

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

That the Committee:

- 1. Note the 2025/26 Month 10 budget monitoring position.**

HEADLINES

2. This monitoring report provides an update on the 2025/26 Month 10 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 10 BUDGET MONITORING POSITION**
4. **Children, Families & Education** – As at Month 10, services within this directorate are reporting a pressure of £6.1m, down £0.3m from £6.4m in Month 9 due to an increase in contributions from the Integrated Care Board (ICB) towards cared for children placements. The overall forecast pressure in this area is driven by additional demand for Children's Social Care, including for Mother and Baby placements and an underlying pressure on Asylum costs due to a previously highlighted budget shortfall of £2.5m. Further pressure results from a £2m reduction in the use of flexible capital receipts previously assumed to fund transformation costs.
5. Table 1 provides an overview of this Committee's Month 10 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 10 budget monitoring position by service area. It includes adjustments made for Earmarked Reserves, Provisions and Transformation Capitalisation.
7. **Dedicated Schools Grant (DSG)** – The Dedicated Schools Grant (DSG) total Block is forecast to have an in-year deficit of £9.2m, representing a £0.4m favourable movement compared to month 9 and a £3.3m favourable variance against the £12.5m budgeted use of reserves. The DSG deficit is forecast to rise to £75.1m by the end of the financial year, but which will be mitigated by the High Needs Stability grant due to be paid in autumn 2026.
8. 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. The in-year shortfall is driven by continued demand and cost pressures in

High Needs placements. Rising demand for specialist provision and increased reliance on costly independent non-maintained placements are contributing to widespread overspends in the High Needs Block. This position will be significantly improved following the final local government funding settlement announcement made on 9 February 2026 setting out the Government's plans to support local authorities with their DSG deficits. The announcement included the following statement: "All local authorities with SEND deficits will be eligible in 2026/27 to receive a grant covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025-26. This grant will be paid in Autumn 2026, subject to each local authority submitting and securing the Department for Education's approval of a local SEND reform plan."

9. In the November 2025 budget, the Government confirmed that starting from the 2028-29 financial year, future special educational needs and disabilities (SEND) costs will be managed within the overall central government spending envelope, shifting the responsibility from local authorities.
10. There is currently a time-limited statutory override in place until 31 March 2028, ringfencing the DSG deficit such that this does not impact upon general reserves. The Council, like many other local authorities, has a large DSG deficit which stood at £65.9m on 31 March 2025, exceeding the level of General Fund reserves held. During the course of this year, the Council has successfully reduced the in-year spend against the DSG and continues to make good progress. The Final Local Government Settlement announced on 9 February 2026 set out the Government's plans to fund circa 90% of existing DSG deficits which will significantly reduce the deficit but will leave the Council with a residual balance to address in 2028/29.
11. 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 include converting all existing EHCPs to the new banding system to ensure a fair, transparent and sustainable approach to funding EHCPs. 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.
12. A core target for the revised High Needs Safety Valve Plan is to educate children locally wherever possible 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.

13. Table 3 provides an overview of the Month 10 position for the Dedicated Schools Grant (DSG).

14. 2025/26 SAVINGS

15. 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.
16. As of Month 10, £4.549m (100%) of the savings and interventions are being recorded as banked.
17. Table 4 provides a detailed breakdown of the 2025/26 Month 10 savings position by portfolio.

PERFORMANCE DATA

18.N/A

RESIDENT BENEFIT

19. 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

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

LEGAL IMPLICATIONS

21. There are no direct legal implications arising from regular monitoring of the council's finances by select committees.

22. 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

23.NIL

APPENDICES

Appendix A – Tables 1-4

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Table 1 – 2025/26 Month 10 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	79,008	86,396	(376)	0	(699)	0	85,321	6,313	6,427	(114)
	Income	(21,777)	(21,252)	(730)	0	0	0	(21,982)	(205)	18	(223)
	Sub-Total	57,231	65,144	(1,106)	0	(699)	0	63,339	6,108	6,445	(337)

Table 2 – 2025/26 Month 10 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	21,600	20,765	0	0	(111)	0	20,654	(946)	(906)	(40)
	A2: Non-Staffing Costs	34,737	40,007	0	0	0	0	40,007	5,270	5,420	(150)
	A3: Grants Fees & Other Income	(15,228)	(15,339)	(730)	0	0	0	(16,069)	(841)	(605)	(236)
	Sub-Total	41,109	45,433	(788)	0	(111)	0	44,592	3,483	3,909	(426)
R5E: Director Education and SEND	A1: Staffing Costs	8,015	9,952	0	0	(353)	0	9,599	1,584	1,618	(34)
	A2: Non-Staffing Costs	1,370	1,870	(376)	0	0	0	1,494	124	155	(31)
	A3: Grants Fees & Other Income	(5,137)	(4,356)	0	0	0	0	(4,356)	781	768	13
	Sub-Total	4,248	7,466	(376)	0	(353)	0	6,737	2,489	2,541	(52)
R5S: Director SPQR	A1: Staffing Costs	8,114	8,667	0	0	(235)	0	8,432	318	174	144
	A2: Non-Staffing Costs	5,172	5,135	0	0	0	0	5,135	(37)	(34)	(3)
	A3: Grants Fees & Other Income	(1,412)	(1,557)	0	0	0	0	(1,557)	(145)	(145)	0
	Sub-Total	11,875	12,245	(1,164)	0	(235)	0	12,010	136	(5)	141
R5: Executive Director Children and Young Peoples Services	A1: Staffing Costs	37,729	39,384	0	0	(699)	0	38,685	956	886	70
	A2: Non-Staffing Costs	41,279	47,012	(376)	0	0	0	46,636	5,357	5,541	(184)
	A3: Grants Fees & Other Income	(21,777)	(21,252)	(730)	0	0	0	(21,982)	(205)	18	(223)
	Sub-Total	57,231	65,144	(1,106)	0	(699)	0	63,339	6,108	6,445	(337)

Table 3: Month 10 DSG Income and Expenditure Summary

Dedicated Schools Grant (DSG) Blocks	Budget 2025/26			Forecast Month 10 £m	Variance £m	Month 9 £m	Change £m
	DSG Settlement £m	Academy Recoupment £m	LBH Maintained £m				
Schools Block	297.9	(187.0)	110.9	110.8	(0.1)	0	(0.1)
Early Years Block	48.3	0	48.3	48.1	(0.2)	0	(0.2)
Central Schools Block	2.5	0	2.5	2.5	0	0	0
High Needs Block	86.8	(13.1)	73.7	70.7	(3.0)	(2.9)	(0.1)
Budgeted Use of Reserves	(12.5)	0	(12.5)	(12.5)	0	0	0
Total	423.0	(200.1)	222.9	219.6	(3.3)	(2.9)	(0.4)
Balance Brought Forward 1 April 2025					65.9		
Budgeted Use of Reserves					12.5		
Pressure/(Reduction)					(3.3)		
Total Deficit at 31 March 2026					75.1		

Table 4 – 2025/26 Month 10 Savings Position by Directorate

Directorate	Description	RAG Rating 2025/26 & B/fwd savings						Total 2025/26 £'000				
		B/fwd	2025/26	Total	B	G	A1		A2	R	W/O	
		£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	
Children, Families & Education	Improving and Modernising the Fostering Offer	(462)		(462)	(462)							(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)	(2,156)							(2,156)
Children, Families & Education	Social Care Delivery Model - Social Care											
	Delivery Model		(495)	(495)	(495)							(495)
Children, Families & Education	Social Care Delivery Model - Repeat											
	Pregnancies		(600)	(600)	(600)							(600)
Children, Families & Education	Social Care Delivery Model - Special											
	Guardianship Orders		(296)	(296)	(296)							(296)
Grand Total		(462)	(4,087)	(4,549)	(4,549)	0	0	0	0	0	0	(4,549)