

BUDGET & SPENDING REPORT - SELECT COMMITTEE MONITORING

Committee name	Children, Families & Education Select Committee
Corporate Director(s) responsible	Julie Kelly, Corporate Director of Children's Services
Papers with report	Appendix A – Tables 1-4
Ward	All

RECOMMENDATION

1. That the Committee note the 2025/26 Month 5 budget monitoring position.

HEADLINES

2. This monitoring report provides an update on the 2025/26 Month 5 budget position relevant to the Select Committee. The Corporate Director, supported by their Head of Finance, will attend the meeting to provide further details and clarifications.
3. **2025/26 MONTH 5 BUDGET MONITORING POSITION**
4. **Children, Families & Education** – As at Month 5, services within this directorate are reporting a pressure of £4.1m, representing an adverse movement of £0.2m from Month 4. The pressure in this area is driven by additional demand for care, with this position being in part impacted by the Temporary Accommodation pressure leading to a lack of General Needs properties within the Housing Revenue Account (HRA) that is available for move-on.
5. Table 1 provides an overview of this Committee's Month 5 budget monitoring position by portfolio. It includes adjustments made to the forecast for Earmarked Reserves, Provisions and Transformation Capitalisation.
6. Table 2 provides a detailed breakdown of this Committee's Month 5 budget monitoring position by service area. It includes adjustments made for Earmarked Reserves, Provisions and Transformation Capitalisation.
7. **Dedicated Schools Grant (DSG)** – As of Month 5 (August 2025), the Dedicated Schools Grant (DSG) is forecasting a deficit of £12.5m with no change from Month 4, representing an improvement from the £15m outturn for 2024/25. This in-year shortfall is entirely driven by continued demand and cost pressures in High Needs placements, which remain significantly underfunded in the DSG allocation from the Department for Education (DfE). These pressures are not unique to the local authority; nationally, local authorities are facing similar challenges. Rising demand for specialist provision, a shortage of maintained special school places, and increasing reliance on costly independent non-maintained placements are contributing to widespread overspends in the High Needs Block. Despite efficiency targets and mitigation efforts, the structural underfunding of High Needs provision continues to place significant strain on DSG budgets across the country.

8. Whilst the Safety Valve funding with the Department of Education (DfE) is currently suspended, work has continued and the Council is very successfully taking control of the market, managing unit costs down and beginning to see a significant reduction in the in-year deficit as a consequence.
9. A core target for the revised High Needs Safety Valve Plan is to actively reduce unit costs by concentrating SEN support in-borough within our maintained schools and thereby reduce dependence on high cost independent and out-of-borough placements. Trend data shows clear evidence that the approach which has been in place since early 2024/25 is now beginning to have a positive impact.
10. The mounting DSG deficits remain a significant national issue, with projections indicating a substantial funding gap for English councils. Specifically, English councils face a £2.3 billion funding gap in 2025/26, rising to £3.9 billion by 2026/27, creating a £6.2 billion shortfall over two years, according to the Local Government Association (LGA). This deficit is primarily driven by increased demand for services for children with special educational needs and disabilities (SEND)
11. Table 3 provides an overview of the Month 5 position for the Dedicated Schools Grant (DSG).

12. 2025/26 SAVINGS

13. For the services within the remit of this Committee, the savings requirement for 2025/26 is £4.282m, as set out in the Council's budget strategy.
14. As of Month 5, £4.009m (93.6%) of the savings and interventions are being recorded as banked or on track for delivery, with a further £0.273m (6.4%) being at initial stages of delivery. There are no savings that are being reported as having potential challenges in delivery.
15. Table 4 provides a detailed breakdown of the 2025/26 Month 5 savings position by portfolio.

PERFORMANCE DATA

16. N/A

RESIDENT BENEFIT

17. Regular monitoring of financial performance is used to assess whether spending and savings targets are being met, thereby supporting the efficient delivery of services to residents. By closely tracking expenditure and identifying variances, the council can take timely corrective actions to address overspending and mitigate risks. This also enhances public transparency and accountability, providing residents with confidence that their Council is managing finances prudently and prioritising their needs. Overall, regular monitoring supports safeguarding the Council's finances and the delivery of quality services to residents.

FINANCIAL IMPLICATIONS

18. This is primarily a finance report and the implications are set out in the main body of the report above.

LEGAL IMPLICATIONS

19. There are no direct legal implications arising from regular monitoring of the council's finances by select committees.
20. Democratic Services advise that effective overview and scrutiny arrangements require access to the information under the committee's purview and, in accordance with the 2024 Statutory Scrutiny Guidance, such information includes finance and risk information from the Council, and its partners where relevant.

BACKGROUND PAPERS

21. NIL.

APPENDICES

- 1 – Tables 1-4

Appendix A – Tables 1-4

Table 1 – 2025/26 Month 5 Budget Monitoring Position by Portfolio

Directorate		Approved Budget	Underlying Forecast	Earmarked Reserves	Provisions	Transformation Capitalisation	Management Action	Forecast Outturn	Final Forecast Variance	Forecast Variance Prior Month	Change in Variance
Corporate Director, Children's Services	Expenditure	75,573	87,218	(376)	0	(2,747)	(5,044)	79,051	3,478	3,875	(397)
	Income	(22,072)	(23,717)	0	0	0	2,260	(21,457)	615	14	601
	Sub-Total	53,501	63,501	(376)	0	(2,747)	(2,784)	57,594	4,093	3,889	204

Table 2 – 2025/26 Month 5 Budget Monitoring Position by Service Area

Service Area		Approved Budget	Underlying Forecast	Earmarked Reserves	Provisions	Transformation Capitalisation	Management Action	Forecast Outturn	Final Forecast Variance	Forecast Variance Prior Month	Change in Variance
R5C: Director, Children Social Care	A1: Staffing Costs	18,400	17,342	0	0	(116)	192	17,418	(982)	(997)	15
	A2: Non-Staffing Costs	34,133	41,007	0	0	0	(2,227)	38,780	4,647	4,310	337
	A3: Grants Fees & Other Income	(15,182)	(13,912)	0	0	0	(1,523)	(15,435)	(253)	(104)	(149)
	Sub-Total	37,351	44,437	0	0	(116)	(3,558)	40,763	3,412	3,209	203
R5E: Director Education and SEND	A1: Staffing Costs	8,010	9,878	0	0	(2,400)	291	7,769	(241)	(136)	(105)
	A2: Non-Staffing Costs	1,688	5,067	(376)	0	0	(2,891)	1,800	112	496	(384)
	A3: Grants Fees & Other Income	(5,478)	(8,449)	0	0	0	3,842	(4,607)	871	122	749
	Sub-Total	4,220	6,496	(376)	0	(2,400)	1,242	4,962	742	482	260
R5S: Director SPQR	A1: Staffing Costs	8,165	8,703	0	0	(231)	(176)	8,296	131	(37)	168
	A2: Non-Staffing Costs	5,177	5,221	0	0	0	(233)	4,988	(189)	239	(428)
	A3: Grants Fees & Other Income	(1,412)	(1,356)	0	0	0	(59)	(1,415)	(3)	(4)	1
	Sub-Total	11,930	12,568	0	0	(231)	(468)	11,869	(61)	198	(259)
R5: Corporate Director, Children's Services	A1: Staffing Costs	34,575	35,923	0	0	(2,747)	307	33,483	(1,092)	(1,170)	78
	A2: Non-Staffing Costs	40,998	51,295	(376)	0	0	(5,351)	45,568	4,570	5,045	(475)
	A3: Grants Fees & Other Income	(22,072)	(23,717)	0	0	0	2,260	(21,457)	615	14	601
	Sub-Total	53,501	63,501	(376)	0	(2,747)	(2,784)	57,594	4,093	3,889	204

Table 3: Month 5 DSG Income and Expenditure Summary

Dedicated Schools Grant (DSG) Blocks	Budget 2025/26			Forecast £m	Variance £m	Month 4 £m	Change £m
	DSG Settlement	Academy Recoupment	LBH Maintained				
	£m	£m	£m				
Schools Block	297.9	-187	110.9	110.9	0	0	0
Early Years Block	48.3	-	48.3	48.3	0	0	0
Central Schools Block	2.5	-	2.5	2.5	0	-0.1	0.1
High Needs Block	86.8	-13.1	73.7	73.7	0	0.1	-0.1
Budgeted Use of Reserves	-12.5		-12.5	-12.5	0	0	0
Total	423.0	-200.1	222.9	222.9	0	0	0
Balance Brought Forward 1 April 2025					65.9		
Budgeted Use of Reserves					12.5		
Pressure					0		
Total Deficit at 31 March 2026					78.4		

Table 4 – 2025/26 Month 5 Savings Position by Directorate

Directorate	Description				RAG Rating 2025/26 & B/fwd savings						Total 2025/26
		B/fwd	2025/26	Total	B	G	A1	A2	R	W/O	£'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Children, Families & Education	Improving and Modernising the Fostering Offer	(462)		(462)	(305)	(157)					(462)
Children, Families & Education	New Care Offer - (Operating Model)		(273)	(273)				(273)			(273)
Children, Families & Education	Semi / Shared Accommodation		(2,156)	(2,156)	(1,680)	(476)					(2,156)
Children, Families & Education	Social Care Delivery Model - Social Care Delivery Model		(495)	(495)	(111)	(384)					(495)
Children, Families & Education	Social Care Delivery Model - Repeat Pregnancies		(600)	(600)	(250)	(350)					(600)
Children, Families & Education	Social Care Delivery Model - Special Guardianship Orders		(296)	(296)	(296)						(296)
Grand Total		(462)	(3,820)	(4,282)	(2,642)	(1,367)	0	(273)	0	0	(4,282)