nov 2025	Safe and Resilient Communities	KEY	Public		8) Executive Member for Neighbourhoods <i>Marion Walker, Head of Stronger Communities</i> <i>marion_walker@middlesbroug h.gov.uk</i>
I024540 All Wards	Warm Homes: Local Grant – Home Energy Efficiency Improvement scheme To seek approval for: • Entering into the agreement for the Warm Homes: Local Grant scheme in Middlesbrough as part of a Tees Valley Authorities' consortium. • Darlington Borough Council to manage and administer the grant • Delegation of the	Executive 12 Nov 2025	A Healthy Place to Live	KEY	Public		8) Executive Member for Neighbourhoods <i>Judith Hedgley, Head of Service - Public Protection</i> <i>judith_hedgley@middlesbroug h.gov.uk</i>

Ref No. / Ward	Subject / Decision	Decision Maker and Decision Due Date	Council Strategy	Key / PFP	Likely Exemption	Background documents	Member / Officer Contact
	operation and delivery of the grant to the Director and Head of Service						
Executive Member - Public Health							
I024742 All Wards	Middlesbrough Environment City (MEC) Healthy Living, Nutrition and Food Poverty Grant Review Present findings from the review of the Health Living, Nutrition and Food Poverty Grant delivered by MEC to determine the continuation of funding to MEC	Executive Member Adult Social Care and Public Health 11 Dec 2025	A Healthy Place to Live	KEY	Public		9) Executive Member for Public Health <i>Joanna Bielby</i> <i>joanna_bielby@middlesbroug</i> <i>h.gov.uk, Lindsay Cook</i> <i>lindsay_cook@middlesbrough.</i> <i>gov.uk</i>

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