

AGENDA ITEM

**REPORT OF CORPORATE
MANAGEMENT TEAM**

17 JULY 2025

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Resources and Transport – Lead Cabinet Member – Councillor Paul Rowling

MEDIUM TERM FINANCIAL PLAN – OUTTURN MARCH 2025

SUMMARY

This report updates Cabinet on the draft financial performance and position as at 31 March 2025.

The overall financial position is similar to the position projected at the end of December 2024, as outlined in the Budget report in February 2025, with a variance of £69,000 from the previously reported position.

Actions taken to manage the overspend of £7m were agreed as part of the budget report, and the position has continued to be carefully monitored.

Members will be aware of the financial pressures going forward with our Powering our Futures Programme integral to identifying opportunities for resolving the gap. Significant progress has been made on this to date, and further reports will be presented throughout the year providing updates.

There has also been a notable movement in the Dedicated Schools Grant deficit, increasing to £6.7m as a result of growing numbers of children with Education, Health & Care Plans.

The Capital Programme has been updated to incorporate new schemes and reflect those schemes completed as at the financial year end.

REASON FOR RECOMMENDATION

To update Cabinet on the Medium Term Financial Plan, including the outturn position for 2024/25.

RECOMMENDATION

1. Note the outturn position for the year ended 31 March 2025 and the updated Capital Programme.

DETAIL**FINANCIAL POSITION AS AT 31 MARCH 2025****GENERAL FUND**

1. The following table sets out the financial position for each Directorate at 31 March 2025. The reasons for any significant variances from those previously reported are summarised in the paragraphs below.

Directorate	Annual Budget	Actual Outturn	Actual Variance Over/(Under)	Projected Variance Q3 Over/(Under)	Movement from Q3
	£'000	£'000	£'000	£'000	£'000
Adults, Health & Wellbeing	97,424	99,626	2,202	1,895	307
Children's Services	58,153	64,224	6,071	4,762	1,309
Community Services, Environment & Culture	53,083	53,516	433	1,489	(1,056)
Finance, Transformation & Performance	14,505	14,414	(91)	96	(187)
Regeneration & Inclusive Growth	613	1,765	1,152	1,110	42
Corporate Services	11,284	11,150	(134)	6	(140)
Corporate Items	9,421	7,235	(2,186)	(1,980)	(206)
Total	244,483	251,930	7,447	7,378	69
Release balances to fund outturn position			(7,447)	(7,378)	(69)

Adults, Health and Wellbeing

2. Demands in adult social care continued to increase in Q4, particularly for people requiring mental health support £521k.
3. The level of uncollected debt increased over the year leading to an increase in the bad debt provision of £296k.
4. In the previous MTFP report to Council in February we referred to a potential income of £500,000 through the Better Care Fund pooled budget, the actual figure agreed with NHS colleagues was £1.16m, creating an additional £660,000 used to fund the increased social care pressures.
5. There was an overspend of £150,000 within community safety in relation to the purchase of equipment to support the digital switchover.

Children's Services

6. Members will be aware of the continued growth in demand relating to Children's Social Care and the ever increasing costs of external residential provision. Alongside many other Council's across the country, we continue to see this be a major challenge for Children's Social care budgets, and there has been a further overspend in the final quarter of the year of £1.4m on external residential costs for Children in our Care.
7. Supported Accommodation costs have increased over those projected by £390,000 due to new placements and higher fee packages as well as £120,000 of additional independent living allowances to support young people.
8. There has also been increase in the number of connected persons carers in the last quarter, resulting in a further overspend on this budget of £130,000.

9. This was offset in part (£600,000) by a one-off technical accounting entry relating to the profit we receive from the joint venture arrangement with Spark of Genius.

Community Services, Environment & Culture

10. There have been a number of smaller movements compared to the projected position across the directorate totalling a movement of £1.05m
- (£100,000) reduction in costs relating to Grounds Maintenance
 - A one-off technical accounting adjustment relating to school meals income of (£280,000)
 - Home to School Transport costs continue to increase relating to more children receiving transport, £80,000
 - A reduction in staffing costs relating to vacant posts (£200,000)
 - (£200,000) saving due to TAL requiring nil additional subsidy in relation to higher energy costs, TAL have absorbed these costs within their own budgets. A previous saving had already been projected earlier in the year of (£300,000), making the total saving for the year (£500,000).
 - There was a slight reduction in waste tonnages compared to the projected position making a saving of (£80,000).
 - (£235,000) relating to a number of minor variances, including additional fees and charges across the directorate.

Finance, Transformation & Performance

11. (£150,000) additional income received from the Hampton by Hilton Hotel dividend.

Regeneration and Inclusive Growth

12. (150,000) movement for the planning service relating to £50,000 more planning income than projected and £100,000 grant relating to Nutrient Migration.
13. £110,000 additional overspend on the shopping centre relating to additional voids and tenants leaving

Corporate Services

14. (100,000) additional income above budget relating to the North East Procurement Organisation (NEPO) rebate.

Corporate Items

15. Additional income relating to the collection fund (£200,000)

Dedicated Schools Grant – High Needs Block

16. Schools, Early Years and Special Educational Needs (High Needs) provision are funded through the Dedicated Schools Grant. The grant is awarded by the Department for Education on an annual basis and the amount is determined by a national formula. Members will be aware that we are experiencing growing demand in services for pupils with Special Educational Needs. This is also true of many Councils across the Country.
17. The growth in demand has increased sharply during 2024/25, creating significant financial pressure on the High Needs Block within the Dedicated Schools Grant. During the year there was growth in 17% children with an EHCP. The opening deficit at 1st April 2024 was £3.8m,

this has increased by £2.9m during 2024/25, leaving a closing deficit at 31st March 2025 of £6.7m.

18. Details of any variances above £200,000 against budget incurred during the year 2024/25 are

- £990,000 overspend on placing children with special educational needs in privately ran schools. This is due to a lack of capacity within maintained schools and academies.
- £640,000 overspend on placing children with special educational needs in maintained or academy schools out of the area
- £910,000 overspend on additional top up funding allocated to academies to support children with special educational needs within their settings.
- £1,030,000 overspend relating to children who have been excluded, costs for education either at home or in alternative provision
- (£460,000) underspend against the Early Years budget relating to timing of the grant funding and its relationship to census points.
- (£290,000) underspend within the Schools Growth Fund due to marginally lower admission numbers in September 2024 for specific schools resulting from basic need requirements.

19. The dedicated schools grant is accounted for in a separate ring-fenced account and guidance states that any deficit should not be funded from the Council's General Fund. This deficit is therefore not included within the Council's overall budget gap. The Council has worked with the Department for Education as part of the Delivering Better Value Programme to develop a plan to resolve this position over the medium term. As part of this plan, a recent report to Cabinet on 16th January 2025; Additionally Resourced Provision in mainstream Schools – Outcome of EMS Consultation, identified one of the steps to try to address some of the demand and financial pressures we are currently experiencing. There is also a report on this Cabinet meeting agenda looking at increasing capacity within mainstream provision for children with special educational needs.

Collection Fund

20. The collection fund is a ringfenced account which includes the actual amount collected for both Council tax and business rates. In line with statutory requirements the Council forecasts the overall surplus or deficit on the collection fund in January, which is used in budget setting for the following year. Actual performance of the amount of Council tax and business rates collected is not known until the end of the financial year.

21. Members will recall the opening position for the collection fund at 1st April 2024 was a deficit of £591,000. Performance during the financial year in 24/25 has been positive creating a surplus which has cleared the opening deficit, leaving a balanced closing position at the end of the year. The positive performance due to additional council tax growth was reflected in the MTFP projections as part of the MTFP Update and Strategy Report to Council in February 2025.

General Fund Balances and Addressing the Overspend in 2024/25

22. The total General Fund Balances at 31 March 2025 are £8m, in line with the agreed level and as outlined in the report to Cabinet in February 2025.

23. In order to fund the overspend in 24/25, as agreed in the budget report in February 2025, reserves have been used to fund the overspend position £7.447m. The earmarked reserves position has reduced in year from an adjusted opening position of £46.5m to £30.2m. The general fund balances remain at £8m.

Addressing the Budget Gap

24. As described in previous reports, alongside most other Councils, we are experiencing unprecedented financial challenges due to high inflation levels and greater demand for services leading to significantly increased costs to deliver vital services to residents. Members will recall in the budget setting report to Council in February 2024, there is a projected budget gap across the medium term financial plan rising to £8.1m by 2026/27. The latest budget report to Council in February 2025 updated members on the performance against this savings target to date.

25. The Powering Our Futures programme, and in particular the transformation mission has identified savings of £5.8m by 2026/27 to date. The updated savings target is now £1.35m in 2025/26 and £2.256m in 2026/27. The transformation programme, alongside the wider Powering our Futures Programme, will continue to look to address the budget gap, alongside ensuring improvements to services to local residents.

CAPITAL

26. The Capital Programme is summarised below and shown at **Appendix A**.

CAPITAL PROGRAMME Up to 2027	Current Approved Programme £'000	Programme Revisions £'000	Revised Programme £'000	Completed Schemes 2024/25 £'000	Variances (Completed Schemes) £'000	Revised Programme £'000	New Approvals £'000	Revised Programme £'000
School Investment Programme & Childrens Services	26,590	(324)	26,266	(13,387)	76	12,955	3,126	16,081
Inclusive Growth	19,922	(718)	19,204	(10,212)	2,212	11,204	0	11,204
Regeneration	127,020	624	127,644	(1,761)	2	125,885	20,000	145,885
Transportation	43,972	445	44,417	(21,255)	(54)	23,108	1,175	24,284
Community & Environment, Culture & Leisure	23,468	133	23,601	(4,163)	(39)	19,399	876	20,274
Adults, Health & Wellbeing	7,057	16	7,073	(1,828)	7	5,252	0	5,252
Xentrall ICT	900	0	900	(733)	733	900	0	900
Council Wide	20,000	0	20,000	0	0	20,000	0	20,000
Total Approved Capital MTFP	268,929	176	269,105	(53,339)	2,937	218,703	25,177	243,880

27. Members will note that the programme has been updated to reflect the approvals contained within the 2025/26 Budget Report and to reflect changes to the programme resulting from the sourcing of external funding. The changes are summarised in **Appendix B**. The Programme has also been updated to reflect schemes which have completed in 2024/25.

COMMUNITY IMPACT IMPLICATIONS

28. As part of the process of making changes to policy or delivery of services, we consider the impact on our communities. No changes to policy or service delivery are proposed as part of this report.

CORPORATE PARENTING IMPLICATIONS

29. None

FINANCIAL IMPLICATIONS

30. The report updates Members on the Medium Term Financial Plan and Capital Programme.

LEGAL IMPLICATIONS

31. There are no specific legal implications.

RISK ASSESSMENT

32. This Medium Term Financial Plan update report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

33. N/A

BACKGROUND PAPERS

34. Medium Term Financial Plan Update & Strategy Report to Council 19th February 2025

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APPENDIX A

CAPITAL PROGRAMME Up to 2027	Current Approved Programme	Programme Revisions	Revised Programme	Completed Schemes 2024/25	Variances (Completed Schemes)	Revised Programme	New approvals	Revised Programme	Expenditure Apr 2018 - March 2025
SCHOOL INVESTMENT PROGRAMME & CHILDRENS SERVICES									
School Investment Programme	24,495,250	(228,357)	24,266,893	(12,049,170)	98,760	12,316,483	3,125,953	15,442,436	8,742,502
Children Investment	2,095,301	(96,116)	1,999,185	(1,337,871)	(22,307)	639,007	0	639,007	642,970
SCHOOL INVESTMENT PROGRAMME & CHILDRENS SERVICES	26,590,551	(324,473)	26,266,078	(13,387,041)	76,453	12,955,490	3,125,953	16,081,443	9,385,472
INCLUSIVE GROWTH									
Inclusive Growth & Development	9,421,909	(968,345)	8,453,564	0	0	8,453,564	0	8,453,564	2,131,843
Office Accommodation	9,500,511	0	9,500,511	(10,212,344)	2,211,833	1,500,000	0	1,500,000	2,912,242
Council Chamber	1,000,000	250,000	1,250,000	0	0	1,250,000	0	1,250,000	1,019,646
INCLUSIVE GROWTH	19,922,420	(718,345)	19,204,075	(10,212,344)	2,211,833	11,203,564	0	11,203,564	6,063,731
REGENERATION									
Stockton Town Centre Schemes	18,964,451	0	18,964,451	(18,446)	1,596	18,947,601	0	18,947,601	1,458,540
Reshaping Town Centres	10,722,460	(250,000)	10,472,460	(1,742,185)	0	8,730,275	0	8,730,275	1,591,064
Billingham Town Centre	10,000,000	0	10,000,000	0	0	10,000,000	20,000,000	30,000,000	266,009
Thornaby Town Centre	33,087,140	(16,217)	33,070,923	0	0	33,070,923	0	33,070,923	9,144,671
Re-Development of Castlegate Site	30,934,381	0	30,934,381	0	0	30,934,381	0	30,934,381	14,286,736
Yarm & Eaglescliffe LUF	23,020,000	889,840	23,909,840	0	0	23,909,840	0	23,909,840	13,591,097
Infrastructure Enhancements, Regeneration & Property Acquisitions	291,717	0	291,717	0	0	291,717	0	291,717	0
REGENERATION	127,020,149	623,623	127,643,772	(1,760,631)	1,596	125,884,737	20,000,000	145,884,737	40,338,116
TRANSPORTATION									
City Regional Sustainable Transport	16,378,679	335,011	16,713,691	(5,153,703)	(29,326)	11,530,662	1,023,121	12,553,783	7,867,389
Other Transport Schemes	25,693,593	56,886	25,750,479	(15,683,684)	0	10,066,795	132,226	10,199,021	1,395,477
Developer Agreements	1,899,109	53,311	1,952,420	(417,393)	(24,054)	1,510,973	20,000	1,530,973	1,013,610
TRANSPORTATION	43,971,381	445,208	44,416,589	(21,254,780)	(53,380)	23,108,430	1,175,347	24,283,777	10,276,476

COMMUNITY & ENVIRONMENT AND CULTURE & LEISURE									
Energy Efficiency Schemes	1,232,724	0	1,232,724	(1,227,429)	(5,295)	0	400,000	400,000	96,351
Environment and Green Infrastructure	9,482,984	4,210	9,487,194	(432,541)	(33,428)	9,021,225	26,798	9,048,023	3,736,852
Waste	7,988,465	129,355	8,117,820	0	0	8,117,820	8,119	8,125,939	3,139,475
Building Management	2,787,924	0	2,787,924	(1,976,846)	0	811,078	440,680	1,251,758	1,431,517
Vehicle Replacement	1,975,483	0	1,975,483	(526,268)	(937)	1,448,278	0	1,448,278	526,268
COMMUNITY & ENVIRONMENT AND CULTURE & LEISURE	23,467,580	133,565	23,601,145	(4,163,084)	(39,660)	19,398,401	875,597	20,273,998	8,930,463
ADULTS, HEALTH & WELLBEING									
Adults & Public Health Investment	392,421	0	392,421	(193,123)	2,702	202,000	0	202,000	193,674
Housing Regeneration	1,459,860	0	1,459,860	(9,346)	0	1,450,514	0	1,450,514	9,346
Private Sector Housing	5,204,651	16,388	5,221,039	(1,626,151)	4,306	3,599,195	0	3,599,195	1,846,796
ADULTS, HEALTH & WELLBEING	7,056,932	16,388	7,073,320	(1,828,620)	7,008	5,251,709	0	5,251,709	2,049,815
XENTRALL ICT									
Xentrall ICT Network	900,000	0	900,000	(733,047)	733,047	900,000	0	900,000	1,032,481
XENTRALL ICT	900,000	0	900,000	(733,047)	733,047	900,000	0	900,000	1,032,481
COUNCIL WIDE									
Unallocated council wide invest to save	20,000,000	0	20,000,000	0	0	20,000,000	0	20,000,000	0
COUNCIL WIDE	20,000,000	0	20,000,000	0	0	20,000,000	0	20,000,000	0
Total Approved Capital MTFP	268,929,014	175,966	269,104,980	(53,339,547)	2,936,897	218,702,330	25,176,897	243,879,227	78,076,554

APPENDIX B

Programme Revisions 2024/25

Transport

- £600,000 for works to Newport Bridge has been added to the capital programme, funded from CRSTS Grant and a contribution from Middlesbrough Borough Council.
- The Indigenous Growth Fund money from TVCA is contributing towards the Eaglescliffe Station West Car Park scheme, £358,345.

Regeneration

- Additional funding has been added to the Yarm LUF cycleway scheme from City Regional Sustainability Transport funding and Indigenous Growth Fund money, £880,000

Other

- £2,461,833 added to Accommodation schemes predominately funded from revenue. As the Dunedin scheme completed in year, this is in relation to technical accounting regulations that requires the whole scheme to be capitalised. There is also some prudential borrowing for the Council Chamber within this figure.
- £129,355 has been added the Capital Programme in respect of SBC share of the Joint Waste Management Strategy for Residual Municipal Waste Treatment, funded via loan from TVCA.
- £733,047 added to the Capital Programme for ICT Infrastructure works, completed in year and funded from revenue.

Completed Schemes 2024/25

Schools Capital

- Planned Maintenance Schemes on a range of schools have been delivered in 2024/25.
- Several school expansion projects/phases of projects have completed this year.

Town Centre Schemes

- The Norton regeneration works have completed in year.

Transportation

- £20,837,387 has been spent delivering several transport schemes, including the annual City Regional Sustainable Transport programme for 2024/25.
- Several S278 Access works and S106 schemes have completed in year fully funded via Developer contributions.

Other schemes

- £1,617,651 has been spent on Disabled Adaptations in homes across the Borough.
- Several planned maintenance schemes have been delivered across a range of Council Buildings.
- Several parks and cemeteries schemes have completed in year.
- The energy efficiency works at Ingleby Barwick Leisure Centre have completed in year.
- £458,878 has been spent on the Vehicle Replacement Programme.
- Refurbishment works to the recently acquired children's home has completed this year as part of a larger investment in Children In Our Care services.
- Installation of an upgraded education software system has completed this year.
- Changing places scheme has completed in year, £126,953.

New approvals

School Capital

- Following DFE announcements in March 2025, £2,208,960 of Higher Needs Grant from 2025/26 allocations and £916,993 of Basic Need Grant from 2026/27 and 2027/28 allocations have been added to the capital programme.

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Transportation

- 2025/26 City Regional Sustainable Transport allocation £978,086 has been added to the Capital Programme for potholes.

Regeneration

- Pathfinder funding linked to LUF Round 3, from MHCLG, has been added to the programme for Billingham Town Centre following the signing of the MOU, £20,000,000.

Other schemes

- £400,000 has been added to the programme for solar panels installation at Billingham Forum, funded from Swimming Pool Support Grant.
- The 2025/26 building planned maintenance programme has been included in the programme.