

## EXECUTIVE MEMBER UPDATE TO COUNCIL

**EXECUTIVE MEMBER:** Nicky Walker - Executive Member for Finance

**DATE OF MEETING:** 14 January 2026

The purpose of this report is to provide an update to members on areas of activity within my portfolio including performance against strategic priorities.

### COUNCIL PLAN PRIORITIES

Delivering Best Value

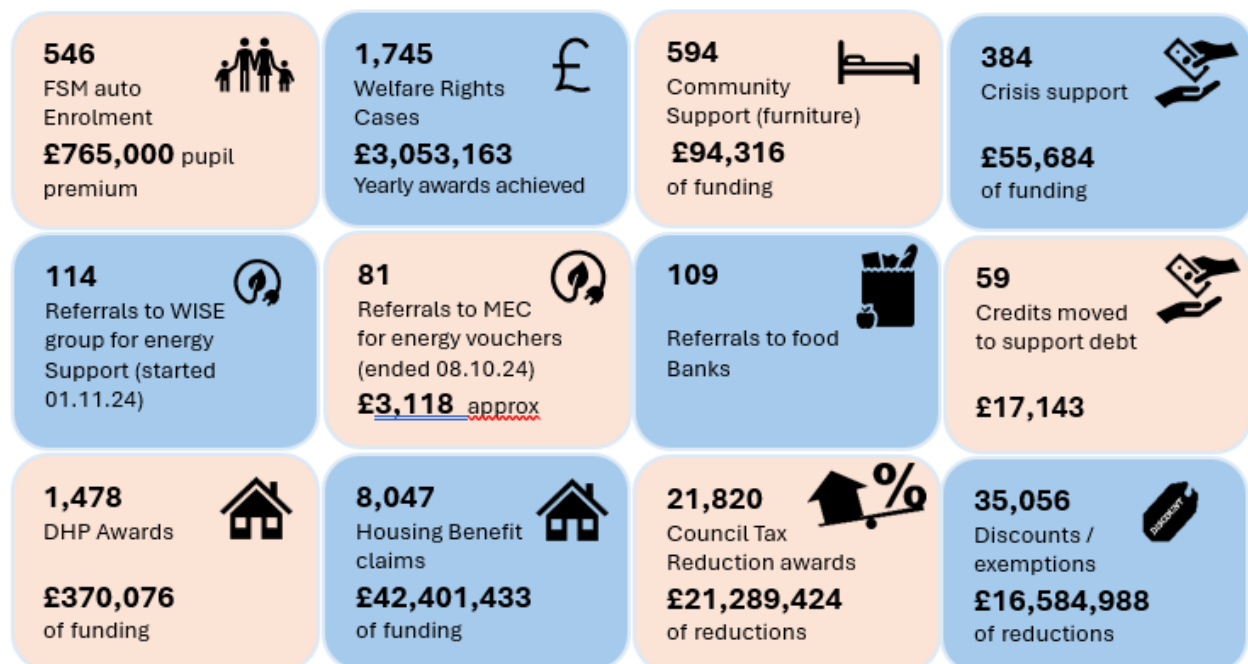
#### 1. HIGHLIGHTS

**Update:**

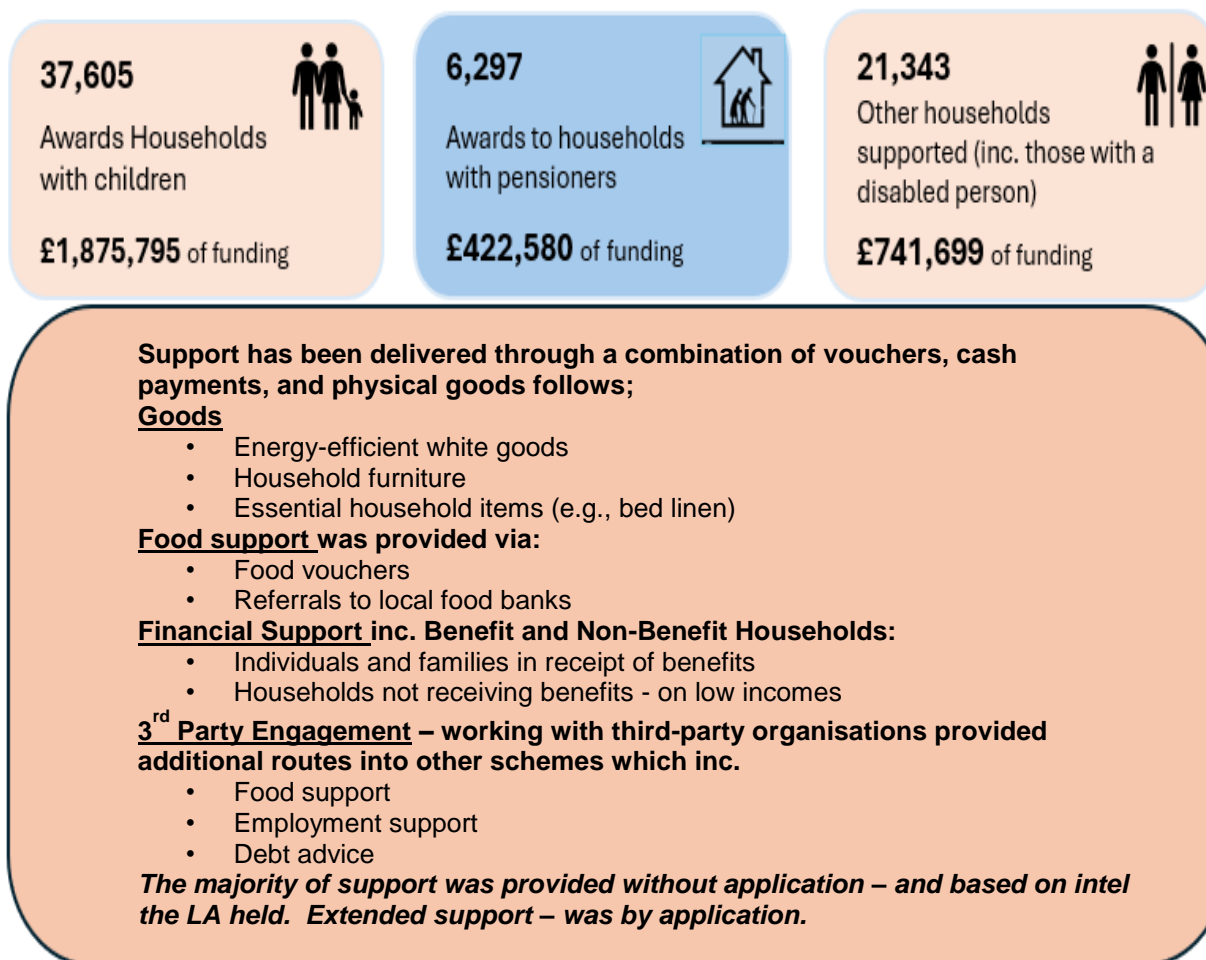
##### 1.1 Welfare Support

1.1.1 In my report to Council of September 2025 I highlighted the excellent work of our Welfare Rights team who identified over £3million of unclaimed benefits during 2024/25, assisting more than 1,700 residents throughout this period.

1.1.2 The following diagram, shared with OSB in November, illustrates the wider achievements delivered by the council under our Welfare Strategy during 2024/25.



1.1.3 I have also made reference in several of my reports to Council to the Household Support Fund, which utilises funding from central government. The following shows awards under the Household Support Fund 2024/25.



## 1.2 Members Small Scheme (Capital)

1.2.1 Members should have received an email on 17 December inviting proposals for the Members Small Scheme (Capital) for 2026/27, with the appropriate form and guidance attached. I have asked that the process starts earlier this time around, to give a better chance of works being programmed in within the next financial year. The deadline is Friday 30<sup>th</sup> January, giving 6.5 weeks to complete the application.

1.2.2 As with previous rounds, this is limited to a maximum of one application per ward, with a maximum grant allocation of £15k which can be considered per ward. If your proposal exceeds this value, you may wish to explore match funding from the service area/other sources as required. All proposals will be assessed for suitability, and in the event of over subscription, ranked against set criteria.

1.2.3 In order for an application to be considered, the form must be completed in full prior to submitting, including:

- The proposal must have been discussed with and endorsed by the relevant department/officer
- Quotes must have been obtained
- Any match funding required must be in place

1.2.4 Application forms, as well as any other questions or queries can be submitted to the dedicated email address [MSS@middlesbrough.gov.uk](mailto:MSS@middlesbrough.gov.uk).

### 1.3 2<sup>nd</sup> Quarter Budget Outturn

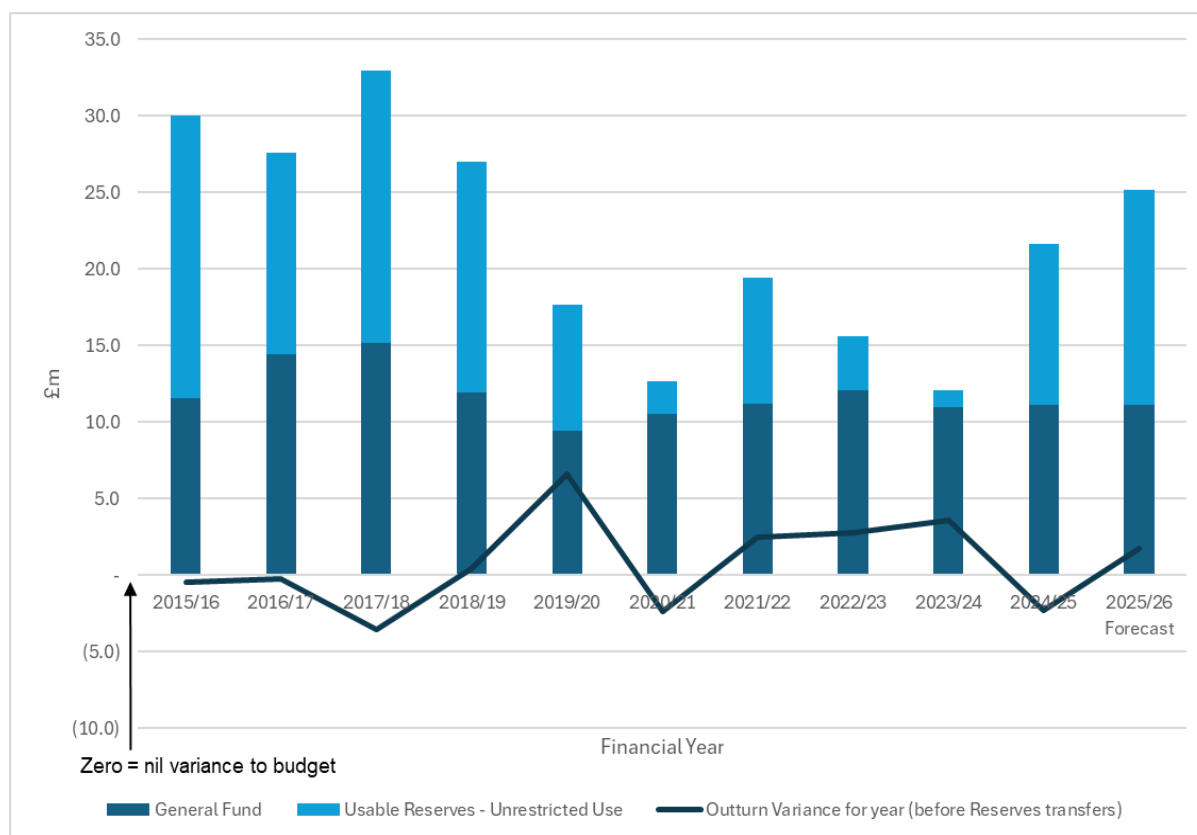
1.3.1 On 03 December 2025 I presented a report to the Executive on the position following the Quarter 2 budget clinics.

1.3.2 The forecast year-end position, if no further action is successful to reduce the overspends, is forecast to be an overspend of £1.804m (1.3%) after the proposed use of central contingences and other budgets, a substantial improvement on the Quarter 1 position of £4.482m (3.1%).

1.3.3 There are total pressures of £7.813m (5.01%) against the approved budget of £143.304m before the use of central contingencies and other central budgets, an improvement from the Quarter 1 position of £10.677m. In common with other councils, the largest area of overspend is Children's Services with forecast pressures of £8m.

1.3.4 Directors have submitted recovery plans and mitigations aimed at reducing their forecast budget pressures and these will continued to be monitored at budget clinics, with the aim of bringing the position within budget by year-end.

1.3.5 It is worthy of note that this year an additional £6m was built into the budget to go into reserves, in line with the policy to continue to rebuild our reserves from their former critically low level. Therefore, even if the overspend of £1.804m remained at year-end, the reserves would still be substantially higher at year-end than they were at the start of the financial year. This is illustrated by the graph below which shows the unrestricted reserves balances from closing balance 2015/16 through to year-end forecast closing balance 2025/26 and reported outturn variance per year, with the Q2 position assumed.



## **1.4 Revenue Budget 2026/27 and Medium Term Financial Plan**

1.4.1 The Mayor and I jointly presented a report to Executive on 17 December 2025, which contained the budget proposals for the Revenue Budget 2026/27 which were agreed for consultation.

1.4.2 The report was delayed due to uncertainty around our level of central government funding which was experienced by all councils. Figures were based on the initial analysis of the level of funding available from information contained within the Local Government Finance Policy Statement published by the Government on 20 November 2025. The Provisional Local Government Finance Settlement was released on 17 December and at the time of writing of this report, of 22 December, the Director of Finance and Transformation (s151 Officer) has indicated that whilst further analysis is still required, it is expected that Middlesbrough's figures will not differ greatly from assumptions within the report and the budget proposals within it can be delivered. This opinion was shared with OSB, who considered the proposals, on 18 December.

1.4.3 The Fair Funding Review 2.0 reforms the way that local government funding is allocated will provide a 3-year settlement, with the final settlement being announced in early February 2026. It seeks to redistribute funding according to need and the ability to raise money locally.

1.4.4 Areas of need such as Middlesbrough suffered most under cuts imposed by the previous Government, with a significant reduction in Government funding of £35.6m (44%) from £81.2m received in 2013/14 to £45.6m in 2024/25, (this does not take into account inflation). We have made over £123m of savings since 2013/14.

1.4.5 The estimate used in the Executive report of 17 December is an increase in funding for 2026/27 of £10.653m.

1.4.6 Members may also recall that a cautious approach was adopted last year to the use of the Recovery Grant of £5.410m and the Extended Producer Responsibility Grant (EPR) of £3.912m by using them for one-off expenditure due to the uncertainty which existed at that time. As it has now been made clear they are to be continued, they can be incorporated into the base budget.

1.4.7 Key points of the budget proposals now out for consultation include:

- No new cuts to services
- No increase in core (general) council tax
- 2% Adult Social Care Precept only to fund the increased costs of statutory duties
- The 2% total increase is lower than the 4.99% national maximum - assumed by government in calculating funding allocations and expected to be applied by most councils
- Over £6 Million investment in frontline services in the Revenue Budget (over £16m overall)

1.4.8 Prior to the report being published there was an all-member consultation event led by the Mayor on 09 December and a further all member briefing will be held in late January. There was a presentation by the Mayor and myself to OSB on 18 December. Consultation has also taken place with staff and partners. There is to be a consultation event for the public on 05 January which I will lead on, and the Mayor has announced that he will be holding his own surgeries for the public.

- 1.4.8 The proposed budget will be considered by the Executive on 04 February which will be presented to full Council for decision on 18 February 2026.
- 1.4.9 The Director of Finance and Transformation (s151 Officer) has offered to meet any political groups to brief them further and answer any questions regarding the proposed budget in order so that all members have a full understanding of the proposed budget before the Council meeting. It is requested that all members submit any questions they may have by 6 February in order so that any questions can be answered before the Council meeting.