MIDDLESBROUGH COUNCIL	Middlesbrough moving forward

Report of:	Chief Executive, Erik Scollay Corporate Director of Finance (s151 Officer), Andrew Humble

Relevant Executive Member:	Mayor, Chris Cooke Executive Member for Finance, Cllr. Nicky Walker

Submitted to:	Executive

Date:	2 September 2026

Title:	Quarter One 2026/27 Integrated Performance and Finance Forecast Year End Outturn

Report for:	Decision

Status:	Public

Council Plan priority:	Delivering Best Value

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 the Executive:

- **Approves** budget virements over £250,000 within the revenue budget (Appendix F1)
- **Approves** budget virements over £250,000 within the capital programme (Appendix F5)
- **Approves** the inclusion of new schemes and additions to existing schemes to the Capital Programme totalling **£3.120m** for 2026/27, which are all externally funded to either new or existing schemes (detailed in Appendix F5), resulting in a new Capital Programme budget of **£94.940m** for 2026/27.
- **Notes** the Council's financial performance and forecast year-end financial outturns for revenue and capital budgets for the financial year 2026/27 as at Quarter One, highlighting the budget pressures and the forecast year-end position if no further action is taken. At present, the revenue budget is forecast to be under pressure by **£8.479m (4.22%)** at year end after the proposed use of remaining available corporate contingencies and other centrally held resources, although this should

not be viewed as the anticipated year-end outturn as further work will be undertaken to mitigate the current forecast pressure.

- **Notes** that work will be ongoing to address these pressures and Directors will continue to actively manage forecast budget pressures through the Council's Integrated Performance and Financial Management Framework, including the completion of Quarter One Officer and Member Integrated Performance and Budget Clinics. Through these arrangements, financial performance, service delivery and risks have been jointly reviewed, with a range of mitigating and corrective actions agreed to address forecast pressures. Executive acknowledges the requirement for Directors to continue delivering, monitoring and refining these actions, maintaining robust financial controls and ensuring expenditure remains aligned with approved budgets and the Medium-Term Financial Plan.
- **Notes** that the Leadership Management Team and Directors acknowledge the severity of the current forecast position, and Directors are required to complete a Financial Recovery Plan that details the financial controls being implemented to strengthen governance and challenge expenditure and are expected to identify in-year financial recovery actions that will generate measurable financial benefits during 2026/27.
- **Notes** that the current forecast overspend if not addressed will impact on the level of usable unrestricted revenue reserves and would impact on progress towards achieving the Council's preferred financial resilience targets as set out in the Reserves Policy. This reinforces the need for immediate action to reduce forecast overspends and protect reserves.
- **Notes** the progress that has been made against the Council Plan 2026 – 2029 at Quarter One 2026/27 as set out in detail at Appendix One.
- **Notes** the Strategic Risk Register content as at the end of Quarter One 2026/27 (Appendix Three).

Executive summary

The purpose of this report is to provide Executive with an integrated overview of the Council's performance, financial position and strategic risks at Quarter One 2026/27. It represents the first reporting cycle under both the refreshed Council Plan 2026-29 and the Council's Integrated Performance and Financial Management Framework and enables Executive to discharge its responsibilities for overseeing delivery of Council Plan priorities, financial sustainability and strategic risk management.

Quarter One has focussed on both delivery of Council Plan priorities and establishment of the supporting performance framework. All 32 Council Plan activities are currently progressing as planned and no overdue actions have been identified. Significant achievements have been recorded across a number of priority areas including apprenticeship delivery, housing growth, development of our local area SEND plan, digital inclusion, environmental services, Substance Misuse treatment services, reductions in Anti-social Behaviour (ASB), and the implementation of the Eat Well Schools programme. Further work is underway to establish performance baselines and refine performance measures to ensure they remain aligned to the outcomes they are intended to measure. As the framework develops, reporting will increasingly demonstrate how delivery, investment and early intervention respond to evidenced need and contribute to reducing inequalities across the town.

The Council's approved net revenue budget for 2026/27 is **£200.840m**. At Quarter One, the Council is forecasting a year-end financial pressure of **£8.479m (4.22%)** after the application of remaining available corporate contingencies and other centrally held resources if no further action is taken. This forecast represents the position before the full impact of planned mitigating actions, strengthened financial controls and Financial Recovery Plans are realised. The Leadership Management Team and Executive acknowledge the severity of the current forecast outturn position and Directors are required to identify and implement immediate actions to reduce forecast overspends, improve financial sustainability and strengthen financial resilience.

The most significant forecast pressure continues to be within Children's Social Care **£8.472m** driven primarily by agency staffing, emergency resource workers, increasing numbers of children looked after and high-cost external placements due to complexity and national sufficiency issues. Additional financial pressures have been identified within Environment, Communities and Culture **£1.342m**, Regeneration & Housing **£0.488m** and Adult Social Care & Health **£0.199m**. These pressures are partially offset by favourable forecast positions within Finance, Central Budgets and the Chief Executive's Department.

Quarter One Officer and Member Integrated Performance and Budget Clinics have now been completed across all Directorates. Through these arrangements, financial performance, service delivery and strategic risks have been considered together, providing greater insight into the underlying drivers of financial pressures and enabling earlier intervention. Directors are now required to prepare Financial Recovery Plans that identify measurable in-year recovery actions and mitigating measures to improve the forecast outturn position.

In addition, Monthly Member and Officer review meetings are being held to provide enhanced oversight of the Children's Social Care financial position, monitor delivery of the Financial Recovery Plan and support the development of sustainable medium-term solutions to workforce, placement and demand-led pressures. These meetings are intended to ensure that immediate recovery actions are progressed whilst informing future Medium-Term Financial Plan assumptions and longer-term service improvement activity.

The report also highlights that:

- The approved **£6.460m** of growth initiatives aligned to the Council Plan priorities are progressing broadly in line with expectations. Any forecast underspend reflects implementation phasing, recruitment and mobilisation timescales rather than non-delivery of approved growth. The majority of initiatives are now operational and expected to be fully embedded during 2027/28.

- The Council continues to monitor delivery of **£9.040m** of savings requirements carried forward into 2026/27, including legacy Children's Services savings that are being formally closed through established governance arrangements.

- Executive is requested to approve additions to the Capital Programme totalling **£3.120m** from increased external funding and associated capital virements. Capital expenditure is forecast at **£88.861m** against a revised programme of **£94.940m** with forecast slippage of **£6.079m** being reprofiled into future years.

- The Council's approved **£26.700m** Transformation Programme is now substantially committed. No further Flexible Use of Capital Receipts funding beyond the originally approved programme is currently planned, with future focus shifting towards embedding transformation benefits and continuous improvement activity.

- The current forecast overspends, if not addressed would reduce unrestricted revenue reserves and hinder progress towards achieving the Council's preferred resilience targets set out in the Reserves Policy. Whilst reserves have improved in recent years, they remain below the Council's longer-term resilience targets, reinforcing the need for immediate action to reduce forecast overspends and protect reserves.

- The forecast cumulative Dedicated Schools Grant (DSG) deficit is expected to increase to **£38.316m** by 31 March 2027. Whilst national reform and the Local SEND Reform Plan (if approved by the Department for Education) provide a route towards longer-term sustainability, DSG remains a significant financial risk for the Council.

Strategic risks continue to be actively managed through the Strategic Risk Register. Quarter One highlights ongoing risks relating to financial sustainability, children's safeguarding, cyber security, DSG deficits and governance of regional bodies. A new strategic risk relating to compliance with the Best Value Duty has also been introduced. The highest-scoring risks continue to relate to financial sustainability, children's services demand and safeguarding, cyber security, DSG deficits and governance arrangements within regional partnerships.

Overall, the Quarter One forecast position remains consistent with the key financial risks identified through the Medium-Term Financial Plan and the Council's S151 Officer's Section 25 Statement to Council on 18 February 2026. Whilst the Council remains in a significantly stronger financial position than in previous years, continued delivery of Financial Recovery Plans, improved forecasting, robust financial management and early intervention will be critical to reducing forecast overspends, protecting reserves and ensuring the continued delivery of Council Plan priorities and Best Value throughout the remainder of 2026/27.

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

1.1 The purpose of this report is to provide Executive with an integrated overview of Council's performance, financial position and strategic risks at Quarter One 2026/27. The report enables Executive to discharge its responsibilities for monitoring delivery of the Council Plan, overseeing financial performance and ensuring that risks, resources and service outcomes remain aligned. It also supports the Executive's responsibilities for the management and control of the Council's revenue budget, capital programme, reserves and overall financial sustainability. This includes considering whether activity and resources are also aligned with evidenced need and are contributing to improved outcomes for the town's residents and communities.

1.2 Quarter One represents the first reporting cycle under both the refreshed Council Plan 2026-29 and the Council's Integrated Performance and Financial Management Framework. As such, the report focuses on establishing the new arrangements for integrated performance, finance and risk reporting, highlighting key achievements, emerging challenges and areas requiring management intervention. Further work is underway to refine performance measures, validate data sources, establish robust baselines and ensure that performance indicators remain aligned to the Council Plan outcomes they are intended to measure.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	This report provides oversight of economic growth, housing delivery, educational improvement and transport connectivity. Through integrated consideration of performance outcomes, financial investment and associated risks, Executive can monitor progress and ensure resources remain aligned to the delivery of growth, regeneration and educational priorities.
A healthy Place	The report enables Executive to monitor progress in addressing commitments in the Council Plan. It highlights both performance achievements and financial investment supporting preventative and early intervention approaches.
Safe and resilient communities	Through consideration of safeguarding performance, housing pressures, digital inclusion, community safety and strategic risk, the report supports oversight of services that help residents remain safe, independent and connected to their communities.
Delivering best value	The report demonstrates how performance, finance and risk are managed through a single integrated framework. It supports effective governance, financial sustainability, continuous improvement, transparent decision-making and the Council's statutory Best Value duty by ensuring that resources are directed towards the delivery of agreed outcomes and priorities.

2. Recommendations

2.1 That the Executive:

- **Approves** budget virements over £250,000 within the revenue budget (Appendix F1)
- **Approves** budget virements over £250,000 within the capital programme (Appendix F5)
- **Approves** the inclusion of new schemes and additions to existing schemes to the Capital Programme totalling **£3.120m** for 2026/27, which are all externally funded to either new or existing schemes (detailed in Appendix F5), resulting in a new Capital Programme budget of **£94.940m** for 2026/27.
- **Notes** the Council's financial performance and forecast year-end financial outturns for revenue and capital budgets for the financial year 2026/27 as at Quarter One, highlighting the budget pressures and the forecast year-end position if no further action is taken. At present, the revenue budget is forecast to be under pressure by **£8.479m (4.22%)** at year end after the proposed use of remaining available corporate contingencies and other centrally held resources, although this should not be viewed as the anticipated year-end outturn as further work will be undertaken to mitigate the current forecast pressure.
- **Notes** that work will be ongoing to address these pressures and Directors will continue to actively manage forecast budget pressures through the Council's integrated Performance and Financial Management Framework, including the completion of Quarter One Officer and Member Integrated Performance and Budget Clinics. Through these arrangements, financial performance, service delivery and risks have been jointly reviewed, with a range of mitigating and corrective actions agreed to address forecast pressures. Executive acknowledges the requirement for Directors to continue delivering, monitoring and refining these actions, maintaining robust financial controls and ensuring expenditure remains aligned with approved budgets and the Medium-Term Financial Plan.
- **Notes** that the Leadership Management Team and Directors acknowledge the severity of the current forecast position, and Directors are required to complete a Financial Recovery Plan that details the financial controls being implemented to strengthen governance and challenge expenditure and are expected to identify in-year financial recovery actions that will generate measurable financial benefits during 2026/27.
- **Notes** that the current forecast overspend if not addressed will impact on the level of usable unrestricted revenue reserves and would impact on progress towards achieving the Council's preferred financial resilience targets as set out in the Reserves Policy. This reinforces the need for immediate action to reduce forecast overspends and protect reserves.
- **Notes** the progress that has been made against the Council Plan 2026 – 2029 as set out in detail at Appendix One.
- **Notes** the Strategic Risk Register content as at the end of Quarter One 2026/27 (Appendix Three).

3. Rationale for the recommended decision(s)

3.1 The Executive has responsibility for oversight of the Council's strategic performance, financial management and risk arrangements and requires regular information to fulfil these responsibilities.

3.2 The recommendations provide assurance regarding progress against delivery of the Council Plan, the forecast financial position and management of strategic risks at Quarter One 2026/27. They also ensure that budget virements, amendments to the capital programme and other associated governance decisions are considered and approved in accordance with the Council's Constitution and Financial Procedure Rules.

3.3 The integrated approach adopted within this report supports informed decision-making by bringing together performance, financial and risk information, enabling Executive to understand both delivery achievements and areas requiring further management intervention.

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 of actions necessary to address areas of financial pressure, under performance and areas of risk. Standing Orders and Financial Procedures require the Executives approval for major virements between revenue budgets and in year changes to the Council's capital Programme within the approved Council resources within the approved policy framework.

4.2 This report provides the necessary information to enable the Executive to discharge its performance, financial and risk management responsibilities, setting out the financial outturn at Quarter One, progress in implementation of the 2026-29 Council Plan, management of strategic risks and other key associated items, together with actions to be taken to address any issued identified.

4.3 Financial Procedure Rules 12.6.45 and 12.6.132 of the Council constitution requires the Executive's approval of revenue and capital programme budget virements over £250,000.

4.4 Financial Procedure Rule 12.6.91 requires approval by the Executive of the write off of debt over financial thresholds set out in 12.6.132. There are none for the purpose of the Quarter One forecast outturn report.

4.5 Quarter One represents a positive start to delivery of the Council Plan 2026-29. All Council Plan activities remain on track, and a number of significant achievements have been delivered. However, the Council continues to face financial challenges, particularly within Children's Social Care and income-generating services. The Integrated Performance and Budget Clinic process chaired by the Executive Member for Finance with the relevant lead Executive member in attendance have fed into this report and have enabled these issues to be identified early, and actions have been agreed to support improved performance, financial sustainability and delivery of Best Value.

4.6 The financial forecast outturn position as at 30 June 2026 has been prepared using the following key assumptions:

- all known staffing costs and changes have been reflected within the anticipated outturn position.

- Income and expenditure positions have been prepared in conjunction with budget holders, based on actual activity and accruals where appropriate.

- the national local government pay award for 2026/27 has not yet been agreed. The current pay offer is a 3.3% increase, an increase from the 3% increase assumed at 2026/27 budget setting, and if agreed this would result in an additional estimated cost pressure of circa £0.350m p.a., which has been accounted for in the forecast outturn position.

Progress at Quarter One 2026/27

4.7 As this is the first reporting cycle under the refreshed Council Plan, Quarter One should be viewed as a baseline-setting period. Significant work has been undertaken across directorates to identify appropriate measures of success and align those measures with the outcomes approved by Executive.

4.8 Alongside this work, services have continued to deliver key priorities, whilst managing financial pressures and emerging strategic risks. The section below highlights some of the successes and challenges to date, with an early indication of progress and the areas where further attention may be required during the remainder of the year. This section has been developed following completion of a series of Integrated Performance and Budget Clinics which have used performance and financial data to understand budget positions at Quarter One and supporting performance information to understand the drivers as well as consideration of:

- progress against Council Plan outcomes and commitments
- ongoing delivery of programmes and projects
- identification of potential opportunities to deploy task and finish continuous improvement activity, and
- management of risk.

4.9 As the year progresses, the clinics will also consider progress against Directorate Plans as they are finalised and work to track commitments and targets within them is delivered.

Successes

4.10 At Quarter One, a number of successes were highlighted as a result of this process, including:

- Apprenticeship delivery – this has significantly exceeded its target**.** Increasing the availability of apprenticeships supports the Council's ambition to tackle deprivation by increasing access to employment pathways, particularly for young people and residents who are facing labour market disadvantage. 217 apprenticeships have been supported in Quarter One, against a target of 128. Opportunities have been created across a range of services including Public Health, Highways, Planning, Finance and Legal Services, supporting workforce development from Level 2 to Level 7 qualifications.

- Improved outcomes for children and young people - Special Educational Needs and Disabilities (SEND) services continuing to demonstrate strong performance. Education Health and Care Plan (EHCP) timeliness remains significantly above regional and national averages and our co-designed Local Area Reform Plan has been developed to further strengthen SEND and inclusion services across Middlesbrough.

- Economic Growth and Housing Delivery - Housing growth continues to perform strongly, with 653 net additional dwellings delivered against a rolling three-year target of 420. The average rolling three-year performance for this measure is also above the target, at 445. The Council has also continued delivery of regeneration, transport and employment initiatives that support the Council Plan ambition of creating a successful and ambitious town.

- Substance misuse treatment - The proportion of participants demonstrating substantial progress increased from 42.8% in 2023/24 to 46.6% in 2024/25 and has continued to improve across all three substance groups (opiates, non-opiates and alcohol), with non-opiate treatment showing the largest increase from 29.4% to 41.0%. By supporting recovery and reducing the harms associated with substance misuse, these services contribute to improving health outcomes, reducing inequalities and helping residents facing some of the most complex challenges to achieve greater stability and wellbeing.

- Reduction in recorded Anti-Social Behaviour (ASB) – Levels of ASB have decreased and are now below target levels and represent the lowest recorded levels since 2024.

- Supporting residents to maximise household income – This remains a key component of the Council's approach to delivering the Making Middlesbrough Thrive strategy and the Council Plan commitment to reduce poverty and improve lives and life chances for local people**.** During Quarter One, the Council identified £1.5m in previously unclaimed benefits for Middlesbrough residents, helping households access financial support to which they were entitled. In addition, £1.1m of financial assistance was distributed to residents most in need through a range of support schemes. Together, these interventions are helping to improve financial resilience, mitigate the impacts of poverty and support healthier, more independent and sustainable communities.

- The Council's Public Health team have commenced delivery of a programme to improve food and nutrition standards. At Quarter One, the Eat Well Schools Award programme was reported as being on target for the number of schools it aims to have sign up to the programme with the aim of even more joining over the remainder of the year. By promoting healthier lifestyles from an early age, the programme also supports efforts to reduce health inequalities and improve life chances, particularly for children living in more disadvantaged communities.

Challenges

4.11 At Quarter One the following challenges that are impacting on the Council Plan Key Performance Indicators (KPIs), financial sustainability and Strategic Risk Register were identified as a result of this process and actions to address them were agreed which will be delivered and tracked through the clinic process:

- Children's Services - Continued growth in demand, increasing placement costs and workforce instability and agency dependency all continue to create significant financial pressure within Children's Social Care, with a forecast overspend of £8.472m. The number of children looked after has increased steadily over the last 12 months, rising from 493 in June 2025 to 541 in June 2026, with increasing complexity of need contributing to higher placement and support costs. Whilst service performance remains strong in key areas, including EHCP timeliness and SEND improvement, the Directorate continues to face challenges associated with increasing demand, more complex cases and agency workforce dependency, in line with national trends.

  An inspection of the Council's Children's Services was completed by Ofsted during Quarter One. Whilst the inspection concluded that services require improvement to be good, inspectors recognised the progress made since the December 2025 Focused Visit, supported the Council's improvement priorities and identified positive developments in leadership, strategic planning and decision-making. A comprehensive Children's Improvement Plan has been developed to address the areas for further improvement identified through the inspection.

  All these factors are reflected both within the financial forecast, planned improvements by the Directorate and the Strategic Risk Register. Whilst these actions are expected to improve outcomes and reduce financial pressures over time, it is recognised that many of the anticipated benefits will be realised over the medium term rather than generate immediate in-year savings. Monthly member/officer meetings are taking place tracking the progress of the improvement plan and the financial implications. Work is ongoing regarding examining the current staff establishment within Children's Social Care.

- Housing and homelessness demand – Demand for temporary accommodation remains significant with a £0.444m predicted pressure on Adult Social Care budgets as a result. Additional work is underway through housing strategies, tenancy sustainment activity and improvements to prevention services to improve outcomes for our most vulnerable residents.

- Income generating functions - A number of functions are experiencing income pressures against expected targets, particularly within commercial property, parking, planning, cultural services and visitor attractions. These pressures reflect wider economic conditions and changing demand patterns and are being reviewed by Directorates and within the Medium-Term Financial Plan process.

- Community safety remains an area of focus. Whilst Anti-Social Behaviour has reduced and remains below target levels, overall crime rates remain above target, and partnership activity continues with Cleveland Police and other agencies to address the underlying drivers of offending.

Integrated Performance & Budget Clinics

4.12 Quarter One has seen completion of the first full cycle of Member Integrated Performance and Budget Clinics, providing a single forum to review performance, financial sustainability, workforce issues, strategic risk and delivery of Council Plan priorities. The clinics are designed to identify areas of success, emerging risks and underperformance at an early stage, enabling timely management intervention and informed decision-making.

4.13 The clinics will continue to evolve as learning from the Quarter One process is used to strengthen the Quarter Two process. They will also deepen their consideration of performance information alongside and intertwined with financial data as both they and the Council Plan and Directorate Plans are embedded.

Financial outturn at Quarter One 2026/27

4.14 The Council's approved net revenue budget for 2026/27 is £200.840m. As detailed in Appendix Two, the forecast outturn position at Quarter One is a financial pressure of £8.479m (4.22%) after the application of remaining available corporate contingencies and other centrally held resources, assuming no further mitigating actions are implemented. The most significant pressures relate to Children's Social Care £8.472m and Environment, Communities and Culture £1.342m with additional pressures within Regeneration & Housing £0.488m and Adult Social Care & Health £0.199m. These pressures are partially offset by favourable positions across Central, Finance and the Chief Executive's Department.

4.15 The forecast position reflects a combination of increasing demand, workforce pressures, income shortfalls and inflationary challenges, many of which are consistent with the financial risks identified during the 2026/27 budget-setting process and the Council's S151 Officer's Section 25 Statement. Whilst these pressures are significant, the forecast position should not be viewed as the anticipated year-end outturn. Directors have completed Quarter One Officer and Member Integrated Performance and Budget Clinics and are required to implement mitigating actions and Financial Recovery Plans designed to improve the year-end position, strengthen financial control and protect reserves.

4.16 The report also highlights continued delivery of the Council's approved growth programme, ongoing monitoring of savings delivery, progress of the Capital Programme and the Council's reserves position. The current forecast overspend if not addressed will impact on the level of usable unrestricted revenue reserves and would impact on progress towards achieving the Council's preferred financial resilience targets as set out in the Reserves Policy. Consequently, maintaining financial discipline and reducing forecast overspends will remain a key priority throughout the remainder of 2026/27.

4.17 Executive is therefore requested to consider the detailed financial performance information contained within Appendix Two alongside the emerging performance and strategic risk information presented elsewhere within this report.

4.18 Quarter One has seen completion of the first full cycle of Officer and Member Integrated Performance and Budget Clinics under the Council's Performance and Financial Management Framework. A key benefit of the new arrangements has been the ability to consider financial performance, service delivery, outcomes and risk together, providing a more complete understanding of the underlying drivers of budget pressures and service performance. For example, increasing demand for Children's Social Care placements, SEND services, homelessness support and temporary accommodation has been considered alongside financial forecasts, enabling more informed decisions on both immediate recovery actions and longer-term Medium-Term Financial Plan requirements. Equally, the clinics have highlighted areas where positive service performance and early intervention activity are supporting improved outcomes and helping to reduce future demand and financial pressures. This integrated approach has strengthened corporate challenge, improved understanding of service pressures and supported more effective identification of corrective actions than would be possible through separate performance and financial reporting processes.

4.19 The Quarter One Integrated Performance and Budget Clinics have demonstrated the value of considering performance, finance and risk together. Through this process, a number of financial challenges have been identified where additional operational, demand and performance information would further strengthen understanding of the underlying drivers of cost. Work is underway to enhance the integration of performance and financial reporting, particularly in demand-led and income-sensitive services, to support earlier intervention, improved forecasting and more informed decision-making. As the framework matures and performance baselines become established, the quality and depth of integrated analysis will continue to improve throughout 2026/27.

Council Plan Outturn at Quarter One 2026/27

4.20 The Council Plan 2026-29 introduced a revised approach focused on outcomes and impact. During Quarter One, work has concentrated on developing an appropriate performance framework that enables progress against those outcomes to be measured effectively.

4.21 Whilst proposed indicators have been identified, officers have undertaken an initial review and concluded that further refinement is required before the framework can be considered fully mature. In some cases, measures require clearer definitions or additional validation to ensure that they accurately reflect the outcomes they are intended to measure.

4.22 The Performance Outturn at Quarter One reports, included in this report at Appendix One, sets out the proposed Key Performance Indicators (KPI) framework that is in development. Performance reporting will evolve as measures are refined and baseline positions become established. The aim to commence reporting against these KPIs and commitments within the Quarter Two Outturn report.

<u>Making Middlesbrough Thrive</u>

4.23 The Council Plan 2026-29 sets out the Council's ambition to create a thriving, healthier, safer and more ambitious town. The 2025 Indices of Multiple Deprivation reinforce the scale of the challenge facing Middlesbrough, with many residents experiencing significant disadvantages in relation to health, education, employment, housing and income.

4.24 Quarter One has established the baseline for the Council's new performance framework. During Quarter Two, work will continue to strengthen the link between performance reporting and the Making Middlesbrough Thrive agenda. Future reports will place greater emphasis on outcomes and reducing inequalities and the impact that Council activity is having within communities experiencing the greatest need.

<u>Strategic Risk Register at Quarter One 2026/27</u>

4.25 The Council has a Strategic Risk Register in place which captures, the most significant risks, that if they occurred, could impact on the Council’s delivery of the Council Plan ambitions.

4.26 During Quarter One, Strategic Risks continue to be reviewed monthly, with one to ones between the risk team and the responsible officers happening monthly to discuss their strategic risks and their current state.

4.27 The overall number of strategic risks in the three months of Quarter One has decreased by one with the removal of two risks (Strategic Partnership Working and Transformation Delivery) and the addition of one risk (Compliance with Best Value Duty).

4.28 Five retained risks have changed their score, four have increased including Cyber Security and Children’s Safeguarding and one has decreased relating to funding of Tees Valley Combined Authority / Middlesbrough Development Corporation projects.

4.29 The register for the beginning of July 2026 has shown a decrease in the number of risks with a rating of 15+ from 7 to 6.

4.30 Appendix Three of this report sets out the Strategic Risk Register as at the end of Quarter One 2026/27.

5. Ward Member Engagement if relevant and appropriate

5.1 Not applicable. Whilst no specific ward consultation has been undertaken in relation to this report, the information presented reflects activity and performance across all wards of the Borough. Executive Members have participated in Integrated Performance and Budget Clinics to provide oversight and challenge.

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

6.1 The alternative would be not to approve the revenue budget virements over £250,000 and the changes to the Council's Capital Programme, and to not report the Council's forecast outturn positions at Quarter One for the financial year 2026/27. 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 Social Value)	This report sets out the implications associated with the financial performance of the Council in managing its revenue, grants, and capital resources for the financial year 2026/27 and the financial implications are incorporated throughout. The report should be read in conjunction with the 2026/27 Revenue Budget, Medium Term Financial Plan, and Council Tax setting report and the Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27 presented to Council on 18 February 2026 to fully understand the financial position of the Council.
Procurement	Financial pressures identified within the report require ongoing review of procurement arrangements, contract management and commissioning activity, particularly within Children's Services, Adult Social Care and corporate savings programmes.
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	The report includes consideration of strategic risks which may impact delivery of Council Plan outcomes, financial sustainability and statutory obligations. Actions are in place to mitigate identified risks.
Human Rights, Public Sector Equality Duty and Community Cohesion	No direct adverse impact arises from the recommendations. Effective monitoring of performance and financial resources supports delivery of services that contribute towards equality, community cohesion and improved outcomes for residents.
Reducing Poverty	The report references delivery of the Welfare Strategy, assistance programmes, benefits maximisation activity and wider Council Plan commitments that contribute positively towards reducing poverty and supporting vulnerable households.
Climate Change / Environmental	The report includes monitoring of activities that support environmental improvement, including delivery of food waste

	collections, environmental services and sustainable transport initiatives.
Children and Young People Cared for by the Authority and Care Leavers	The report highlights both performance achievements and financial challenges within Children's Services and supports delivery of improvement activity designed to improve outcomes for children and young people.
Data Protection	There are no specific data protection implications arising from the recommendations. Personal data continues to be managed in accordance with the Council's information governance framework.

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 F1 to be actioned	Head of Financial Planning & Business Partnering	30/09/2026
Subject to approval by Executive, amendments to the capital programme for 2026/27 detailed in Appendix F5 to be actioned	Head of Financial Planning & Business Partnering	30/09/2026
Financial Recovery Plans to be submitted to the Section 151 Officer	All Directors	14/09/2026

Appendices

1	Performance Outturn at Quarter One 2026/27
2	Revenue and Capital Budget Forecast Year-end Outturn Position at Quarter One 2026/27
3	Strategic Risk Register at Quarter One 2026/27

Background papers

Body	Report title	Date
Executive	2025/26 Revenue & Capital Year End Outturn	10 June 2026
Full Council	2026/27 Revenue Budget, Medium Term Financial Plan and Council Tax Setting	18 February 2026
Full Council	Prudential Indicators 2026/27 to 2029/30 and Treasury Management Annual Strategy Report 2026/27	18 February 2026
Executive	Council Plan 2026 - 2029	11 March 2026
Executive	Performance and Financial Management Policy	8 April 2026

Contact: Helen Dalby (Deputy 151 Officer and Head of Financial Planning and Business Partnering)
Ann-Marie Johnstone (Head of Chief Executive's Department)