Middlesbrough moving forward | **Executive Member**

EXECUTIVE MEMBER UPDATE TO COUNCIL

EXECUTIVE MEMBER: Councillor Nicky Walker - Executive Member for Finance

DATE OF MEETING: 09 September 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

Update:

1. HIGHLIGHTS

Update:

1.1 Budget timetable

1.1.1 A recent meeting of members of the Constitution and Member Development Committee examined the budget setting process and considered if the constitution provided for ample opportunities for all members to have an input in that process and at the budget setting meeting itself, including the asking of questions and contributing to the debate.

1.1.2 Some queries were also raised on the budget timetable, so I include below the key dates which were part of an update of the Medium Term Financial Plan and Budget Timetable that I presented in a report to the Executive in July 2026. I have highlighted:

- Key meetings of the Executive and Council in yellow, and
- All member briefings in green.

Date	Responsible	Activity
July 2026 – January 2027	Executive Member for Finance / S151 Officer	Cross Party Engagement and Oversight, including Monthly Financial Resilience Working Group meetings.
June 2026 – November 2026	LMT / Executive	Development of budget proposals – Fortnightly PDG
July 2026	Elected Mayor / S151 Officer	All Elected Members Briefing – Budget timetable and approach
31st July 2026	LMT / Executive	Revenue - High level submissions for consideration and potential inclusion in the Medium-Term Financial Plan (MTFP)

31st July 2026	LMT / Executive	Capital - High level proposals to be submitted for early consideration, prioritisation, and alignment with emerging MTFP and capital strategy assumptions
7th October 2026	Executive	Executive Report – 2027/28 budget and Medium-Term Financial Plan (MTFP) 2027/28 to 2030/31 Update
October 2026	Elected Mayor / S151 Officer	All Elected Members Briefing – MTFP update and 2027/28 budget development
30th September 2026	LMT / Executive	Revenue - Detailed submissions, including full financial workings and supporting evidence
30th September 2026	LMT / Executive	Detailed capital submission including full financial appraisals, funding sources, deliverability, and risk assessments, to be submitted via Finance Business Partners using agreed templates.
October 2026 (subject to confirmation)	Finance	Local Government Finance Policy Statement (Published by Government)
11th November 2026	Executive	Approval of Council Tax Base for 2027/28
9th December 2026	Executive	Executive Report- 2027/28 Draft Budget Report and MTFP to 2030/31
10th December 2026 – 14th January 2027	Finance	Budget consultations period with public, political groups, OSB, Business community and other stakeholders
December 2026	Elected Mayor / S151 Officer	All Elected Members Briefing – 2027/28 Draft Budget Proposals
Late December 2026 (date subject to confirmation)	Finance	Consider Provisional Local Government Finance Settlement and effect on budget proposals
January 2027	Elected Mayor / S151 Officer / LMT	Amend budget proposals considering consultation, feedback, updated officer advise and consider any alternative budget proposals.
Late January 2027 / early February 2027	Elected Mayor / S151 Officer	All Elected Member Briefing – 2027/28 Budget Proposals
Early February 2027 (date subject to confirmation)	Finance	Consider Final Local Government Finance Settlement
3rd February 2027	Executive	Executive Report – 2027/28 Revenue Budget, 2027/28 Council Tax, revised MTFP to 2030/31, and Capital Strategy 2027/28
24th February 2027	Council	Full Council – to consider and set 2027/28 Revenue Budget, 2027/28 Council Tax, revised MTFP to 2030/31 and Capital Strategy 2027/28

1.1.3 As well as the briefings for all elected members shown in the table above, the Financial Resilience Working Group comprising cross party membership representation will be re-established and will play a key role in the budget setting process. In addition the Council's Corporate Director of Finance (s151 Officer) has agreed to meet all political groups and those members who are not in a political group to discuss the budget and any suggestions they may have relating to it.

1.2 Medium Term Financial Plan (MTFP) update

1.2.1 In an update within a report on the MTFP I presented to the Executive in July. It was highlighted that whilst the funding position has improved, the Council continues to face significant and ongoing financial challenges primarily driven by demand-led pressure and external cost factors, most of which are facing many other councils. Key risks to the MTFP include:

- Demand pressures in Adult and Children's Social Care, where increasing complexity of need, workforce pressures and market conditions continue to drive costs, with further risks associated with potential future policy changes such as the Adult Social Care Fair Pay Agreement;

- Placement sufficiency and cost volatility in Children's Services, alongside continued reliance on agency staffing and emergency accommodation, although mitigating actions are being implemented through the Directorate Improvement Plan and workforce strategy;
- Waste Service pressures, including cost increases in waste disposal and the introduction of new statutory requirements under Simpler Recycling where funding remains uncertain;
- Income risks, particularly in relation to commercial property holdings, where market conditions continue to affect occupancy and rental income; and
- Future costs pressures and investment requirements, including emerging digital and service delivery initiatives, where feasibility work is ongoing but may result in future revenue commitments.

1.2.2 In addition, there remains uncertainty within key elements of the funding system, including business rates retention arrangements, the longer-term position beyond the current settlement period and wider national reform areas such as SEND funding.

1.3 Revenue Budget-1st Quarter Outturn

1.3.1 In July and August, I chaired the Quarter One Member and Officer Integrated Performance and Budget Clinics which were completed across all directorates, attended by the Mayor, CEO, relevant executive portfolio holders, directors and officers, as well as the Corporate Director of Finance and the Head of Financial Planning & Business Partnering.

1.3.2 The Council's approved net revenue budget for 2026/27 is £200.840m. Following the integrated performance and budget clinics, I am due to present a report to the Executive on 02 September on the financial position at the end of Quarter 1. This projects the forecast year-end position if no further action is taken of a £8.479m (4.22%) pressure/overspend after the proposed use of corporate contingencies and other budgets. This should not be viewed as the anticipated year-end outturn as further work will be undertaken with the aim of mitigating the current forecast pressure and members may recall that the year-end position has not been the same in previous years as the Quarter 1 forecast.

1.3.3 The most significant pressures, as they are nationally and have been in Middlesbrough for many years, continue 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. 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.

1.3.4 A comprehensive Children's Improvement Plan has been developed to address the areas for further improvement identified through the recent inspection of Children's Services. 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. Work is also ongoing regarding examining the current staff establishment within Children's Social Care.

1.3.5 Additional pressures are also forecast 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 positions within Central Budgets, Finance and the Chief Executives Department.

1.3.6 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.

1.3.7 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.

1.3.8 The Council has achieved significant improvement in its financial position over the last 2-3 years, through our own improved financial management and supported by a significantly improved 2026/27 financial settlement relative to previous years. However there remains an ongoing need to maintain strong financial discipline in order to manage expected overspends and meet the Council's Reserves Policy. The forecast for Quarter One 2026/27 demonstrates the importance of delivering approved savings and maintaining robust governance and financial control arrangements.