

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 7 budget monitoring position.

HEADLINES

2. This monitoring report provides an update on the 2025/26 Month 7 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 7 BUDGET MONITORING POSITION**
4. **Children, Families & Education** – As at Month 7, services within this directorate are reporting a pressure of £6.0m, representing no movement from Month 6. 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) for move-on. Additional pressure is driven by a reduction in the use of flexible capital receipts to fund transformation costs within Education recognised in Month 6.
5. Table 1 provides an overview of this Committee's Month 7 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 7 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 7, the Dedicated Schools Grant (DSG) is forecasting an in-year deficit of £10.6m with a £1.9m favourable movement from Month 6, representing a further improvement from the £15m outturn for 2024/25. The favourable movement relates to High Needs expenditure and the service's ongoing work to reduce reliance on costly independent placements through increased local provision and early intervention. 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 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. The table below provides a summary of the Schools Budget and the current forecast.

8. Whilst the Safety Valve funding with the Department of Education (DfE) is currently suspended, the Council is actively progressing a range of strategic initiatives aimed at improving outcomes for children and young people with Special Educational Needs and Disabilities (SEND), while ensuring more sustainable use of resources. These efforts include reducing the overall number of Education, Health and Care Plans (EHCPs), lowering the average top-up funding required per EHCP, and decreasing the average cost of education placements. In parallel, the Council is working to enhance the value for money of commissioned services and to increase financial contributions from partner agencies towards the support of children and young people with SEND. The Council is 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 7 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 £4.549m, as set out in the Council's budget strategy.
14. As of Month 7, £4.276m (94%) of the savings and interventions are being recorded as banked or on track for delivery, with a further £0.273m (6%) 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 7 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

Appendix A – Tables 1-4

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Table 1 – 2025/26 Month 7 Budget Monitoring Position by Portfolio

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
R5: Executive Director Children and Young Peoples Services	Expenditure	79,339	89,190	(376)	0	(687)	(3,346)	84,782	5,442	4,714	729
	Income	(22,121)	(25,480)	(130)	0	0	3,987	(21,624)	497	1,222	(725)
	Sub-Total	57,218	63,710	(506)	0	(687)	641	63,158	5,939	5,935	4

Table 2 – 2025/26 Month 7 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	21,684	20,121	0	0	(111)	542	20,553	(1,132)	(1,340)	208
	A2: Non-Staffing Costs	34,763	39,969	0	0	0	(504)	39,465	4,702	4,107	595
	A3: Grants Fees & Other Income	(15,254)	(15,466)	(130)	0	0	167	(15,429)	(175)	432	(607)
	Sub-Total	41,193	44,624	(130)	0	(111)	205	44,589	3,395	3,200	196
R5E: Director Education and SEND	A1: Staffing Costs	8,015	10,600	0	0	(353)	(486)	9,760	1,745	1,775	(30)
	A2: Non-Staffing Costs	1,688	4,904	(376)	0	0	(2,898)	1,631	(58)	(59)	1
	A3: Grants Fees & Other Income	(5,455)	(8,460)	0	0	0	3,820	(4,641)	815	815	0
	Sub-Total	4,248	7,044	(376)	0	(353)	436	6,750	2,502	2,531	(29)
R5S: Director SPQR	A1: Staffing Costs	8,012	8,302	0	0	(223)	0	8,079	67	135	(68)
	A2: Non-Staffing Costs	5,177	5,294	0	0	0	0	5,294	118	96	22
	A3: Grants Fees & Other Income	(1,412)	(1,554)	0	0	0	0	(1,554)	(143)	(26)	(118)
	Sub-Total	11,777	12,042	0	0	(223)	0	11,819	42	205	(163)
R5: Executive Director Children and Young Peoples Services	A1: Staffing Costs	37,711	39,023	0	0	(687)	56	38,392	680	570	111
	A2: Non-Staffing Costs	41,628	50,167	(376)	0	0	(3,402)	46,390	4,762	4,144	618
	A3: Grants Fees & Other Income	(22,121)	(25,480)	(130)	0	0	3,987	(21,624)	497	1,222	(725)
	Sub-Total	57,218	63,710	(506)	0	(687)	641	63,158	5,939	5,935	4

Table 3: Month 7 DSG Income and Expenditure Summary

Dedicated Schools Grant (DSG) Blocks	Budget 2025/26			Forecast	Variance	Month 6	Change
	DSG Settlement	Academy Recoupment	LBH Maintained				
	£m	£m	£m	£m	£m	£m	£m
Schools Block	297.9	(187.0)	110.9	110.9	0	0	0
Early Years Block	48.3	0	48.3	48.3	0	0	0
Central Schools Block	2.5	0	2.5	2.5	0	0	0
High Needs Block	86.8	(13.1)	73.7	71.8	(1.9)	0	(1.9)
Budgeted Use of Reserves	(12.5)	0	(12.5)	(12.5)	0	0	0
Total	423.0	(200.1)	222.9	221.0	(1.9)	0	(1.9)
Balance Brought Forward 1 April 2025					65.9		
Budgeted Use of Reserves					12.5		
Pressure/(Reduction)					(1.9)		
Total Deficit at 31 March 2026					76.5		

Table 4 – 2025/26 Month 7 Savings Position by Directorate

Directorate	Description				RAG Rating 2025/26 & B/fwd savings						Total 2025/26 £'000
		B/fwd £'000	2025/26 £'000	Total £'000	B £'000	G £'000	A1 £'000	A2 £'000	R £'000	W/O £'000	
Children, Families & Education	Improving and Modernising the Fostering Offer	(462)		(462)	(338)	(124)					(462)
Children, Families & Education	Increase MVF by 1%		(267)	(267)		(267)					(267)
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)	(350)	(250)					(600)
Children, Families & Education	Social Care Delivery Model - Special Guardianship Orders		(296)	(296)	(296)						(296)
Grand Total		(462)	(4,087)	(4,549)	(3,042)	(1,234)	0	(273)	0	0	(4,549)