

Financial Briefing For Peer Challenge Teams



Name of Council: Sunderland City Council

Date: 27th October 2025

Analysis prepared by: Adrian Waite

1. Executive Summary

1.1 Financial Planning:

- In 2024/25 there was a general fund revenue underspend of £0.3million. General Fund reserves increased by £0.5million. An overspend of £1.6million is forecast for 2025/26.
- In 2024/25 general fund capital expenditure was £147.8million compared to a capital programme of £212.6million. An underspend of £8.0million is forecast in 2025/26.
- The Council does not appear to be achieving all its savings targets, especially in health, wellbeing & safer communities and children's services.

1.2 Strategic Financial Planning:

- The medium-term financial plan agreed in February 2025, included a funding gap of £9.4million in 2026/27, £13.6million in 2027/28 and £16.1million in 2028/29. These figures were increased to £16.3million, £17.8million and £21.3million respectively in October 2025.
- The Capital Programme is £68.6million in 2026/27, £75.7million in 2027/28 and £42.3million in 2028/29. It is mainly funded by borrowing with some significant grants and contributions.
- The Council has £37million of long-term investments.
- The Council had £14.0million in general fund balances and £155.6million in earmarked reserves in March 2025.

1.3 Budget Setting 2024/25:

- The 2025/26 budget relies on achieving £10.2million of savings.
- The 2025/26 capital programme is £258.0million and is mainly funded by borrowing.
- Council Tax was increased by 4.99% in 2025/26.

1.4 Governance & Audit:

- The latest accounts to be audited are those for 2023/24. The auditors gave an unqualified report.

1.5 Any Other Relevant Issues:

- Dedicated Schools Grant services had a cumulative deficit of £16.0million in March 2025.
- The company has an interest in several arms' length companies.

Briefing

2. Analysis

A. **Financial Planning**

A.1 How does the council perform against its budget?

A.1.1 The Council's net revenue expenditure totalled £258.4million in 2024/25 compared to the revised budget of £258.7million, an underspend of £0.3million.

A.1.2 In 2024/25 general fund capital expenditure totalled £147.8million against a capital programme of £212.6million. There was therefore an underspend compared with the revised estimate of £64.8million.

A.2 What are the main causes of overspends and underspends?

A.2.1 In 2024/25 the variations between the revised budget and out-turn were as follows:

	Budget £,000	Actual £,000	Variance £,000
Leader Portfolio	548 Cr	585 Cr	37 F ¹
Health, Wellbeing & Safer Communities	137,398	143,108	5,710 A ²
Corporate & Equalities	31,295	29,294	2,001 F
Children's Services	89,426	93,856	4,430 A
Housing & Regeneration	4,690	5,131	441 A
Communities & Culture	14,308	13,421	887 F
Environment & Transport	<u>70,687</u>	<u>69,428</u>	<u>1,259 F</u>
Service Expenditure	347,256	353,653	6,397 A
Contingencies	5,879	0	5,879 F
Energy contingencies	2,439	0	2,439 F
Doubtful debts	1,003	1,003	0
Capital Financing	31,951	30,117	1,834 F
Transfer from Reserves	8,411 Cr	5,322 Cr	3,089 A
Technical adjustments	42,758	42,758	0
Levies	17,399	17,428	29 A
Hetton Town Council	75	75	0
Less Grants	<u>96,127 Cr</u>	<u>95,817 Cr</u>	<u>310 A</u>
Total Net Expenditure	258,706`	258,379	327 F
Revenue Support Grant	34,622 Cr	34,622 Cr	0
Business Rates	46,399 Cr	46,572 Cr	173 F
Top Up Grant	49,598 Cr	49,598 Cr	0
Council Tax	<u>128,087 Cr</u>	<u>128,087 Cr</u>	<u>0</u>
Final Out-turn	0	500 Cr	500 F
Transfer to Balances	0	500	500 A

A.2.2 It will be seen that there were significant adverse variances in health, wellbeing & safer communities and children's services. These were largely covered by contingencies. There was a favourable variance on capital financing costs and less money was taken from earmarked reserves than was budgeted.

¹ F stands for 'favourable'. Expenditure is within budget and / or income exceeds budget.

² A stands for 'adverse'. Expenditure exceeds budget and / or income is below budget.

A.2.3 The adverse variance on health, well being and safer communities was due to an overspend in Adult Social Care of £5.765,000. This resulted from £5.551,000 of demand related cost pressures; £869,000 due to the delayed achievement of efficiency savings partially mitigated by staff related underspends of £791,000.

A.2.4 The adverse variance on children's services was due to pressure linked mainly to social care / external placement cost pressures, home to school transport cost increases and unfunded costs relating to unaccompanied asylum seeker children (£4,076,000). There was also an overspend at Derwent Hill of £348,000 due to the cost impact of high inflation on supplies and services and reduced income.

A.2.5 In October 2025, the Council received a budget monitoring report for the first three months of 2025/26. It forecast a £1,625,000 overspend as summarised below:

	Budget £,000	Forecast £,000	Variance £,000
Leader Portfolio	223 Cr	223 Cr	0
Health, Wellbeing & Safer Communities	158,204	162,234	4,030 A
Corporate & Equalities	30,959	31,039	130 A
Children's Services	96,675	101,766	5,091 A
Housing & Regeneration	3,177	1,931	1,246 F
Communities & Culture	13,459	13,567	108 A
Environment & Transport	<u>76,030</u>	<u>75,978</u>	<u>52 F</u>
Service Expenditure	378,281	386,342	8,061 A
Contingencies	11,968	10,298	1,670 F
Energy contingencies	0	1,249 Cr	1,249 F
Capital Financing	34,952	31,435	3,517 F
Transfer from Reserves	9,248 Cr	9,248 Cr	0
Technical adjustments	41,731	41,731	0
Levies	18,018	18,018	0
Hetton Town Council	77	77	0
Less Grants	<u>122,942 Cr</u>	<u>122,942 Cr</u>	<u>0</u>
Total Net Expenditure	269,375`	271,000	1,625 A
Revenue Support Grant	35,376 Cr	35,376 Cr	0
Business Rates	46,463 Cr	46,463 Cr	0
Top Up Grant	50,177 Cr	50,177 Cr	0
Council Tax	<u>137,359 Cr</u>	<u>137,359 Cr</u>	<u>0</u>
Final Out-turn	0	1,625	1,625 A
Transfer from Risk & Inflation Reserve	0	1,625 Cr	1,625 F

A.2.6 It will be seen that significant adverse variances are forecast in health, wellbeing & safer communities and children's services. These are forecast to be largely covered by contingencies. There is also a favourable variance on capital financing costs. An adverse variance of £1,625,000 is forecast.

A.2.7 The forecast overspend on health, wellbeing and safer communities includes an overspend of £4,087,000 on adult social care. This results from demand pressures (£2,630,000) and a potential delay in the achievement of efficiency savings (£1,715,000) partially mitigated by staff related underspends of £258,000.

A.2.8 The forecast overspend on children's services includes a forecast Together for Children overspend of £5.106,000 through increased complexity, forecast costs of external placements of £3.606,000 and increases in home to school transport costs of £1.500,000.

A.2.9 It will be noted that adverse variances have been reported in health, wellbeing & safer communities and children's services for both 2024/25 and 2025/26. It may be worthwhile exploring with the Council the reasons for these variances in and the implications for the current and future years.

A.2.10 In 2024/25 general fund capital expenditure totalled £147.8million against a capital programme of £212.6million. There was therefore an underspend compared with the revised estimate of £64.8million as shown below:

	Budget £,000	Actual £,000	Variance £,000
Leader Portfolio	6,027	4,901	1,126 U ³
Health, Wellbeing & Safer Communities	8,001	7,007	996 U
Children's Services	7,885	4,983	2,902 U
Housing & Regeneration	127,873	81,218	46,655 U
Communities & Culture	26,777	23,366	3,411 U
Corporate & Equalities	3,821	4,403	582 O ⁴
Environment & Transport	<u>32,201</u>	<u>21,911</u>	<u>10,290 U</u>
Expenditure	212,585	147,789	64,796 U

A.2.11 The main underspends were as follows:

- Housing & Regeneration:
 - Sunderland Eye infirmary - £11.9million.
 - Riverside Sunderland Infrastructure - £10.7million.
 - International Advanced Manufacturing Park - £8.7million.
 - Strategic Acquisitions & Developments - £4.5million.
 - Sunderland Central Station - £3.3million.
 - Vaux Housing - £1.9million.
 - Sunnyside Regeneration - £1.0million.
- Environment & Transport:
 - Vehicles, Plant & Equipment - £2.1million.
 - Pallion New Road - £1.2million.
 - Parks & Open Spaces - £1.2million.
 - Integrated Transport - £1.1million.
- Communities & Culture:
 - Culture House - £1.7million.
- Leader:
 - Smart Cities Project - £1.1million.

A.2.12 The 2024/25 capital programme was financed as follows⁵:

- Grants & Contributions - £89,683,000.
- Borrowing - £42,742,000.
- Revenue Contributions - £16,185,000.
- Capital Receipts - £82,000.

³ U stands for underspend. Expenditure is below budget.

⁴ O stands for overspend. Expenditure is above budget.

⁵ This data is taken from the final accounts whereas the expenditure data is taken from the closedown report. There is a slight difference in the totals.

A.2.13 In October 2025 the Council forecast that it would spend £275.6million of its 2025/26 capital programme of £283.6million, an underspend of £8.0million as shown below:

	Budget £,000	Forecast £,000	Variance £,000
Leader Portfolio	5,524	3,924	1,600 U
Health, Wellbeing & Safer Communities	11,244	11,144	100 U
Children's Services	18,948	20,680	1,732 O
Housing & Regeneration	174,401	167,726	6,675 U
Communities & Culture	18,516	17,510	1,006 U
Corporate & Equalities	12,121	12,121	0
Environment & Transport Expenditure	<u>42,861</u>	<u>42,478</u>	<u>383 U</u>
	283,615	275,583	8,032 U

A.2.14 The main forecast underspends are as follows:

- Housing & Regeneration:
 - Farringdon Row & Carley Hill New Homes - £5.9million.
- Leader:
 - Smart Cities Project - £1.6million.
- Children's Services:
 - Thorney Close Primary School - £1.2million.

A.2.15 It is likely that the actual and forecast underspends in the capital programme is one of the causes of the actual and forecast favourable variances on capital financing costs (see above).

A.2.16 It may be worthwhile exploring with the Council the reasons for the actual and forecast underspends and the implications of this for the current and future years. This could include considering the capacity of the council to deliver its capital programme in future and whether there are any project management or resourcing issues to consider.

A.2.17 It should be noted that these reports often compare actual expenditure with the revised budget. Often significant changes are made to budgets at the revised estimate stage. Where this occurs, it may be appropriate to consider the variances when compared with the original estimate.

A.3 How do these appear to be managed?

A.3.1 Financial monitoring reports have kept members informed during 2024/25 and 2025/26 of revenue and capital budget variations and the projected outturn position of the Council's finances.

A.4 Does the council appear to be managing the finances of demand led services?

A.4.1 The Council appears to be experiencing some difficulty in managing demand led services especially in health, wellbeing and safer communities and children's services (see above). It may be worthwhile exploring this with the council.

A.5 Does the council appear to be delivering its savings targets and transformation projects?

A.5.1 The Council does not appear to be achieving all its savings targets, especially in health, wellbeing & safer communities and children's services (see above).

A.5.2 It may be worthwhile exploring the reasons why not all the savings are being achieved.

A.6 Is the council achieving its commercial targets and income budgets?

A.6.1 The Council appears to be achieving most of its income budgets.

A.7 Are mitigating measures in place to deal with budget variances of a sustainable or unsustainable nature?

A.7.1 The Council does not appear to be finding ways of mitigating the budget variances that are appearing in health, wellbeing & safer communities or children's services budgets.

A.8 How does the council's financial performance compare to similar type councils? e.g. Chartered Institute of Public Finance and Accountancy (CIPFA) nearest neighbours?

A.8.1 The latest data from the CIPFA resilience index is for 2023/24. This shows the following:

- The Reserves Sustainability measure highlights a relatively high level of reserves and that reserves have declined by a relatively small amount.
- Overall rankings for the ratio between interest payments and net revenue expenditure are relatively high for the comparator group.
- Gross external debt is relatively high for the comparator group.
- The Social Care ratio shows a moderate level of risk.
- The council's performance in terms of the Fees & Charges it generates is relatively high for the comparator group.
- The level of Net Revenue Expenditure funded by Council Tax is relatively low for the comparator group suggesting high risk.
- The Council shows about average business rate growth above baseline for the comparator group.

A.8.2 It may be worthwhile exploring with the Council the implications of its relatively high levels of interest payments and overall debt; and its relatively low levels of council tax revenue.

A.9 Relevant Documents

Statement of Accounts 2024/25 -

https://www.sunderland.gov.uk/media/36317/Statement-of-Accounts-2024-2025-subject-to-audit/pdf/Statement_of_Accounts_2024-2025_subject_to_audit.pdf?ccp=true#cookie-consent-prompt

Capital Programme Second Review 2025/26 (October 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=eUjppqgDzd8MXtfx5VYj%2f1eDEnjSWJseAvvkUcZfLYtl8mLHChiUbgQ%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xgBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d>

Revenue Budget Second Review 2025/26 (October 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=nn%2bHcixeX7i3eYTM8w30nPf4XIGX5D5kORpmdBL73eMxkhrfyb4RXw%3d%3d&rUzwRPF%2bZ3zd4E7lkn8LWY%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d>

Capital Programme Out-turn 2024/25 (June 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=FxHXgwaBhwX0Wemp5eI%2fyJK7AZex0x5YhIjhyXRfZmX96QV57%2bJNQ%3d%3d&rUzwRPF%2bZ3zd4E7lkn8LWY%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d>

Revenue Budget Out-turn 2024/25 (June 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=sN%2fEGZaY2WNioMctC6aUR3dVah%2b54Q9%2bGUGIRK9GuPIxrD5K1J%2f0Hg%3d%3d&rUzwRPF%2bZ3zd4E7lkn8LWY%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCpMRKZMwaG1PaO=ctNJFf55vVA%3d>

B. Strategic Financial Planning

B.1 Does the council have a clear approach to financial planning over the medium to long term?

B.1.1 In February 2025, the cabinet considered its medium-term financial plan from 2025/26 to 2028/29. The years from 2026/27 to 2028/29 were as follows:

	2026/27	2027/28	2028/29
	£,000	£,000	£,000
Pressures & Commitments	16,186	16,709	19,181
Savings ⁶	1,778	400	1,400
Government Grants	151 Cr	3,211 Cr	3,272 Cr
Savings Proposals	4,461 Cr	2,139 Cr	0
Gross Funding Gap	13,352	11,756	17,309
Collection Fund Impact	3,996	4,136	4,281
Current Gap	9,356	7,620	13,028
MTFP Reserve	0	5,966	3,034
Gap after reserves	9,356	13,586	16,062

⁶ These are described as savings but actually show an increase in costs.

B.1.2 Cabinet received a report 'Budget Planning Framework and Medium-Term Financial Plan 2026/2027 – 2029/2030' in October 2025 that provided an update on the Medium-Term Financial Plan. This showed an increased budget gap as follows:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Pressures & Commitments ⁷	23,768	19,917	18,116
Approved Savings	2,638 Cr	1,739 Cr	1,400
Government Grants	<u>5,038</u>	<u>6,220</u>	<u>5,562</u>
Funding Gap	26,123	24,398	25,077
Council Tax	4,129 Cr	4,356 Cr	4,596 Cr
Social Care Precept	2,762 Cr	2,914 Cr	3,074 Cr
Collection Fund	2,966 Cr	2,200 Cr	2,238 Cr
Reserves	<u>0</u>	<u>2,877</u>	<u>6,123</u>
Revised Gap	16,267	17,806	21,293

B.1.3 It may be worthwhile exploring with the Council how they intend to meet this budget gap in future years.

B.1.4 The Capital Programme for 2026/27 to 2030/31 is as follows:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Leader	1,294	0	0
Health, Wellbeing & Safer Communities	4,971	0	0
Children's Services	10,100	0	0
Communities & Culture	3,626	9,868	3,063
Corporate Services	3,020	0	0
Environment & Transport	21,408	8,909	0
Housing & Regeneration	<u>24,226</u>	<u>56,895</u>	<u>39,205</u>
Expenditure	68,645	75,672	42,268
Loans	59,749	64,034	32,510
Grants & Contributions	7,988	11,253	9,758
Capital Receipts	908	0	0
Reserves	<u>0</u>	<u>385</u>	<u>0</u>
Financing	68,645	75,672	42,268

B.1.5 It will be seen that the programme declines after 2025/26. It is funded mainly by borrowing. It may be worthwhile exploring with the Council whether the decline in the capital programme will enable it to maintain its assets in future; and the prudential borrowing strategy and the implications of this for the capital programme and revenue budget.

B.1.6 The Council's long-term assets were valued at £1,432million on 31st March 2025, including £1,174million of property, plant and equipment; £147million of Right of Use assets; £57million of long-term debtors; £37million of long-term investments and £17million of other assets. It may be worthwhile exploring the council's approach to asset management and considering any risks that may be associated with the long-term investments.

⁷ See below for details.

B.2 Does it have a 3-5-year Medium Term Financial Plan? Is it balanced beyond the current / next financial year? (e.g. does it incorporate approved plans for savings or simply a target?)

B.2.1 The Medium-Term Financial Plan identifies savings as follows. It will be seen that these are mainly in health, wellbeing & safer communities:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Health, Wellbeing & Safer Communities	4,000 Cr	1,900 Cr	0
Housing & Regeneration	250 Cr	0	0
Children's Services	<u>211 Cr</u>	<u>239 Cr</u>	<u>0</u>
Savings Proposals	4,461 Cr	2,139 Cr	0

B.2.2 The Council has set a budget for 2025/26 a Medium-Term Financial Plan that covers 2026/27 to 2028/29. The plan identifies a funding gap, meaning that further savings will need to be identified. It may be worthwhile exploring how the Council has calculated the funding gaps and the progress that is being made in identifying savings.

B.3 Does the MTFP appear to provide adequately for future pressures and risks?

B.3.1 The Medium-Term Financial Plan identifies budget pressures as follows:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Pay	5,791	4,981	5,181
Energy	500	500	500
Adult Social Care Inflation & Demand	6,926	6,471	6,784
Children's Social Care Inflation & Demand	1,145	1,158	1,170
Supported Housing & Homelessness	846	1,418	1,568
Transport Levy	500	500	500
Other Pressures & inflation	2,522 Cr	478	478
Capital Financing	<u>3,000</u>	<u>1,200</u>	<u>3,000</u>
Pressures & Commitments	16,186	16,709	19,181

B.3.2 In October 2005 these budget pressures were updated as follows. It will be seen that there has been a significant increase in pressure since the budget was set in February 2025:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Pay	6,649	5,698	5,947
Energy	500	500	500
Adult Social Care Inflation & Demand	10,209	6,659	6,285
Children's Social Care Inflation & Demand	6,505	1,189	1,204
Supported Housing & Homelessness	846	1,418	1,568
Transport Levy	619	545	562
Other Pressures & inflation	1,364 Cr	908	759
Reduced contingencies	0	0	1,709 Cr

	2026/27 £,000	2027/28 £,000	2028/29 £,000
Capital Financing	<u>3,000</u>	<u>1,200</u>	<u>3,000</u>
Pressures & Commitments	23,768	19,917	18,116

B.3.3 The Council's medium-term financial plan and budget report identifies the following risks:

- Future available resources less than notified. The Medium Term Financial Plan is based on data as known, but this does not reflect any potential impact of the reform of local government funding and move to any alternative retained business rates system. This is likely to be a key impact on the level of funding available in future.
- Changes to Government Policy.
- Pay awards and price inflation higher than assumed.
- Future spending plans under-estimated including increased social care demand.
- Anticipated savings not achieved.
- Revenue implications of the capital programme not fully anticipated.
- Income targets for business rates and council tax not achieved.
- Other miscellaneous income targets not achieved.
- Budget monitoring not effective.
- Exit strategies for external funding ceasing / tapering not met.
- Loss of principal deposit.
- Investment interest rates lower than expected / Borrowing rates higher than expected.
- All Medium-Term Financial Planning risks not adequately identified.

B.3.4 It may be worthwhile exploring the financial pressures and risks that have been identified and how the council intends to manage and mitigate them, including how it has assessed their likelihood and potential impact.

B.4 Is there a plan for the utilisation or replenishment of reserves?

B.4.1 On 31st March 2025, the Council held £199.5million in useable reserves compared with £195.5million the previous year as follows:

	2023/24 £,000	2024/25 £,000
General Fund balance	13,500	14,000
Schools Balances	7,758	9,330
Earmarked Reserves (capital)	25,103	31,133
Earmarked Reserves (revenue)	<u>133,688</u>	<u>124,417</u>
Total General Fund	180,049	178,880
Capital Receipts	12,748	17,766
Capital Grants Unapplied	<u>2,720</u>	<u>2,865</u>
Total	195,517	199,511

B.4.2 The earmarked reserves include the following:

	2023/24 £,000	2024/25 £,000
Section 106 Reserves	13,711	17,791
Other capital reserves	<u>11,392</u>	<u>13,342</u>
Earmarked Reserves (capital)	25,103	31,133

	2023/24 £,000	2024/25 £,000
Medium-Term Planning Smoothing	30,034	24,122
Inflation & Risk	9,371	11,012
Strategic Regeneration	10,557	10,774
Other revenue reserves	<u>83,650</u>	<u>78,509</u>
Earmarked Reserves (revenue)	133,688	124,417

- B.4.3 The Council forecasts the following opening balances of reserves. It will be seen that reserves are forecast to reduce throughout the period of the forecast:

	2026/27 £,000	2027/28 £,000	2028/29 £,000
General Fund	13,500	13,500	13,500
Schools Balances	4,717	3,217	1,717
Earmarked (capital)	16,484	12,057	11,843
Earmarked (revenue)	<u>70,008</u>	<u>45,412</u>	<u>36,155</u>
Total General Fund	104,709	74,186	63,215

- B.4.4 It may be worthwhile exploring the extent to which the earmarked reserves are required to meet committed expenditure and the extent to which they may be available to support general expenditure. It may also be worthwhile exploring with the Council how it intends to use its general fund and earmarked reserves and how it intends to maintain them at an appropriate level.

B.5 Do plans for the use of reserves appear to be sustainable?

- B.5.1 Plans for the use of reserves appear to be sustainable in the short-term, but clearly cannot be reduced indefinitely as they can only be spent once and a prudent minimum level should be retained.

B.6 What assumptions have been made, if any, in respect of the Fair Funding Review?

- B.6.1 The Council's budget report of February 2025 makes the following reference to the Fair Funding Review:

"The Government have indicated that the reform of local government funding and a revised system of retained business rates will be developed and consulted upon commencing in 2025/2026 with an implementation planned for 2026/2027. It should be noted that the MTFP position assumes that should the new fair funding formula and revised system of retained business rates be introduced that the impact on the Council will be neutral. Should the Council's funding reduce as a result of any changes, Government has in the past used damping to limit and smooth any detrimental impact on formula changes, and it is widely anticipated that some form of damping arrangements will continue under any new system."

- B.6.2 It may be worthwhile further exploring the Council's views as to how the Fair funding review may affect them.

B.7 Does the council appear to be actively managing priorities between revenue and capital?

B.7.1 The Council will use £4.0million of revenue contributions and reserves to support the capital programme in 2025/26 and a further £0.4million in 2026/27. It does not appear to be intending to capitalise anything that would usually be regarded as revenue expenditure. It plans to fund most of its capital programme from borrowing that will be funded from the revenue account. It is therefore prepared to use its revenue resources to support its capital programme through prudential borrowing and, to a lesser extent, the use of reserves and revenue contributions.

B.8 On balance, does the MTFP appear to be too optimistic or pessimistic?

B.8.1 The medium-term financial plan appears to strike a balance between optimism and pessimism.

B.9 Relevant Documents

Response from Scrutiny Co-ordinating Committee: First Revenue Budget Review 2025/26 (October 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=cvrojXXoVJB9ScOLgY%2ftm4%2bBfDbrJyZSMTQK7f%2bhv1BDQjsbkxPVhA%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzqA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Budget Planning Framework 2026/27 (October 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=wft0CftD%2fVpZsNz%2b48BxI5TOZrC%2bRJ1y08wqP7QVfDnzydOQaYDHw%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzqA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Response from Scrutiny Co-ordinating Committee: Capital Programme Planning 2025/26 to 2028/29 (February 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=BREHsfRjNnecGDsfXUAKiRVgY89%2fA8GJc191SewOybhgtEziQ1X0wQ%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWcTPHwdhUfCZ%2fLUQzqA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Scrutiny Response to Budget Planning Framework (February 2025) - <https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=c7oCyDrCkoNztv3XQAI02VAYFIMcFjJvshut4SHjq8NwaOMWj66LsQ%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LW%3d%3d=pwRE6AGJFLDNlh225F5QMaQWcTPhwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Capital Programme 2025/26 to 2028/29 and Treasury Management Policy & Strategy 2025/26 including Prudential Indicators for 2025/26 to 2028/29 (February 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=Og57bvr45zz2WmRFm3Wf5VSGBBPVBMzs2LOS7at90ZaYhtlVX7CYKQ%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LW%3d%3d=pwRE6AGJFLDNlh225F5QMaQWcTPhwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Revenue Budget and Proposed Council Tax for 2025/26 and Medium Term Financial Plan 2025/26 to 2028/29 (February 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=F48R%2bmfwvz0jThvtYaEnLN%2brMRmVDKqneK5j6gyj8k%2bTeLKK%2f1IkTw%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LW%3d%3d=pwRE6AGJFLDNlh225F5QMaQWcTPhwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

Capital Programme Planning 2025/26 to 2028/29 (December 2024) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=PpY663Goppbl2rdHigiLGyWj2SG9P6f4eAZgdxFmts5FQCFBUQh0jg%3d%3d&rUzwRPf%2bZ3zd4E7lkn8LW%3d%3d=pwRE6AGJFLDNlh225F5QMaQWcTPhwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAjvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=oNxOpJuqipRWffTKn%2fmAt2lqOviWRm9OOyKneTE7W%2bzF5Tb9suR7jw%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2uL5jNRG4jdQ%3d%3d&mCTIbCubSfFXsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qji0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

C. Budget Setting

C.1 Does the Council's plan for a balanced budget appear achievable and sustainable?

C.1.1 The Council's budget for 2025/26 is balanced as follows:

	£,000	£,000
Pay	12,606	
Energy	500 Cr	
Adult Social Care Inflation & Pressures	15,818	
Children's Social care Inflation & Pressures	7,250	
Supported Housing & Homelessness	2,704	
Transport Levy	571	
Other Pressures & Inflation	10,581	
Reduction in contingencies	3,266	
Capital Financing	<u>3,000</u>	
Spending Pressures & Commitments		48,764
Previously approved savings		267 Cr
Government Grants		30,738 Cr
Leader	100 Cr	
Health, Wellbeing & safer communities	4,384 Cr	
Environment & Transport	410 Cr	
Housing & Regeneration	548 Cr	
Communities & Culture	950 Cr	
Corporate & Equalities	919 Cr	
Children's Services	2,663 Cr	
2025/26 Savings		<u>9,974 Cr</u>
Gross Funding Gap		7,785
Collection Fund Impact		7,785 Cr

C.1.2 The budget requires £10.2million of savings. It may be worthwhile exploring with the Council the progress that is being made in achieving these savings.

C.1.3 The capital programme for 2025/26 is as follows:

	£,000
Leader	2,759
Health, Wellbeing & Safer Communities	20,023
Children's Services	10,869
Communities & Culture	15,741
Corporate Services	8,325
Environment & Transport	39,506
Housing & Regeneration	<u>160,783</u>
Expenditure	258,006
Loans	187,590
Grants & Contributions	63,526
Reserves	3,556
Capital Receipts	2,888
Revenue Contributions	<u>446</u>
Financing	258,006

C.1.4 It will be seen that the capital programme is being mainly funded by loans.

C.2 Is there a full list of savings to balance the budget sustainably?

C.2.1 The savings that are included are summarised above. They are enough to balance the budget.

C.2.2 It may be worthwhile exploring with the Council the progress that has been made in achieving these savings.

C.3 Does adequate provision appear to have been made for growth and inflation?

C.3.1 The provision for spending pressures and commitments is summarised above.

C.4 Are savings explained in detail so as to give sufficient confidence that they will be delivered?

C.4.1 Savings proposals are explained in the appendix to the committee report. However, it may be worthwhile identifying more detail about the individual savings that are being made.

C.5 Do income targets (for local taxes as well as other forms) appear to be reasonable?

C.5.1 Income targets appear to be reasonable.

C.6 What was the council tax increase? Did this make full use of permitted flexibilities?

C.6.1 In 2025/26, the Council approved a Council Tax increase of 4.99% for its element of the Council Tax, being 2.99% for general use and 2.00% for Adult Social Care. The Council is therefore making use of the permitted flexibilities.

C.7 Does the budget report give detailed advice to members on reserves?

C.7.1 The Council's budget report contains a section on reserves that includes the following:

"The Council's policy on reserves is as follows:

- The Council will maintain its general reserve at a minimum of £13.5million to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the Medium Term Financial Plan without reliance on the use of the general reserve; and*
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities and these will be kept under regular review.*

"Other than the General Reserve, all reserves are earmarked for specific purposes. The forecast balances on earmarked reserves at 31st March 2025 and 31st March 2026 are attached at Appendix I for information.

"A general reserve of £13.5million is held to provide a level of contingency and meet any unforeseen expenditure and support the budget as currently agreed as set out in Appendix F. A full analysis of reserves is included annually in the Statement of Accounts. A financial risk analysis in respect of the level of general reserve is set out at Appendix H."

C.8 Does the Treasurer's s.25 sign off make appropriate reference to risks and is it logically consistent with the decisions taken?

C.8.1 The Chief Financial Officer's section 25 report states the following regarding risks:

"For Sunderland, the Chief Financial Officer is the Director of Finance, who can confirm that, based upon the information used in determining this Revenue Budget 2025/2026 report, including specifically:

- the approach to budget consultation;*
- the medium-term financial position set out in Appendix G;*
- the risk analysis set out in Appendix H;*
- the earmarked reserves set out in Appendix I; and*
- the statement of general balances and detailed budget (Appendix J);*

"The Revenue Budget is considered robust, and the level of reserves is considered to be adequate for 2025/2026 after an assessment of the financial risks and future plans of the Council have been taken into account. The underlying level of General Fund Balances at £13.5million to the end of 2024/2025 is considered prudent and robust given the overall level of reserves."

C.8.2 Exploring these issues further with the Council may be worthwhile.

C.9 Are all the issues reported in sufficient detail and with appropriate officers' advice to provide confidence that members have taken into account all the relevant matters and not taken into account irrelevant matters?

C.9.1 It appears that financial issues are generally reported adequately.

C.10 Relevant Documents

Revenue Budget 2025/26 Update and Provisional Settlement (January 2025) -

<https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=02q0xswAvRFTB3Ft%2fQCG4da%2bqjun6e1NRIVuPKUT2U5P8nDmv2MEuw%3d%3d&rUzwrP%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWCTPHwdhUfCZ%2fLUQzqA2uL5jNRG4jdQ%3d%3d&mCTIbCubSFFxsDGW9IXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=NHdURQburHA%3d&d9Qij0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

D. **Governance and Audit**

D.1 Does the audit opinion on the accounts or on value for money raise any issues of concern / interest?

D.1.1 The latest accounts to be audited are those for 2023/24. In the auditor's opinion, the financial statements:

- Give a true and fair view of the financial position of the Council and the Group as at 31st March 2024 and of the Council's and the Group's expenditure and income for the year then ended.
- Have been properly prepared in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

D.1.2 The auditor was satisfied with the Council's arrangements for securing value for money.

D.2 Has the auditor issued any special reports or letters?

D.2.1 I am not aware that the auditor has issued any special reports or letters.

D.3 Are issues with financial management indicated? For example, has the council submitted its accounts and had them audited on time?

D.3.1 The Annual Governance Statement for 2024/25 identifies no matters for concern.

D.4 Relevant Documents

Statement of Accounts 2023/24 -
[https://icm.sunderland.gov.uk/media/32683/Statement-of-Accounts-2023-2024/pdf/SCC Statement of Accounts 2023-24 FINAL v5-2-25 - signed.pdf?ccp=true#cookie-consent-prompt](https://icm.sunderland.gov.uk/media/32683/Statement-of-Accounts-2023-2024/pdf/SCC%20Statement%20of%20Accounts%2023-24%20FINAL%20v5-2-25%20signed.pdf?ccp=true#cookie-consent-prompt)

E. **Any other relevant issues**

E.1 Other matters – such as where an authority has been subjected to special financial scrutiny of one kind or another.

E.1.1 These are outlined below.

E.2 Organisational Structure

E.2.1 The Section 151 officer is the Director of Finance. They report directly to the Chief Executive. It appears that they are a member of the Senior Management Team.

E.3 Council Housing

E.3.1 In 2001 the Council transferred all its housing stock to the Sunderland Housing Group. However, in 2019 the Council re-registered as a Registered Provider so that it could construct and acquire new council housing. Because the numbers of new homes are relatively few, the Council was not obliged to prepare a housing revenue account in 2024/25.

E.3.2 It may be worthwhile exploring with the Council the extent of their ambition to construct and acquire new housing stock, the financial risks that may be involved and whether the creation of a housing revenue account will be necessary in future.

E.4 Dedicated Schools Grant (DSG)

E.4.1 The unaudited Dedicated Schools Grant outturn position was reported to the Council's Schools Forum on 22nd May 2025. The cumulative deficit as at 31st March 2025 is £16.049,000 that is made up of an in-year deficit of £6.960,000 and a carried forward deficit of £9.089,000.

E.4.2 The current cumulative Dedicated Schools Grant deficit poses a significant risk to the Council when considering budget setting for 2026/2027 and future years. Ongoing work is currently being undertaken to address the current in year pressures and to seek to reduce the increasing cumulative position.

E.4.3 The statutory override for the accumulated dedicated schools' grant ends in April 2028. If this is not extended, the deficit will transfer back to the Council's General Fund. It may be worthwhile exploring with the Council what the financial implications of this may be.

E.5 Interests in Companies

E.5.1 The Council has an interest in the following companies:

- Subsidiaries:
 - Sunderland Care and Support (Holding Company) Ltd.
 - Together for Children Sunderland Ltd.
 - Siglion LLP.
 - Siglion Holdings Ltd.
- Joint Ventures:
 - Sunderland Lifestyle Partnership Ltd.
 - IAMP LLP.

E.5.2 It may be worthwhile discussing with the Council whether there are any financial risks associated with these companies.

E.6 Relevant Documents

Council Housing Rent Increase 2025/26 (February 2025) - <https://committees.sunderland.gov.uk/committees/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=SrTOUTZct5veS5QnhuBvLD5SzkQCCob7Tq2%2bupLVO3lql%2faD6UBg9Q%3d%3d&rUzwRPf%2bZ3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNih225F5QMaQWctPHwdhUfCZ%2fLUQzqA2uL5jNRG4jdQ%3d%3d&mCTIbCubSfXsDGW9lXnlq%3d%3d=hFflUdN3100%3d&kCx1AnS9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d%3d=ctNJFf55vVA%3d&FgPIIEJYlotS%2bYGoBi5olA%3d%3d=NHdURQburHA%3d&d9Qjj0ag1Pd993isyOJqFvmyB7X0CSQK=ctNJFf55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3d>

3. Conclusions

3.1 The main issues that it may be worthwhile exploring with the Council include:

- Financial Planning:
 - The reasons for the main revenue over- and under-spending in 2024/25; especially the adverse variances in health, wellbeing & safer communities and children's services.
 - The reasons for the main revenue over-spending that is forecast for 2025/26; especially the forecast over-spends in health, wellbeing & safer communities and children's services.
 - The reasons for the under-spending in the capital programme in 2024/25 especially in housing & regeneration and environment & transport; the projected under-spending in 2025/26 especially in housing & regeneration; and whether this has any implications for project management.
 - The reasons why the council appears to be having difficulty in managing demand-led services including in health, wellbeing & safer communities and children's services.
 - The Council's record in achieving planned savings, especially the reasons why not all the planned savings were achieved in 2024/25, whether planned savings are expected to be achieved in 2025/26 and the implications of this.
 - The Council's low resilience regarding the relatively high level of interest payments and overall debt; and its relatively low levels of council tax revenue.
- Strategic Financial Planning:
 - The basis on which the Council has calculated the budget gap including how much to provide for growth and budget pressures.
 - The basis on which the Council has calculated the need for savings; the process by which savings are identified and implemented; and how it is intended to deliver further savings in 2026/27 and subsequent years.
 - The Prudential Borrowing Strategy and its implications for the capital programme and the revenue budget.
 - The Asset Management Strategy including whether the Council has the capacity to maintain assets in the long-term with a declining capital programme; and whether it is exposed to any risks associated with its long-term investments.
 - The level and use of reserves including general fund and earmarked reserves and the council's plan to use these reserves.
 - The potential Implications of the Fair Funding Review.
 - How the Council manages priorities between capital and revenue.
- Budget Setting:
 - How the Council plans to achieve the budgeted savings for 2025/26.
- Governance and Audit
 - No specific issues.
- Other Relevant Issues:
 - How the Council intends to manage the cumulative deficit on Dedicated Schools Grant services.
 - The risks that may be associated with the Council's interests in companies.