

Appendix 1 - Analysis of the main variances 2024/25 including assessment of the "one-off" or "ongoing" nature of the variances

This summarises the final 2024/25 revenue budget year-end outturn position into the major variances and the reasons for them. It also compares this with the position forecast at Quarter Three. The variances have then been analysed into those that were one-off for 2024/25 and those that are likely to be ongoing and continue to have an effect in the future . The ongoing variances have then been analysed into those that have already been accounted for in the 2025/26 budget and MTFP and those that have not (Recurring - Other).

Directorate	Service Area	Summary of variances over £250,000	2024/25 Q3 forecast year-end Overspend/ (underspend) £m	2024/25 year-end Overspend/ (underspend) £m	Expected Effect on MTFP			Comments on future effect on MTFP
					One-off 24/25	Recurring (Budget adjustment already made in 25/26)	Recurring (Other)	
Adult Social Care	Prevention, Provider & Support Service	Mainly due to Levick Court 24/25 budget saving : ASC11 £0.311m not being achieved, due to further consideration of alternative options regarding the unit's future cost plus cost of re-provisioned care to the independent sector £0.165m. Partly offset by one-off carers underspend shown within "Purchasing Other".	0.502	0.298	(0.178)	-	0.476	Levick Court : Savings issue on-going in 25/26
	Access & Safeguarding	Mainly due to staff savings due to difficulties in recruitment (£0.328m)	(0.339)	(0.409)	(0.409)	-	-	
	Access & Safeguarding : Temporary Accommodation	Combination of increased demand and delays in Move On work due to sickness and vacancies in key roles.	0.504	0.438	-	-	0.438	Temporary Accommodation issue on-going in 25/26
	Purchasing : Direct Payments / Personal Care	"Pressures Round" contract charged to the Discharge Fund grant offsetting by Direct Payments realigning of spend (both one-off for 24/25) and underspend in Personal Care	(0.305)	(0.114)	0.145	(0.259)	-	
	Purchasing : Other	Additional Fairer Charging income and early achievement of 25/26 savings offset by increase in Bad Debt Provision	(0.464)	(0.094)	0.475	(0.569)	-	25/26 Budget already adjusted for additional Fairer Charging income
	Purchasing : Savings/Growth/Inflation	Shortfall against Adult Transformation & Review Savings (ASC12 and ASC13)	0.253	0.173	0.173	-	-	
	Other Variances less than £0.250m	Across directorate	0.037	(0.289)	(0.289)	-	-	
			0.188	0.003	(0.083)	(0.828)	0.914	
Public Health	Substance Misuse	Savings mainly arose from underspend on treatment related costs and vacancy savings due to staff turnover	(0.532)	(0.713)	(0.713)	-	-	
	Other Variances less than £0.250m	Across directorate	0.292	0.203	0.203	-	-	
	Transfer to Public Health Reserve	Transfer underspend to Public Health Reserve per grant conditions	0.240	0.510	0.510	-	-	
			-	-	-	-	-	
Children's Care	Corporate Parenting	Increased cost of Agency staffing and unachieved savings	0.575	1.161	1.161	-	-	Unregulated placements should reduce in 25/26
	Assessments & Safeguarding Care Planning	Agency pressures and emergency placement costs of provision	-	0.285	0.285	-	-	Team removed in Assessments at budget setting as per savings put forward by Directorate. Unregulated placements should move to Residential placements. Agency pressures should reduce through regional Memorandum of Understanding.
	External Residential Placements	Number of placements in excess of budget and increased complexity. Includes unachieved 2024/25 budget savings : CC02 Review of Placements £1.1m and CC06 Shift Programme £0.400m	2.642	2.171	-	2.171	-	Growth put in 25/26 budget for demand, however placements made since budget set have exceeded budget contingency and this needs closely monitoring.
	External Residential Contributions	Pressure from reduced contributions from Health and Education towards placements	0.283	0.222	-	0.222	-	Corrected at budget setting
	Internal Residential Provision	Cost of Agency staffing covering significant absences across the service area	1.397	0.153	0.153	-	-	Savings target challenge due to postponement of additional internal residential provision
	Fostering & Adoption services	Lower than budgeted fostering placements, both internal and external	-	(0.587)	(0.587)	-	-	Realigned at budget setting based on updated demand forecast
	Other Services	Staff savings on vacant posts across service	(1.022)	(1.031)	(1.031)	-	-	Posts removed at budget setting and structures realigned from the savings project undertaken.
	Management	Cost of Agency staffing covering management posts and significant agency resource worker engagements	0.586	1.469	1.469	-	-	Permanent staff at senior level has reduced requirement at budget setting and level of Agency Resource workers required should reduce in 25/26

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	Other Variances less than £0.250m	Across directorate	0.011	-
			4.472	3.843
Education	Integrated Transport Service	Following a reassessment of demand from start of academic year in September 2024 there is an additional forecast saving of £0.621m for 2024/25. This is in addition to the £0.732m transferred to Central Budgets at Quarter One.	(0.676)	(0.620)
	Other Variances less than £0.250m	Across directorate	0.014	0.018
			(0.662)	(0.602)
Regeneration	Investment Properties	Income below budget set at Cleveland Centre and Captain Cook Shopping Centres offset by increased income above budget at Teesside Advanced Manufacturing Park (TAMP) where the sale concluded later than originally expected which provided additional rent to the Council whilst in it's ownership.	0.377	0.514
	Property Services	Mainly due to savings on the running costs budgets, including a one-off rates refund of relating to the Crematorium.	(0.835)	(0.936)
	Economic Development	Reduced income at Boho buildings following previous main tenant moving to Boho X.	-	0.369
	Economic Development	Additional grant income and fees above budget associated with project work	-	(0.182)
	Regeneration Management	Saving not achieved in 24/25 relating to improved housing co-ordination and provision (REG07)	0.080	0.080
	Other Variances less than £0.250m	Across directorate	(0.188)	(0.232)
			(0.566)	(0.387)
Environment & Community Services	Bereavement Services	Reduced income due to falling demand for service of £0.232m, and £0.122m due to increased costs relating to purchase of equipment and materials to facilitate burials at cemeteries. This is partially offset by staff savings due to posts being held vacant	0.449	0.354
	Waste Collection	Overachievement of income from implementation of charging for Green Waste Collection Service (£0.515m) partially offset by the junk job saving shortfall £0.084m. This was partially offset by unbudgeted expenditure as a result of the additional staffing required to meet the demand for garden waste.	(0.020)	(0.148)
	Fleet Management	Increased staff costs due to recruitment issues	0.600	0.445
	Highways Maintenance	Increased use of internal staff for grant funded projects	(0.181)	(0.290)
	Street Lighting	Energy costs above budget	0.190	0.265
	Car Parking	Charging for Residents Permits not implemented in 2024/25	0.125	0.125

Expected Effect on MTFP			Comments on future effect on MTFP
One-off 24/25	Recurring (Budget adjustment already made in 25/26)	Recurring (Other)	
-	-	-	
1.450	2.393	-	
(0.620)	-	-	- Reduction in previous growth provided already accounted for in MTFP for 2025/26 and future growth added for 26/27. Refresh due Summer 2025 to test model and check demand numbers.
0.018	-	-	- MTFP requests to be made from Service area for Family Hubs continuation after grant potentially ends, and also further requests to be made for resources to cover growth in demand across Directorate
(0.602)	-	-	
(0.171)	0.685	-	- Reduced income at Cleveland Centre and Captain Cook shopping centres likely to continue in 25/26 and future years.
(0.244)	(0.692)	-	- Running costs budget has been amended in 25/26.
-	-	0.369	The tenancy levels at the Boho buildings have reduced significantly due to previous main tenant moving to Boho X. The pressure will be recurring until such time that new tenants are sourced.
(0.182)	-	-	-
0.080			Whilst savings will be achieved from the initiative in 25/26 they will address to overspend within the services and therefore are classed as cost reduction. Other permanent savings within the Directorate have been identified to ensure that the savinn will be achieved.
(0.232)	-	-	-
(0.749)	(0.007)	0.369	
0.122	0.232		Decreasing number of cremations may impact on future income
0.367	(0.515)	-	- Overachievement of income from implementation of charging for Green Waste Collection Service already accounted for in 25/26 budget and MTFP.
		0.445	In addition to recruitment issues which are likely to continue, there is an increase in number of fleet vehicles in the future due to growth in Waste (Recycling) and Area Care.
(0.290)		-	-
		0.265	Potential future costs to be re-evaluated based on latest available forecast energy costs which can fluctuate.
		0.125	Following announcement at Council on 26 March 2025 this has been paused and will be submitted for removal by Executive approval in next review of the MTFP.

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					One-off 24/25	Recurring (Budget adjustment already made in 25/26)	Recurring (Other)	
	Supported Communities	Additional unringfenced grants received that can be used to cover work previously budgeted	(0.784)	(0.822)	(0.822)			- Home Office Grant which is unringfenced will be received in 25/26 but has already been committed.
	Across Directorate	Other variances below £250,000	0.115	0.188	0.188			
			0.494	0.117	(0.435)	(0.283)	0.835	
Legal & Governance Services	Legal Childcare	Legal fees associated with childcare issues continue to be significantly more than the budget provided.	-	0.189	-	-	0.189	Legal childcare costs are likely to continue to be above budget in 25/26..
	Across directorate	Other variances below £250,000 - Mainly staffing savings due to vacancies and recruitment delays and over achievement of income	(0.220)	(0.644)	(0.644)	-	-	
			(0.220)	(0.455)	(0.644)	-	0.189	
Finance	Cross-cutting Savings	Budget saving (FIN07) reduction in contractual spend	0.350	-	-	-	-	- Now reported under Central Budgets (pressure nil at year end for 24/25 - met by savings on inflation budgets for 24/25 only)
	Central Support Services & Overheads to Grants	Mainly due to overhead recovery charged to grants being higher than anticipated	-	(0.297)	(0.297)	-	-	
	Resident & Business Support - Housing Benefits Subsidy	Due to timing issues of Housing Subsidy claims - budget set for the year based on initial Subsidy estimate, final actual Subsidy amount does not transpire until year end and this has led to increased pressure on this budget.	0.180	0.271	0.271	-	-	
	Resident & Business Support - Operational - Non-Housing Benefits Subsidy	Mainly due to savings on staffing due to vacancies and recruitment delays , one-off grant income, and changes to Bad Debt Provision requirement - offset by underachievement of savings target FIN02 (Review of Council Tax Single Persons Discount) due to timing issues in being able to release the saving from Collection Fund into General Fund.	(0.159)	(0.379)	(0.379)	-	-	
	Other Variances less than £0.250m	Across directorate	(0.053)	(0.081)	(0.081)	-	-	
			0.318	(0.486)	(0.486)	-	-	
Chief Executive	Other Variances less than £0.250m	Across directorate	-	-	-	-	-	- No variances over £250k
			-	-	-	-	-	
Central Budgets	General Fund	Levy Account Surplus received from Government on 31/3/25 and revisions to accruals made relating to previous years for Enterprise Zone discounts repayable to Central Government	(0.147)	(0.722)	(0.722)			
	Capital Financing	Additional costs relating to finance leases due to change of accounting treatment offset by lower borrowing costs and additional interest received	-	0.251	0.251			
	Pay & Prices Contingencies	Underspend following settlement of 24/25 pay award for local government staff	(1.490)	(1.490)	(1.490)			
	Inflation held Centrally	Funding set aside to cover inflation pressures in year - balance unused	(1.431)	(0.731)	(0.731)			
	Centrally Held Grants	Surplus on S31 grant received from Collection Fund	(0.001)	(0.322)	(0.322)			
	Contingencies for Future Uncertainty	Savings from growth awarded at 24/25 budget setting but not required in 24/25 - returned centrally from Directorates for 24/25. (Waste Disposal - ECS and Integrated Transport Unit - Education & Partnerships)	(1.258)	(1.412)	(1.412)			

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	Other Variances less than £0.250m	Across directorate	0.298	0.137
			(4.029)	(4.289)
Total Variance			(0.006)	(2.257)

Expected Effect on MTFP			Comments on future effect on MTFP
One-off 24/25	Recurring (Budget adjustment already made in 25/26)	Recurring (Other)	
(0.482)		0.619	Recurring pressure is FIN07 (Contractual Spend reductions) cross cutting £0.700m saving which sits under Central but which was achieved on a one-off basis only in 24/25. It has only been possible so far to adjust permanently by £0.081m savings on contractual inflation budget
(4.908)	-	0.619	
(6.457)	1.275	2.925	