South Tyneside Council

item 3

2025/26 Provisional Financial Outturn

This document has been classified as: Not protectively marked

Alan Foster, Assistant Director of Finance

Cabinet 1 July 2026

Report to Cabinet

Cabinet Portfolio/Lead Member: Cllr Susan Sybenga, Deputy Leader and Lead Member for Finance and Resources

Report of: Director of Business and Resources

Subject: 2025/26 Provisional Financial Outturn

Date: 1 July 2026

Wards affected: all

Council ambitions: all

Does the report and any appendices contain information which has been identified as confidential or exempt?

- No, this report does not contain information identified as confidential or exempt.

For Executive Decisions only:

Is the decision a Key Decision? Yes

Is it included in the Forward Plan? Yes

If not in the Forward Plan is the report: n/a

Relevant Scrutiny Chair: Cllr Ford

Is the decision eligible for call-in by Scrutiny? Yes

(If the decision is anything other than any executive decision made by the Cabinet or a Key Decision made by an officer under delegated powers, call-in is not applicable. This should be explained in the report).

Purpose of Report

1. This report sets out the major revenue and capital variations in the outturn spending position for the Council for the financial year ending 31 March 2026.

2. Cabinet is recommended to:

   - Note the final General Fund Revenue, Capital and Housing Revenue Account (HRA) outturn position (subject to external audit) of the Council for 2025/26 set out in Tables 1, 3 and 6;
   - Approve the net change to reserves as set out in Table 7;
   - Approve the capital carry forward requests to 2026/27 as set out in Appendix 1;
   - Note the final delivery against planned efficiency savings in 2025/26 as set out in appendix 2;

Background Information

3. The outturn position is derived from the draft annual Statement of Accounts which is subject to independent external audit which is expected to be completed later in the year. Consequently, there is a possibility of changes to these figures.

4. Cabinet has already received quarterly budget monitoring reports during 2025/26 as part of its financial governance role and this represents the final year-end report. Cabinet is asked to review and approve the final 2025/26 Outturn Position Statement.

5. The detailed financing of the 2025/26 capital programme is included in the report for members' information.

6. Our reserves are reviewed as part of a risk-based reserves policy, taking into account the risks we expect to face for forthcoming years and the potential financial costs associated with them. The Statement of Accounts includes transfers to and from earmarked reserves in 2025/26 balances. Members are asked to consider these transfers.

7. Maintaining net spend within approved budgets supports the sustainability of the Medium-Term Financial Plan agreed by Council in February earlier this year through limiting the drawdown of available reserves. Many of the spending pressures faced by the Council during 2025/26 remain in the current financial year and beyond. Our financial planning through the recently approved Medium Term Financial Plan, recognises these pressures and seeks to address these.

Executive Summary

8. **Part One - General Fund Revenue** - The Council has faced significant financial pressures during 2025/26 relating to significant demand and unit cost pressures within Adults and Children's Social Care, Assisted Transport, Highways, Infrastructure & Project Delivery, Operations and Legal and Governance. However, our robust financial management processes identified the cost pressures early in the financial year which was critical to ensuring that action was taken on a timely basis and that spending

pressures were addressed and action planning undertaken in a number of areas in order to minimise those pressures.

9. The Council set a budget for 2025/26 which required efficiency savings of £13.040m to be delivered in addition to the significant savings that have had to be achieved since 2010. Due to effective and prudent financial management, strong ownership of budget responsibilities and robust monitoring the Council was able to manage and mitigate to some degree these pressures. This has resulted in a provisional outturn pressure of £5.206m.

10. Moving into 2026/27, increasing demand and rises in unit costs for all Council services including social care and the continued cost of living pressures will continue to place pressure upon all our services. The Council received some specific additional funding from central government as part of the 2026/27 finance settlement and this funding has been agreed as part of the 2026/27 budget to reduce some of these pressures, including Adults and Children's Social Care, Assisted Transport and to invest in continuing services residents value highly such as our Business and Community Responders service.

11. **Part Two - Capital Investment Programme** – In common with previous years, the capital programme budgets will need to be re-profiled as part of the 2026/27 monitoring process due to changes in the timing of spending across financial years. Subject to Cabinet approval of carrying forward £29.597m of funding from 2025/26 to 2026/27, the Council will have spent £1.098m more than its budgeted £125.652m capital programme provision.

12. **Part Three - Housing Revenue Account** - The Housing Revenue Account (HRA) outturn for 2025/26 is a surplus of £2.058m, which is a £5.339m underspend against the budget agreed by Council.

13. **Part Four – Reserves** – The Council will have £15.197m earmarked and un-earmarked reserves as a result of the provisional outturn for 2025/26, which is an £8.755m reduction compared to the £23.952m at end of the last financial year, 2024/25.

14. To appropriately manage financial risk and secure ongoing resilience of the Council's finances, the Medium-Term Financial Plan for 2026-31 agreed by Council in February 2026 seeks to replenish un-earmarked reserves to a minimum level by 2029.

Main issues and Options to be Considered

PART ONE: 2025/26 GENERAL FUND REVENUE

15. This part of the report includes the following sections:

- Section A: Revenue Spending Outturn;
- Section B: Delivery against Efficiency Targets;

Section A: Revenue Spending Outturn

16. Our revenue spending is £5.206m (2.2%) more than our £237.377m net revenue budget.

17. Table 1 below shows the full year outturn position against budget by Directorate and Service after contingent use of earmarked reserves.

Table 1 - General Fund Revenue Budget

Service	Revised Budget £m	Projected Outturn £m	(Underspend) / Overspend £m
Adult Social Care & Commissioning Directorate			
Adult Social Care	77.015	87.645	10.630
Commissioning & Quality Assurance	3.800	3.563	(0.237)
Sub-total Adult Social Care & Commissioning	**80.814**	**91.208**	**10.393**
Children's Services Directorate			
Children & Families Social Care	40.701	48.960	8.259
Education, SEND & Inclusion	18.639	22.876	4.238
Sub-total Children's Services	**59.339**	**71.836**	**12.497**
Public Health Directorate			
Public Health	17.144	16.859	(0.286)
Sub-total Public Health	**17.144**	**16.859**	**(0.286)**
Business & Resources Directorate			
Corporate Assurance	0.555	0.562	0.007
Corporate Finance	27.991	12.761	(15.230)
Human Resources	2.568	2.250	(0.318)
Digital & ICT	5.615	5.766	0.151
Culture & Leisure	3.093	2.509	(0.584)
Sub-total Business & Resources	**39.822**	**23.849**	**(15.973)**
Governance & Corporate Affairs Directorate			
GCA Management & Policy	0.364	0.403	0.040
Policy & Insight	0.361	0.313	(0.047)
Legal & Governance	1.546	2.131	0.585
Performance & Change Management	0.547	0.580	0.032
Communication Engagement & Support Services	4.771	4.748	(0.023)
Sub-total Governance & Corporate Affairs	**7.589**	**8.176**	**0.587**
Place Strategy Directorate			
Public Protection	1.931	1.744	(0.186)
Investment & Growth	1.897	1.248	(0.649)
Housing & Assets	13.681	11.731	(1.950)
Transport & Environment	10.354	9.652	(0.702)
Sub-total Place Strategy	**27.863**	**24.375**	**(3.488)**
Community Operations Directorate			
Operations	3.430	4.655	1.225
Highways, Infrastructure & Project Delivery	1.374	1.625	0.251
Sub-total Community Operations	**4.804**	**6.280**	**1.476**
Total General Fund Net Expenditure	**237.377**	**242.583**	**5.206**
Corporate Funding	(237.377)	(237.377)	0.000
Total	**0.000**	**5.206**	**5.206**

18. During the year several spending pressures were identified and were reported to Cabinet as part of the quarterly reporting cycle. These spending pressures were identified early in the financial year, and corrective action was taken to reduce overspends for the financial year whilst minimising the impact upon front line services.

19. The draft revenue position for 2025/26 includes the following significant year-end budget variances:

• Adult Social Care	£10.630m
• Children and Families Social Care	£8.259m
• Education, SEND & Inclusion	£4.238m
• Operations	£1.225m
• Legal & Governance	£0.585m
• Place Strategy	(£3.488m)
• Corporate Finance	(£15.426m)

20. The key spending pressures identified are highlighted below:

Adult Social Care

- Pressure on Commissioned Care costs (£9.200m) linked to increasing complexity of need who require support, this includes people being discharged from hospital settings, including into residential care and independent supported living.

- Delays to the commencement of the Guiding You Home programme to deliver savings by supporting more people through reablement and home care and the implementation of the revised charging policy.

- Pressure on third sector commissioned services budget (£1.400m).

Children and Families Social Care

- Pressure on Residential placements for care experienced young people (£6.600m).

- Pressure on Supported Accommodation for care experienced young people (£0.700m).

- Pressure on agency staffing (£0.300m).

- Pressure on support for young people with disabilities (£0.600m).

Education, SEND & Inclusion

- Pressure on pupil transport due to increasing demand and costs (£3.800m).

- Pressure on school meals provision due to inflationary increases in food costs and staff salaries compared to increases in fees and charges for meals (£0.300m).

- Pressure on SEND support and Educational Psychology costs due to increasing demand (£0.100m).

Operations

- Increased Area Management costs including Streetscene (£0.750m) and Beach maintenance/ Storm clearance (£0.100m).

- Pressure on Waste Collection agency and other costs (£0.200m).

- Pressure on Bereavement Services costs and income (£0.150m).

Legal & Governance

- Pressure due to agency costs (£0.600m) to cover existing vacancies and specialist advice relating to additional demand within adults and children's safeguarding.

Place Strategy

- Reduced waste disposal costs of £0.700m through the Council's joint waste partnership with Gateshead and South Tyneside.

- Recognition of £0.700m Adult Skills surplus from over-delivery against contracted outputs.

- Additional funding of £0.800m in relation to the Homeless Prevention Grant.

- Underspend of £0.600m in relation to utilities for corporate buildings and street lighting.

Corporate Finance

- Additional funding of £3.200m in relation to the Extended Producer Responsibility grant.

- Additional in year funding of £4.200m as a shareholder in Newcastle International Airport from a dividend and other fees received relating to changes in the ownership structure.

- Reduction in Minimum Revenue Provision cost of £6.600m from a change in the asset life model calculation to a more prudent method that better reflects the flow of benefits arising from the Council's assets.

- Release of contingency budget of £1.200m to offset pressures mentioned above.

21. In addition to the pressures identified in table 1 above, there is a pressure of £6.806m in relation to the Council's responsibilities for Special Educational Needs and Disabilities (SEND). This is primarily funded through the High Needs Block of the Dedicated Schools Grant (DSG) received from the Department of Education (DfE) for which we received £31.545m in 2025/26. However, as is the case nationally, demand for SEND in South Tyneside and the costs of meeting those demands has outpaced the grant received from DfE in recent years and hence the £6.806m pressure in 2025/26. Table 2 below shows the full year outturn position against the grant funding received for 2025/26.

Table 2 - Special Educational Needs & Disabilities

Special Educational Needs & Disabilities	Budget £m	Forecast £m	(Underspend) / Overspend £m
Area of Provision			
Alternative Provision (PRU/ Education other than in School)	0.412	1.237	0.826
Mainstream School Top-Ups	3.121	4.665	1.544
Maintained Special Schools	12.534	15.167	2.633
Non-Maintained Special Schools (OOB's)	7.206	8.359	1.152
SEN Units	1.888	2.127	0.239
SEN Support Services (HI/ VI/ Portage/ Access & Inclusion Service)	3.397	3.397	0.000
Post 16 Top-Ups	2.045	3.497	1.452
Contingency	0.943	(0.097)	(1.040)
TOTAL Special Educational Needs & Disabilities	**31.545**	**38.351**	**6.806**

22. Central government currently allows Local Authorities to transfer deficits resulting from SEND spend against a separate Special Educational Needs Deficit reserve through a statutory override. This means the deficit is held in a separate unusable reserve and isn't offset against other reserves.

23. Through the Local Government Finance Settlement for 2026/27, the Government announced that Local Authorities will be able to apply to the DfE for a share of a High Needs Stability Grant, with indications that subject to successful application, up to 90% of the Council's current Special Educational Needs Deficit reserve could be received. Council Officers are liaising with DfE to make the necessary applications during summer 2026 with final allocations announced in the autumn of 2026.

Section B: Progress against Efficiency Targets

24. Efficiency savings targets of £13.040m were agreed by Members for 2025/26, with final in-year delivery of £8.380m (64%) against that target. Review of the £4.664m (38%) not fully delivered in 2025/26 identified a significant element of in year slippage related to the timing of implementation and release of savings. Appendix 2 highlights the final position.

PART TWO: 2025/26 CAPITAL INVESTMENT PROGRAMME OUTTURN

25. This Part of the report includes the following sections:

- Section A: Capital outturn expenditure;
- Section B: Changes to the Capital Budget;
- Section C: Capital receipts summary.

Section A: Capital Outturn Expenditure

26. Expenditure on the capital programme for the year was £126.750m inclusive of proposed carry forward of £29.597m funding into 2026/27. A list of the capital projects requested to be carried forward to 2026/27 due to timing differences in the delivery of the projects is included at Appendix 1. There are a number of other schemes which had provisional spending commitments. These are being further reviewed in order to manage affordability.

27. The summary in Table 3 below highlights our year-end outturn position for 2025/26 against capital budgets is an overspend of £1.098m.

Table 3 - Summary Capital Outturn

Service	Budget £m	Projected Spend £m	Provisional Carry Forward £m	(Underspend)/ Overspend £m
General Fund				
Adult Social Care & Commissioning	2.817	2.311	0.506	0.000
Children's Social Care, Learning & Early Help	15.126	7.509	7.607	(0.010)
Business & Resources	6.570	6.093	0.353	(0.125)
Community Operations	15.641	12.180	3.125	(0.336)
Place Strategy	47.185	34.282	12.643	(0.260)
Total General Fund Gross Expenditure	87.339	62.375	24.234	(0.730)
Public Sector Housing	38.313	34.779	5.363	1.828
Total Council Capital Budget	**125.652**	**97.153**	**29.597**	**1.098**

28. General Fund capital spend resulted in an underspend of £0.730m due to a number of projects delivering under and over budget and following a review and prioritisation of prior year carry forward projects to identify savings to offset pressures. The main project variances included:
    - Holborn Riverside Regeneration Project - a pressure of £0.997m relating to additional costs and reduced available external funding and capital receipts;
    - South Shields Town Centre – a pressure of £1.265m in relation to additional costs associated with regeneration works.

- Reprofile of budgets relating to the replacement of Temple Park roof (-£2.000m) and various Environmental Schemes (-£0.696m) to offset pressures across the programme.

29. Public Sector Housing projects are forecasting a cost pressure of £1.828m by the end of the year, which primarily relates to Social Housing Disabled Adaptations due to the demand for the service. A review of this project has been completed and a panel is to be put in place to ensure approved applications are in line with the agreed Housing Assistance Policy.

30. Table 4 below gives an analysis of how the programme has been financed.

Table 4 - Financing of Capital Programme

Funding Source	£m
External Funding	29.842
Major Repairs Reserve	29.493
Borrowing	27.621
Capital Receipts	9.832
Revenue Contributions	0.365
Total Funding	**97.153**

31. The major repairs reserve is funding from the Housing Revenue Account and is applied exclusively to the housing capital programme.

Section B: Changes to the Capital Budget

32. Through the Council's performance monitoring framework, services propose any budget transfers and changes in external funding as well as the re-profiling of planned spend. The capital budget has changed from £143.997m to £125.652m to reflect changes to both external funding and the timing of spend. The changes in funding are listed in table 5 below.

Table 5 - Capital Budget Changes

2025/26 Capital Programme	£m
Capital budget as at 1st January 2026	**143.997**
ADD: NECA - College relocation	2.970
ADD: Right to Buy (RTB) receipts - Council House Building and Ex-RTB housing repurchase	2.299
ADD: DFE - Basic Needs Funding	1.643
ADD: DFE - GB Energy Solar Partnership	0.265
ADD: S106 funding - Resettlement/ Council Housing Development	0.258
ADD: NECA - Bus Stop improvement - Witney Way and Jarrow Slake	0.242
ADD: DFE - Devolved Formula Capital - Schools	0.205
ADD: Forestry Commission - Urban Tree Challenge Fund	0.173
ADD: Disabled Facilities Grant - additional funding	0.168
ADD: DESNZ - Warm Homes Grant	0.168
ADD: NECA - Transport Schemes	0.153
ADD: Football Foundation - Hebburn Central Playzone	0.151
ADD: Dept of Culture, Media and Sport - Better Youth Spaces	0.123
ADD: DFE - Childrens Homes funding	0.063
ADD: S106 funding - Ecology projects	0.046
ADD: NECA - Bus Stop Improvement - Jarrow Slake	0.000
ADD: Revenue Contributions to schemes	0.037
ADD: DFE - Family Hubs grant	0.033
ADD: DESNZ - Simonside Climbing Wall heating improvements	0.030
LESS: North Tyneside Council - Music Hub	(0.007)
LESS: NECA - Middlefields Solar PV project part moved to 26/27	(0.186)
LESS: UKSPF - project part moved to 26/27	(0.479)
LESS: Environment Agency - Flood & Coastal schemes moved to 26/27	(0.763)
LESS: Centaurea Homes	(2.000)
LESS: IAMP	(23.937)
Total revised capital budget at 31st March 2026	**125.652**

Section C: Capital Receipts Realised

33. The capital programme budget was underpinned by an estimated £9.004m of capital receipts to be realised in 2025/26. Final capital receipts for the year were £9.832m, £0.828m more than forecast. Taking account of a general fund capital underspend of £0.730m, this resulted in £1.558m less borrowing to fund the programme. The overspend relating to Public Sector Housing is charged to Housing Revenue Account reserves so no additional borrowing was incurred in relation to social housing.

PART THREE: 2025/26 HOUSING REVENUE ACCOUNT

34. The housing revenue account outturn for 2025/26 is a surplus of £2.058m which is a £5.339m underspend against the budget agreed by Council.

35. The main reasons for the surplus are:

- Efficiency savings initiatives within Housing Management and Asset and Property Services such as holding of vacancies where possible, bearing down on agency costs and rigorous application of the Council's Repairs policy.
- Underspend on the housing capital programme in year, which will be added to the programme of works for 2026/27 to ensure continued planned investment in our housing stock.
- Additional rental and service charge income generated.

36. The summary income and expenditure account are shown in table 6 below.

Table 6 - Housing Revenue Account

Housing Revenue Account	Budget £m	Forecast £m	(Underspend) / Overspend £m
Expenditure			
Management	22.966	21.273	(1.694)
Repairs & Maintenance	19.528	16.730	(2.798)
Rents, Rates, Taxes	1.051	1.185	0.134
Provision for Bad Debts	0.304	0.358	0.054
Maintenance of Decent Homes (Depreciation)	30.023	29.552	(0.471)
Debt Interest	10.354	10.311	(0.043)
TOTAL Housing Revenue Account Expenditure	**84.226**	**79.407**	**(4.819)**
Income			
Rents - Dwellings	(74.143)	(74.224)	(0.082)
Income - Other Services / Property	(3.861)	(4.080)	(0.219)
Housing Related Support Income	0.000	0.000	0.000
Contributions & Interest	(2.942)	(3.161)	(0.219)
TOTAL Housing Revenue Account Income	**(80.945)**	**(81.465)**	**(0.520)**
(Surplus) / Deficit on Housing Revenue Account	**3.281**	**(2.058)**	**(5.339)**

PART FOUR: 2025/26 RESERVE BALANCES

37. The Council has a risk-based reserves policy, agreed as part of the Medium Term Financial Plan and reviewed by Members through quarterly Cabinet performance reports.

38. This policy has resulted in the creation of reserves to deal with our key financial risks:

- **Un-Earmarked Reserves:** to support the Council's revenue or capital budgets. These are not earmarked reserves.

- **Earmarked Reserves**: for emergency purposes and unforeseen liabilities as well as to fund the future costs of known liabilities e.g. insurance claims, ring-fenced commitments and payments due under PFI contracts.

- **School Balances:** unlike other local authority reserves, schools are permitted to go into a deficit balance position by the Department for Education. Where this occurs finance work closely with the school to produce an action plan to return the school to a surplus position. Overall school balances have reduced by £2.562m during the year, with 18 out of our 37 schools now being in a deficit position, which is 5 more than the previous year.

- **Dedicated Schools Grant (DSG) Special Educational Needs (SEND) Deficit and LA DSG balances**: In the past included in the schools balances were the local authority High Needs (SEND) DSG surplus or deficit position. However changes in recent accounting rules now mean any high needs deficit budget position is accounted for separately. Unlike other local authority reserves, SEND spend is permitted to go into a deficit balance position by the Department for Education. It has been highlighted nationally that there is a sizeable pressure on funding for pupils with special educational needs both in maintained and special schools. Similar to individual schools we are permitted to go into a deficit balance position by the Department for Education (DfE) but are required to submit a deficit management plan each year to communicate our plans to reduce that deficit.

  Like many other local authorities, South Tyneside has a deficit on this reserve caused by the demand on this funding stream and this deficit has increased by £6.806m when compared to the position as at 31 March 2025. Central government has recognised some of this pressure and has allocated additional high needs funding to local authorities with increases of 36% to South Tyneside over the past 4 years, with a further 10% increase in grant funding for 2026/27. Despite this additional funding, demand still continues to rise above funding received despite initiatives launched by the Council to reduce the cost of meeting that demand through increasing locally delivered provision.

  Through the Local Government Finance Settlement for 2026/27, the Government announced that Local Authorities will be able to apply to the DfE for a share of the High Needs Deficit Grant, with indications that subject to successful application up to 90% of the Council's current Special Educational Needs Deficit reserve. Council Officers are liaising with DfE to make the necessary applications during the summer with final allocations announced in autumn 2026.

39. The risks facing the Council have again been reviewed taking into account the regular refresh of risks on our strategic risk register and continue to be updated to reflect the current financial climate. The review of the risks we expect to face informs the level of balances we should look to hold in reserves. Such risks will include:

- The outcome of the fair funding review which reset the business rates system and redistributed the local government funding settlement through new formulae. This outcome has had the effect of reducing funding for South Tyneside over the next 3 years compared to previous forecasts based upon assumptions around the outcome of the review;
- Adult Social Care funding reforms;
- Social Care demand and unit costs;
- Special Educational Needs and associated Assisted Transport demand and costs;
- Continued higher than usual levels of inflation linked to national and international events.

40. Members are asked to consider the following planned contributions and contingent transfers to and from reserves to help manage the future financial risks and commitments facing the Council.

41. All reserves are reviewed to assess whether there is a continued need for these to be retained at their existing level. Where specific earmarked reserves are not required to be retained at their existing level, they are transferred into unearmarked reserves in order to appropriately manage financial risk and secure ongoing resilience of the Council's finances.

42. Table 7 below shows the balances on each of the reserves as at 31st March 2026 after accounting for the transfers relating to the outturn position.

Table 7 - Reserves Position

	As at 1st April 2025 £m	Planned transfer (from) / to reserves £m	Contingent transfer (from) / to reserves £m	As at 31st March 2026 £m
Un-Earmarked Reserves	5.304	(0.655)	0.948	5.597
Earmarked Reserves	18.648	(0.656)	(8.392)	9.600
Housing Revenue Account Reserves	12.732	(3.281)	5.339	14.790
School Balances	1.805	0.000	(2.414)	(0.609)
DSG SEND Deficit and LA DSG balances	(11.234)	0.000	(5.778)	(17.012)

43. The Medium-Term Financial Plan for 2026-31 agreed by Council in February 2026 seeks to replenish the levels of accessible reserves with an agreed plan to build back to a robust position by 2029.

Options to be Considered

44. Cabinet could choose to not approve the capital carry forwards to 2026/27 in appendix 1. The impact would be that the budget would not accurately reflect the resources required to deliver the capital programme, which would result in less accurate reporting to Council, increasing the risk of overspending.

Implications

45. Cabinet understanding the financial performance of the Council for the year and the financial position at 31 March 2026 are important aspects of good financial management and a key aspect of the Medium-Term Financial Plan (MTFP) and budget strategy development for 2027-2032.

Financial and Resources

46. Despite the significant demand and inflationary pressures placed upon our services during the year, due to effective and prudent financial management, strong ownership of budget responsibilities and robust monitoring and action planning the Council was able to manage, mitigate and minimise as much as possible and consequently net spend reduced by £7.738m from an identified pressure of £12.944m in September 2025 to a March 2026 provisional outturn pressure of £5.206m.

Legal and Governance

47. The Council has a statutory duty under the Local Government Act 2003 to set a balanced budget and report on the adequacy of reserves to meet the Council's estimated liabilities.

Risk

48. The outturn position identified in this report is subject to external audit. Should any changes arise from audit, these will be reported back to Members when the audited accounts are presented to General Purposes Committee later in the year for approval.

Equality and Diversity and Community

49. All of the budget efficiency proposals were assessed as part of the MTFP 2025-30 for equality and diversity and community implications, and any impacts and mitigation were identified, quantified and published to inform decision making by Council.

Environmental and Sustainability

50. All of the budget proposals were assessed for environmental and sustainability implications. The capital investment programme includes significant spend on

environmental issues such as energy efficient streetlighting, home adaptations and new cleaner fleet vehicles.

Council Ambitions, Policies, Strategies and Plans

51. The Council's revenue and capital budgets identify the resources available to be focussed upon delivery of all of the Council Vision and Ambitions through implementation of its policies, strategies and plans.

Consultation and Engagement

52. The Council budget is subject to regular consultation and engagement throughout the year in the development of the Medium-Term Financial Plan, with further engagement undertaken in the development of the 2026-2031 MTFP.

53. The Plan is aligned to Council Strategy and Ambitions which were co-produced following extensive engagement, including residents survey undertaken during 2021, 2022 and 2025.

Recommendations

54. Cabinet is asked to:

- Note the final General Fund Revenue, Capital and Housing Revenue Account (HRA) outturn position (subject to external audit) of the Council for 2025/26 set out in Tables 1, 3 and 6.

- Approve the net change to reserves as set out in Table 7.

- Approve the capital carry forward requests to 2026/27 as set out in Appendix 1.

- Note the final delivery against planned efficiency savings in 2025/26 as set out in appendix 2.

Reasons for Recommendations

55. To comply with the Council's statutory duties in relation to financial management.

List of Appendices

Appendix 1 – Capital Carry Forwards to 2026/27
Appendix 2 – Efficiency Targets 2025/26

2025/26 Provisional Financial Outturn

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

Background Paper	File Ref:	File Location
MTFP 2026-31		STC website
Statement of Accounts 2025/26 (unaudited)		STC website

Appendix 1 Capital Carry Forwards to 2026/27

Project	£m
Housing Capital Programme	5.363
SEND Capital	4.657
South Shields Town Centre - Barrington Street	3.730
Community Improvements	1.687
Schools Basic Need Funding	1.643
Asset Management	1.573
Viking Energy Centre	1.443
Playing Fields Strategy	1.175
Middlefields Improvements	1.021
Transport Schemes	0.998
Finance and HR Payroll System	0.871
Stronger Shores	0.821
Brinkburn CA	0.773
Flood Alleviation	0.767
Children's Homes	0.639
Business Centres Refurbishment	0.609
Mortimer School Expansion	0.589
Childcare Wraparound Fund	0.506
Riverside Structures	0.304
CAF Funded Highways/ Environmental Improvements	0.285
Changing Places Toilets	0.186
BMX Pump Track	0.150
Playgrounds Improvements	0.146
Laygate Public Realm	0.126
Family Hubs	0.079
DESNZ - Warm Homes Grant	0.065
Urban Tree Challenge Fund	0.055
Waste Services In-Cab Technology	0.044
Bede Museum	0.035
Air Quality Monitoring Systems	0.027
Simonside Climbing Wall heating improvements	0.027
Fleet Vehicle Replacement Programme	(0.120)
ICT Refresh	(0.677)
Total Capital Carry Forwards to 2026/27	**29.597**

Efficiency Targets 2025/26 **Appendix 2**
Progress Report at 31st March 2026

	Description	Saving	Almost Certain	Probable	Challenging
	Adult Social Care				
1	Use of technology	0.300	0.300	-	-
2	Review of double handed care requirements	0.350	0.350	-	-
3	Reduction in Independent Supported Living costs	0.750	0.541	-	0.209
4	Rationalisation of Learning Disability provision	0.200	0.200	-	-
5	Review of Help To Live At Home costs	0.400	0.400	-	-
6	Reduced Residential Care demand through Help to Live at Home and Extra Care	0.500	0.422	-	0.078
7	Rationalisation of 1:1 support in Residential Care placements	0.100	0.100	-	-
8	Shared Lives expansion	0.400	-	-	0.400
9	Reduction of posts across ASC Directorate	0.350	0.350	-	-
10	Client contributions review	1.000	0.578	-	0.422
11	Collaborative system diagnostic	1.000	0.330	-	0.670
	Adult Social Care Sub Total	**5.350**	**3.571**	**-**	**1.779**
	Childrens Services				
12	In-House Fostering development	0.300	0.118	-	0.182
13	In-House Residential capacity	0.400	0.090	-	0.310
14	Children with Disabilities Services review	0.100	0.070	-	0.030
15	Reduced number of young people requiring a care episode	0.300	-	-	0.300
16	School Meals Charges review	0.415	0.252	-	0.163
17	Review of Children's Day Care provision	0.254	0.254	-	-
18	Review of Family Hub model	0.588	0.216	-	0.372
19	School Improvement and SEND project support review	0.135	0.085	-	0.050
20	Home to School Transport review	0.104	0.104	-	-
	Childrens Services Sub Total	**2.596**	**1.189**	**-**	**1.407**
	Business & Resources				
21	Recovery of Business Rates court costs	0.100	0.100	-	-
22	Revenue contribution to ICT capital programme reduction	0.200	0.200	-	-
23	Increased Supplier Incentive Scheme income	0.100	0.100	-	-
24	Increased Contract Rebate income	0.100	0.100	-	-
25	Modern Fit For Purpose Transformation Workstream efficiency savings	0.170	-	-	0.170
26	Historic Enhanced Pension payment reductions	0.100	0.100	-	-
27	Additional investment interest	0.070	-	-	0.070
28	Banking/ Payment charges savings	0.030	0.030	-	-
29	Corporate training	0.050	0.050	-	-
30	Reduction of posts across Digital & ICT, Finance, People & Organisational Change and	0.240	0.240	-	-
31	Reduction of posts through vacancy management - Council Wide	1.063	0.584	-	0.479
32	Libraries - reduction of posts/ vacancies	0.060	0.060	-	-
33	Review of contributions to third parties	0.040	0.040	-	-
34	Additional Leisure income	0.400	0.400	-	-
	Business & Resources Sub Total	**2.723**	**2.004**	**-**	**0.719**
	Community Operations				
35	Fees and Charges changes	0.060	0.060	-	-
36	Grounds Maintenance service review	0.260	-	-	0.260
37	Weed Management efficiencies	0.060	-	-	0.060
38	Transport income generation	0.031	0.031	-	-
39	Re-organisation of Street Scene	0.100	-	-	0.100
40	Re-organisation of Handy Estates	0.127	-	-	0.127
	Community Operations Sub Total	**0.638**	**0.091**	**-**	**0.547**
	Place Strategy				
41	Energy costs reduction	0.300	0.300	-	-
42	Waste Disposal tonnages reduction	0.200	0.200	-	-
43	Building Cleaning review	0.200	0.108	-	0.092
44	Public Protection and Planning efficiency savings	0.030	0.020	-	0.010
45	Increase in commerial lettings	0.050	0.050	-	-
46	Self-financing of business centres	0.111	0.111	-	-
47	Increased self-financing of Community Associations	0.055	0.055	-	-
48	Reduction in posts across Housing & Assets, Investment & Growth and Public Protection	0.195	0.195	-	-
	Place Strategy Sub Total	**1.141**	**1.039**	**-**	**0.102**
	Governance & Corporate Affairs				
49	Management & Structure Review Governance & Corporate Affairs	0.200	0.120	-	0.080
50	Re-organisation of Events	0.031	0.031	-	-
51	Reduction of posts across Directorate	0.128	0.098	-	0.030
52	Reduction in printing for Council and Committee meetings	0.050	0.050	-	-
53	Reduction in catering for Council meetings and events	0.005	0.005	-	-
54	Revised approach to public notices	0.030	0.030	-	-
	Governance & Corporate Affairs Sub Total	**0.444**	**0.334**	**-**	**0.110**
	Public Health				
55	Public Health commissioned contracts review	0.152	0.152	-	-
	Public Health Sub Total	**0.152**	**0.152**	**-**	**-**
	TOTAL EFFICIENCY TARGETS	**13.044**	**8.380**	**-**	**4.664**