

Appendix B

Period 10 Budget Monitoring Report for Children and Family Services

Briefing Paper of the of Corporate Director for Children and Family Services

1. Purpose of the Paper and Summary

- 1.1. To provide an overview of the budget position for Children, Young People and Family Services at period 10 the end of January 2026, how the budget is influenced by demand levels, what performance measures are used to monitor this and the service actions to control demand and mitigate overspending while improving quality.
- 1.2. The Children, Young People and Family Services Directorate is forecasting significant financial pressures at period 10 of £7.8m, this is an increased pressure of £1.7m from the period 7 position of £6.1m, driven by increased demand and costs relating to children looked after. See **Appendix 1** for a breakdown of this. The projected overspend spans multiple service areas, with details provided below.

2. Background

- 2.1. The report provides details of each service area of the Directorate, the Dedicated Schools Grant, savings targets, and the Families First Partnership transformation work.

3. Current Position and Forecast at Period 10 Budget Monitoring

3.1. Safeguarding

The Safeguarding Service is forecasting an overspend of £6.3m at period10, this is an increase from the previous £4.6m forecast at period 7. Details of the pressures, and changes to forecasts are detailed below.

3.1.1. Pay Forecast

As also reported in the period 7 monitoring, there is a £1.8m pressure due to the vacancy management factor ,incorporated as standard practice in council staffing budgets for anticipated staff turnover.

The successful implementation of the “Grow Our Own” policy has led to a substantial increase in recruitment, and at the end of January 2026 there were only 2 vacant posts, as newly qualified Social Workers have completed their training and received their registrations.

3.1.2 Children Looked After Placements

The pressures due to costs of placements for children who are looked after is estimated to have increased to £3.9m at period 7 this is up from £2.6m reported at period 7. There are pressures on both the numbers and the costs of placements.

The metrics attached to this report at **Appendix 2** provide a breakdown of placements for children who are looked after across different types of placements, and analyses the variance between that caused by a change in number or a change in price, based on the number of children looked after for the year to date. The budget was set at a level of 741 children, the number at January 2026 is 754.

The above pressures for the vacancy factor and placements are currently offset by a £1.5m contribution from the corporate contingency. These emerging pressures will continue to be monitored closely, and further updates will be provided in subsequent financial reports.

3.1.3 Children's Homes - Internal

There is a continued financial pressures on our Internal Children's homes, this pressure is estimated at £1.8m in period 10 an increase of £400,000 from period 7 forecast. The number of children in our homes at budget was 35, at period 7 there were 44 and at period 10 there are 46. There remain children in temporary homes, which are set up to best manage sufficiency issues and provide the best place for children. Temporary children's homes, often provide a value for money placement compared to external independent settings. However, the staffing these homes does increase the pressure on the budget, this is due to these homes needing to be staffed at short notice so that agency staff are often required therefore increasing average costs. The service is introducing a staffing model to enable some permanent staff to be available to staff these temporary homes, which will both increase stability in the homes and value for money.

Work continues with the finance team and the children's homes managers to improve financial management and value for money.

3.2 Family First Partnership Reforms and Other New Burdens

The Families First Partnership (FFP) is a national reform programme launched by the Government to transform children's social care by shifting focus from crisis intervention to early help and preventative support.

The additional costs identified for the reforms and new burdens in period 10 are a total of £455,000, remaining the same as reported at period 7. With £363,000 relating to the Family First reforms and £91,000 for new burdens. The pressure from the reforms shows over both Safeguarding and Performance service areas.

3.3 Learning and Skills

The Learning and Skills Service is forecasting an overspend of £1.3m at period 10, this is no change from period 7. Details of the pressures are below.

3.3.1 Increase in numbers of pupils with Education Health and Care Plans

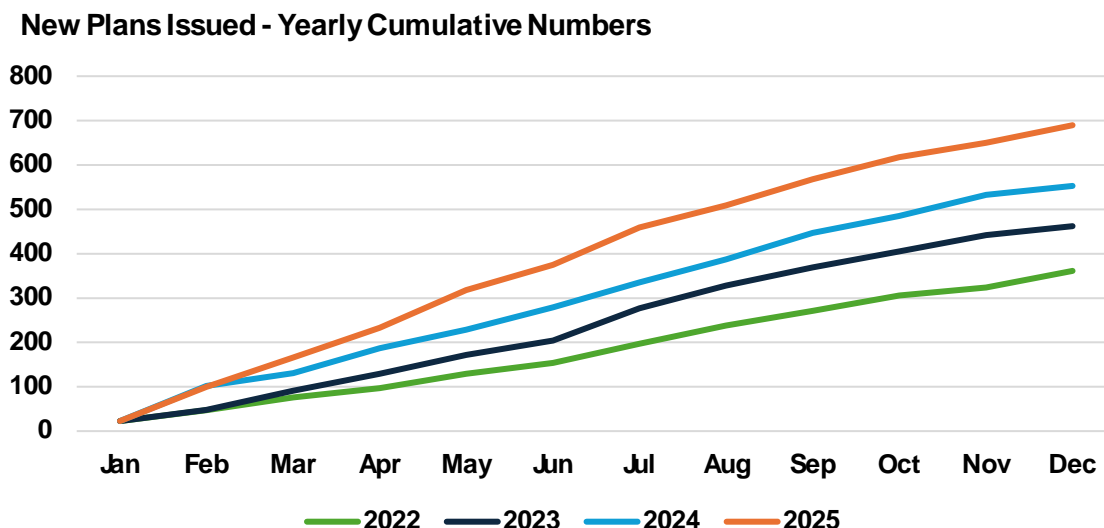
The large growth in requests for EHCP's reported in previous reports has continued, Many of the cost pressures in both Learning and the Dedicated Schools Grant (DSG) are influenced by the number of Education Health and Care plans(EHCPs).

Over the last 5 years the city has seen average year on year growth of 13% in the number of Education, Health and Care plans maintained. The highest rate of growth (17%) was seen between January 2024 and January 2025 and the lowest between 2022 and 2023 (8%). 2025 growth has surpassed the previous highest level.

Fig 1 below demonstrates that the increase in EHCP requests has translated into a corresponding rise in new plans issued. With an average of 58 new plans per month during 2025 to date.

Fig. 2 New plans issued – yearly cumulative numbers

The following presents the cumulative number of new plans issued by calendar year.



Whilst benchmarking data is always lagged, there is strong anecdotal evidence that a significant proportion of LAs are experiencing a spike in demand for EHCPs as a direct result of imminent SEND reform, parents keen to secure their legal rights to enhanced provision and in many cases a special school place whilst the option is still available to them.

3.3.2. Home to School Transport

The financial pressure on Home to School transport is estimated at £800,000 at period 10, no change from period 7. This estimate is based on current costs and numbers of pupils transported.

3.3.3 Educational Psychologists and the SEND Team employee costs

The overspend estimated for Educational psychologists at period 10 is £250,000 no change from period 7. The forecast includes £150,000 for the further part year effect of the 2024 SEND Team restructure.

3.3.6 Music Service -

There is a forecast pressure in the Music service budget of £75,000, this again remains at the same level as reported in period 7. This is due to increased pressure on staffing costs due to staffing changes and to the teachers' pay increases for both this September and previous years.

3.4 Early Help

3.4.1 Youth Justice Service

There is forecast to be an overspend of £85,000 in the Youth justice Board expenditure, which remains the same as period 7. Hull Youth Justice service is part funded by Hull City Council and the Police and Crime Commissioner (PCC) but in the main is funded by the Youth Justice Board (YJB). There was a small uplift in funding from the YJB confirmed in May 2025 of 1.5%. In previous years, the budget has been supported by a carry forward balance, however due to pressures from increased costs including this years and previous years pay awards, the national insurance increase and other inflationary pressures the overspend will during 2025-2026 exceed the balance available. This budget deficit is likely to increase in 2026-2027 as there will be no carry forward remaining. The funding for both Turnaround and the core Youth Justice grant has been announced with a three year agreement but with no uplift on the 2025-2026 award.

3.5 Dedicated Schools Grant

The pressure on the dedicated schools grant budget has increased by £2.9m from period 7 to a forecast £15.7m in year deficit, with the overall cumulative deficit expected to reach £22.9m at the end of 2025-2026. See table below.

Projected In Year and Cumulative Position

	A	B	C	D	
Dedicated Schools Grant	Balance brought forward from 2024-2025	2025-2026 DSG Grant	Projected Expenditure	Sum (C-B) Projected In year variance	Sum (A + D) Projected balance to be carried forward to 2026-2027
Dedicated Schools Grant	£'000	£'000	£'000	£'000	%
Schools	-1,313	4,318	5,631	1,313	0
Central School Services Block	257	2,807	3,307	500	757
High Needs Block	9,813	48,039	62,169	14,130	23,943
Early Years Block	-1,617	34,900	34,697	-203	-1,820
TOTAL	7,140	90,064	105,805	15,741	22,881

Since 2020 the government has allowed councils to exclude their DSG deficit from the main balance sheet under the "statutory override". This override is in place until the

end of 2027-2028. The government announced within the final Local Government Finance Settlement in February 2026 the plan for supporting authorities with historic deficits.

The government stated “We are also introducing support for local authorities’ Dedicated Schools Grant (DSG) deficits in phases. The first phase will tackle historic deficits accrued up to the end of 2025-26. 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, subject to each local authority submitting and securing the Department for Education’s approval of a local SEND reform plan.

We know that SEND reform will take time to fully embed and local authorities will need further support. For deficits that arise in 2026-27 and 2027-28, local authorities can expect that we will continue to take a similarly appropriate and proportionate approach to such support, though it will not be unlimited.”

3.5.1 High Needs

Period 10 budget monitoring highlights a £14.1m in year deficit in the high needs block, which will lead to a £23.9 m cumulative deficit at the end of 2025-2026, this is an increase of £2.9 m from the period 7 forecast. This is due to the continued significant increases in the numbers of Education Health and Care Plans, as described above, and increases in costs per pupil caused by both increases in complexity of assessed need, and increased costs of places due to sufficiency issues. Lack of sufficiency in our Special Schools has led to increased pupils placed in more expensive placements in Independent provision and in Education Other than at School (EOTAS) packages of support. This lack of Special School places is in the most part due to the delay in the delivery of the new Special Free School, Willowfield.

The metrics attached to the report at **Appendix 3** show the increases in the numbers of pupils with EHCP’s across different provision types, and the estimated cost per provision.

This increase in numbers and costs is a national issue, nationally deficits now total £4bn and are projected by the OBR to hit £14bn by 2030.

The Government’s planned schools white paper which is to include Special Educational Needs and Disabilities (SEND) reforms, was expected in autumn 2025 but has at time of writing still not been published.

The Directorate are working with the Learning Partnership, and Schools Forum to implement a number of plans to help address the fundamental issues and improve outcomes for children. The following are the workstreams which started with the DBV (Delivering Better Value) grant work and are to be continued and expanded to help make a difference to the High Needs block financial pressures.

- Outreach – All outreach services have been recommissioned both to ensure they meet the full range of needs and provide value for money; the outreach services will provide early intervention with the aim of reducing the need for an EHCP. The new services started delivery in September 2025

- Training – continuation of the training offer implemented by DBV to provide support to schools to manage needs.
- Transition – additional support to pupils at transition point, as this is identified as the time when most plans are issued. Work continues to support pupils with an aim to reduce the number of plans.
- Review of bandings, assessment documents and processes – To reduce the escalating cost of the Progressive Provision Level (PPL) funding and ensure greater sustainability by having a shared understanding of the ‘core offer’ of provision, strengthened scrutiny at the High Needs Working Group over schools use of core funding to ensure effective use and accountability before requesting an EHCP or additional LA funding.
- Review of high cost placements – To ensure greater scrutiny and implement strong mitigations for high-cost independent placements, including work on expanding SEND provision capacity across the city and effective use of the Trust-led EOTAS (Education Other Than at School) delivery.
- Review of Alternative Provision services

This work is being monitored regularly, and updates will be brought at further budget monitoring reports.

3.5.2 Early Years

The expansion of Early Years provision over the last two years, with the final expansion to provide 30 hours childcare from the age of 9 months from September 2025, has made monitoring this budget more difficult. However, it is forecast that Early Years will end this year with a small in year surplus. A £1.6m surplus was carried forward from 2024-2025 which helps support this uncertainty and also the funding received is now being updated by the DfE on a termly basis, based on actual numbers in provision which should mean once embedded that funding and expenditure remain in line.

3.5.3 Central School Services

This is forecast to overspend by £500,000. This is due to the reduction in funding for Hull based on the DfE’s funding formula.

3.5.4 Schools

The Schools block is treated as fully spent once the budgets are delegated to schools, therefore it is forecast that the balance carried forward from 2024-2025 will be fully spent during 2025-2026.

There are now two remaining maintained schools, Oakfield having converted to an academy on the 1st February. These two schools are currently predicting reasonable surplus budgets for the current financial year. The LA finance team are supporting the schools and will report any financial issues if required.

4. Savings

4.1 **Appendix 1** demonstrates the updated savings plan agreed at period 2, and the progress made with implementing this plan.

4.2 Shared Tenancies

In November 2024 permission was given to by CST to extend the Shared Tenancy Scheme by a further 30 beds. This is already seeing dividends with a reduced number of young people living in commissioned supported accommodation. The increase in provision initially focused on UASC young people who are ready to manage their own tenancy with support, however, this has now expanded to a larger cohort of young people. Work has now commenced on looking at an enhanced gateway offer for young people with more complex needs. The cost avoidance of this project is expected to exceed the target of £400,000.

4.3 Agency Social Worker Update and Savings Forecast

As a result of the successful “Grow Our Own” policy for Social Workers, a savings target of £800,000 was set across the 2024–2025 and 2025–2026 financial years. The reduction in agency social workers during 2024–2025—ending the year with 39—will generate a full-year saving of at least £400,000 in 2025–2026.

In January 2026, there were 27 agency social workers (including 4 Team Managers), no change from period 7. Further reductions are expected due to the significant number of Social Work apprentices that have completed their training during 2025–2026, with once all registered 34 ASYE (Assessed and Supported Year in Employment) Social Workers entering the workforce.

There have been 10 agency social workers transferred to permanent social worker posts due to the introduction of the statutory guidance on the engagement of agency children’s social workers. The Yorkshire and Humber region agreed pay caps in accordance with the statutory guidance which was implemented on 1 January 2025. This will potentially save £190,000 per year. There continues to be interest, and the number is likely to increase from 10.

The target was to reduce agency numbers to 26 by the end of August and to 15 by the end of the financial year. There was a delay in university completion dates which caused some delay in the reduction, and there are 4 Team Managers currently covered by agency workers. The year end target of 15 may not now be achievable but the overall in year reduction will meet this years a savings target. Work will continue in 2026-2027 to further reduce the number of agency workers.

These projected reductions are expected to meet the savings targets. The agency workforce is being closely monitored, and updates will continue to be provided in each monitoring report.

4.4 Children’s Homes financial support

As mentioned above, the Children’s finance team are working with Children’s Home managers to help support improved financial management and value for money. This is an ongoing piece of work, which has now started to show some results. It is forecast at Period 7 and Period 10 that these savings are “amber”, and that a saving is £250,000 which is half of the target of £500,000. The use of the additional temporary homes for 4 young people, does mean that permanent staff are moved to support these homes, again putting further pressure on budgets, although as explained above the service is implementing a plan to use a permanent staffing team. All children’s homes are receiving individual finance meetings, to discuss the financial position of the home, and provide support and challenge. Finance are also meeting regularly with

the Head of Service, Group managers and attending the managers meetings on a regular basis. These meetings discuss emerging issues, progress reports and training is provided. Detailed information is shared on a monthly basis to enable managers to better manage their budgets.

4.5 Other Savings

Other savings are to be met from vacancy reviews, and the identification of further savings plans. They are currently estimated that these savings are classed as amber with £350,000 identified to date.

5. **Next steps**

- 5.1 Updates on Children's Services budget position will be provided at the next formal budget monitoring period.

**Director for Children and Young People and Family Services
Pauline Turner**

Contact Officer : Karen Crabtree Telephone No. : 01482 613543

Officer Interests: None


Background Documents: - None

Summary Directorate Position and Savings

Appendix 1

Directorate of Children, Young People and Family Services	Full Year Budget	Year End Forecast	Projected Year-end Variance
Service Area	£'000	£'000	£'000
Children Safeguarding	73,866	80,166	6,300
Learning and Skills	10,164	11,439	1,275
Performance	1,900	2,056	156
Early Help and Partnerships	7,922	8,007	85
NET EXPENDITURE	93,852	101,668	7,816

2025/26 Efficiency Savings (includes efficiency savings rolled over from 2024/25 of £1.467 million)

Service Area	Programme / Project	Savings Target	Savings expected to be achieved	Savings Variance	RAG (Red / Amber / Green) Rating of current risk position	Explanation for variance
		2025/26	2025/26	2025/26		
		£000's	£000's	£000's		
Children Safeguarding	Social Worker Agency Reduction with "Grow our own" Plan	800	800	0	GREEN	
Children Safeguarding	Children's Homes Efficiencies and value for money work	500	250	-250	AMBER	Financial support and value for money work ongoing with Children's homes. High level of agency cover for sickness causing increased costs.
Children Safeguarding and Early help	Extension of in-house shared tenancy schemes	400	525	125	GREEN	
Performance	Increased Grant Income	174	174	0	GREEN	
Directorate vacancies and other efficiencies	vacancies and other efficiencies	442	350	-92	AMBER	Work continuing to identify vacancies and other efficiencies.
Total Children's Services		2,316	2,099	-217		
					RAG rating explanation 	

Safeguarding service Area – Metrics on Placements of Children Looked After

Placement Category	25/26 Budget			Period 10 Reported Position			P10 Variance		
	Budget £m	Number of Children	Average cost per annum £m	Period 10 Forecast £m	Number of Children	Average cost per Annum £m	Number Variance £m	Price Variance £m	Total Variance £m
<u>Looked After Children Placements</u>									
Residential Agency	6.500	21	0.310	8.790	28	0.314	2.167	0.123	2.290
Foster Agency	10.167	190	0.054	10.367	188	0.055	-0.107	0.307	0.200
Secure Accommodation	0.233	0.5	0.466	0.124	0.3	0.413	-0.093	-0.016	-0.109
Remand	0.000	0	0.000	0.515	3	0.172	0.515	0.000	0.515
Independent Living / Lodgings, range of placements with varied costs - Agency	1.911	22	0.087	2.101	19	0.111	-0.261	0.451	0.190
Other Independent Living / Lodgings	1.223	30	0.041	1.558	39	0.040	0.367	-0.031	0.335
Fostering HCC inc placed for adoption	4.244	232	0.018	4.115	210	0.020	-0.402	0.273	-0.129
Family & Friends Fostering	2.073	113	0.018	2.202	113	0.019	0.000	0.129	0.129
Parent & Baby HCC	0.000	0	n/a	0.238	2	0.119	0.238	0.000	0.238
Looked After Children Placement Total	26.351	608.50		30.010	602				3.659
<u>Non Looked After Children Third Party Placements</u>									
Disability including Direct Payments	1.911	n/a	n/a	1.608					-0.303
"Staying Put" - HCC	0.481	n/a	n/a	0.512					0.031
Permanency Orders (not LAC)	8.670	726	0.012	9.372	734	0.013	0.096	0.606	0.702
Adoption Allowances	2.104	213	0.010	2.142	205	0.010	-0.079	0.117	0.038
Therapy & Counselling	0.100	n/a	n/a	0.012					-0.088
Care Leavers	0.510	n/a	n/a	0.461					-0.049
Others	0.045	n/a	n/a	0.019					-0.026
Non Looked After Third Party Placements Total	13.821	939.00		14.126	939				0.305
Total Placements £'m	40.171			44.136					3.964
<u>Children's Homes</u>									
Children's Home	10.276	35	0.294	12.117	46	0.263	3.230	-1.389	1.841
Children's Home -Short Breaks	1.116	n/a	n/a	1.077					-0.038
Children's Homes total	11.392			13.195					1.803
Note: Nil costs CLA		97			106				
Total CLA		741			754				

Metrics

Appendix 3

Dedicated Schools Grant – Metrics on Pupils with Education Health and Care Plans

Type of Provision	Budget			Period 10			Variance		
	Total	Numbers of Pupils	Cost Per Pupil	Total	Numbers of Pupils	Cost Per Pupil	Total	Numbers of Pupils	Cost Per Pupil
Mainstream pupils with EHCPs	£10,378,843	1360	£7,632	£14,369,068	1657	£8,672	£3,990,225	297	£1,040
Resource Bases	£630,539	81	£7,784	£656,948	92	£7,141	£26,409	11	-£644
SEN Units	£669,461	86	£7,784	£1,858,335	143	£12,995	£1,188,874	57	£5,211
Pupils with EHCPs in Academy Alternative Provision settings	£3,621,980	227	£15,956	£3,953,001	297	£13,310	£331,021	70	-£2,646
Special Schools	£22,771,417	809	£28,148	£22,442,119	847	£26,496	-£329,298	38	-£1,652
Education Other than at School	£727,123	20	£36,356	£1,792,072	44	£41,122	£1,064,949	24	£4,766
Independent Special Schools	£2,575,361	30	£85,845	£4,678,864	60	£77,981	£2,103,503	30	-£7,864
Other LA's schools with Hull's statement pupils - mainstream	£626,637	90	£6,963	£1,058,800	103	£10,280	£432,163	13	£3,317
Other LA's schools with Hull's statement pupils - Special	£158,771	12	£13,231	£822,220	29	£28,352	£663,449	17	£15,121
	£42,160,132	2715		£51,631,427	3272		£9,471,295	557	