

Appendix B

Period 5 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 5 the end of August 2025, 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 5 of £4.9m, this is an increased pressure of £1m from Period 2, driven by increased demand, staffing changes, and national reforms. 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 5 Budget Monitoring

3.1. Safeguarding

The Safeguarding Service is forecasting an overspend of £3.5m at Period 5, this is an increase from the previous £3.2m forecast at Period 2. See **Appendix 1** for a breakdown of this. Details of the pressures, and changes to forecasts are detailed below.

3.2. Pay Forecast

The Safeguarding Service employs a significant number of Social Workers and supporting staff. As standard practice, all council staffing budgets incorporate a vacancy factor to account for anticipated staff turnover throughout the year. For the 2025–2026 financial year, the vacancy factor for Safeguarding has been set at £3.1m.

Historically, this vacancy factor has aligned with actual staffing levels due to persistent vacancies in social worker posts. However, the successful implementation of the “Grow Our Own” policy has led to a substantial increase in recruitment, and in summer 2025 the largest cohort of apprentices will qualify. This shift has introduced budgetary pressure, which has intensified in 2025–2026.

It is anticipated that most vacant posts will be filled during Autumn 2025, as newly qualified Social Workers complete their training and receive registration. As a result, the vacancy factor will no longer offset staffing costs to the same extent, leading to an estimated overspend of approximately £1.8m on employee costs (excluding agency staff and Children’s Homes).

3.3 Children Looked After Placements

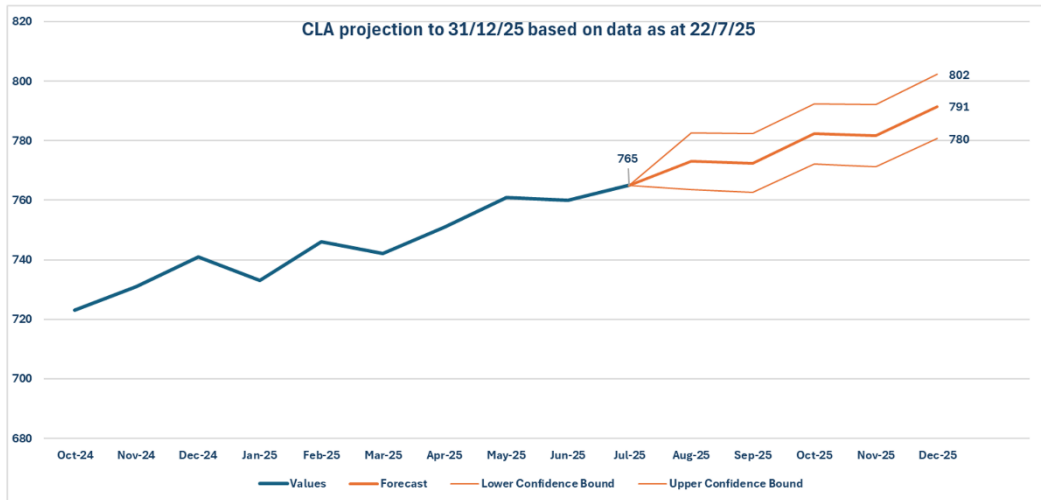
The pressures due to costs of placements for children who are looked after is estimated at £1.675m. There are pressures on both the numbers and the costs of placements.

Costs of placements are a national issue. According to the Ministry of Housing, Communities and Local Government (MHCLG) figures, spending on children’s social care is expected to rise by 7.1% overall, but with a national £732m, 9.5% increase in real terms on children’s care placements. This is the third year that spend on children’s social care has nationally increased by at least 7% in real terms, this can be attributed to the significant rise in costs, changes to Children’s needs, an increased level of vulnerability, changes in the placements market and an overall lack of supply. However significant parts of the governments social care reforms are designed to tackle costs of care placements, by reducing the numbers of children in care, boosting placement supply and strengthening local authority commissioning. The reforms have begun to be introduced this year.

The latest performance report shows the number of children looked after in Hull at the end of July has increased to 767 at a rate of 125.6 per 10,000. The latest benchmarking in year dataset for quarter 4 indicates Hull had a rate of 122, ranking 8th highest amongst the 11 new statistical neighbours with an average rate of 107, this is lower than the old statistical neighbour average of 129 but much higher than the regional average of 80 per 10,000.

Analysis has been undertaken to forecast the number of children looked after based on current data, if need and practice continues as it has since October 2024 by the end of December it is predicted there will be 785 children looked after, increasing by 18 (2%) from July 2025.

Children Looked After - forecast based on current practice



OFFICIAL

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 average number of Children looked after for the year to date. The budget was set at a level of 741 children, the number at August 2025 is 765. As per graph above the forecast for December is 791. An increase of 26 on August, which at an average cost of £46,000 per placement would be a pressure of £1.1m.

The above pressures for 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.

3.4 Children's Homes - Internal

There is a continued financial pressures on our Internal Children's homes. The number of children in our homes at budget was 35, at period 5 there were 42. Two of these homes are temporary homes 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 required therefore increasing average costs. The service is looking at a staffing model to enable 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.

3.5 Family First Partnership Reforms and Other New Burdens

The additional costs identified for the reforms and new burdens in Period 5 are a total £516,000. With £400,000 relating to the Family First reforms and £116,000 for new

burdens, £617,000 was flagged as an additional cost in Period 2 monitoring, this has reduced due to some delays in recruitment to new posts. The additional costs that are estimated for the 2026-2027 financial year are expected to be at least £1m, funding levels for 2026-2027 are expected to be available in the Autumn.

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 programme is backed by over £500 million in funding for the 2025/26 financial year, allocated through the Local Government Finance Settlement,
- Local authorities are expected to co-design and implement reforms based on local needs, which may involve restructuring services, retraining staff, and establishing new multi-disciplinary teams.
- While initial transformation may incur setup and operational costs, the programme is designed to rebalance spending away from high-cost statutory interventions toward cost-effective early support.

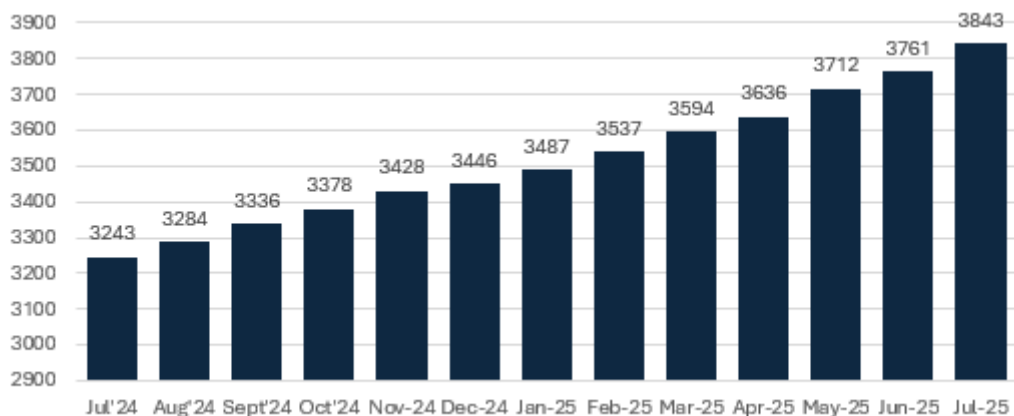
3.6 Learning and Skills

The Learning and Skills Service is forecasting an overspend of £1.4m at Period 5, this is an increase from the previous £700,000 forecast at Period 2. Details of the pressures, and changes to forecasts are detailed below.

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

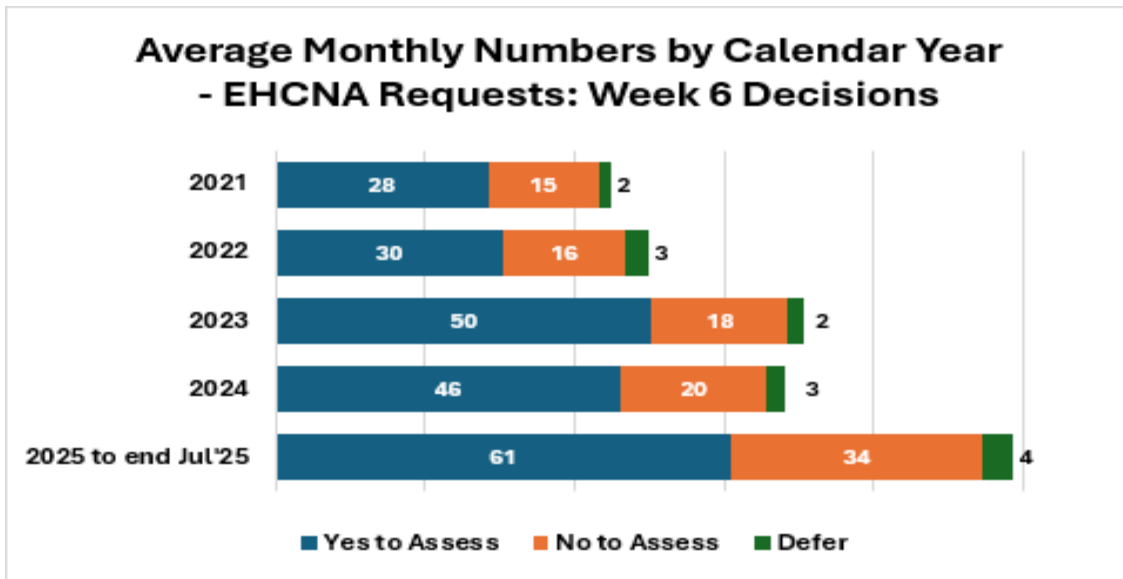
Many of the cost pressures in both Learning and the Dedicated Schools Grant (DSG) are influenced by the number of Education Health and Care plans(EHCPs).

EHC plans - Number Maintained (13 months)



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%). Once plans are agreed, they usually remain in place until a pupil completes their education, which is therefore a long-term financial commitment.

The number of requests for assessment has significantly increased during 2025, after seeing a positive move to a reduction of requests during 2024, from the 2023 being the year of the most requests. The below demonstrates this on a monthly basis.



Although data is not available as yet, colleagues in other authorities have reported the same trend, and it is felt to be attributable to a reaction to the forthcoming SEND reforms, which have been reported as to possibly remove the EHCP for mainstream pupils. EHCPs take at least 20 weeks to complete, therefore this recent increase in requests for assessment will not be reflected in the financial forecasts for at least 5 months.

Refer to the DSG section for workstreams that are in place to help address this issue.

3.8 Home to School Transport

The financial pressure on Home to School transport is estimated at £800,000 at Period 5. This estimate is based on current costs and numbers of pupils transported, and an additional risk is the unknown changes from the new school year at September 2025, which will be able to be assessed for Period 7.

3.9 Educational Psychologists and the SEND Team employee costs

The overspend estimated for Educational psychologists at Period 5 is £250,000 an increase from the previous estimate of £100,000 at period 2. The pressure has increased due to the increase in requests for EHCP's during 2025, demonstrated above, which was not anticipated. The forecast includes £150,000 for the further part year effect of the 2024 SEND Team restructure.

3.10 Children's Wellbeing Bill and other New Burdens

The additional costs identified for the reforms and new burdens in Period 5 are a total £79,000. With £36,000 relating to the Children's Wellbeing Bill and £44,000 for new burdens, £105,000 was flagged as an additional cost in Period 2 monitoring, this has reduced due to some delays in recruitment to new posts. The additional costs that are estimated for the 2026-2027 financial year are expected to be at least £200,000.

The Children's Wellbeing and Schools Bill will bring about significant changes to the way local authority education services operate, requiring them to take on new responsibilities, collaborate more closely with other agencies, and adopt new approaches to supporting vulnerable children. While there will be additional costs, the bill is expected to deliver long-term benefits through improved outcomes for children and a more efficient and equitable education system. The Bill outlines some areas also covered by the FFP reforms and therefore included above under Safeguarding above, for the Learning and Skills Service additional burdens from the Bill and the new Alternative provision new statutory guidance include;

- Children Not in School Registers: LAs will have to maintain these registers, which will involve costs and time to administer,
- Support for Home-Educating Families: LAs will have a duty to offer support to home-educating families.
- School Attendance Orders: The School Attendance Order process will be broadened.
- Monitoring Alternative Provisions, both registered and unregistered – LA's are required to have a strategic plan, quality assure all placements and conduct regular reviews of progress.

3.11 Music Service -

There is a forecast pressure in the Music service budget of £75,000. 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, income has been increased from September 2025, but the service will only gain a part year effect from this increase in 2025-2026. The service is also reviewing all contracts, and ways of working to improve value for money.

3.12 Early Help

3.12.1 Youth Justice Service

There is forecast to be an overspend of £85,000 in the Youth justice Board expenditure. 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 Ni 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, however, the Ministry of Justice are considering an updated funding formula which may be more beneficial to Hull. Further information will be provided when available.

3.12.2 Grants

You will recall that during 2024-2025 risks were flagged around the potential end of a number of grant funding streams. As you will be aware this in the most part did not happen, but most grants were only agreed for one year. There has been some good news though including the announcement of the continuation of Family Hubs with the Start for Life programme, with funding to

continue for a further 3 years, and positive indication around other grants continuing.

3.12.3. Dedicated Schools Grant

The pressure on the dedicated schools grant budget remains the same as forecast at Period 2, with the overall cumulative deficit expected to reach £17.4m at the end of 2025-2026. See table below;

	A	B	C	D	Sum (A + D)
	Balance brought forward from 2024-2025	2025-2026 DSG Grant	Projected Expenditure	Sum (C-B) Projected In year variance	Projected balance to be carried forward to 2026-2027
	£'000	£'000	£'000	£'000	%
Dedicated Schools Grant					
Schools	-1,313	4,318	5,631	1,313	0
Central School					
Services Block	257	2,755	3,243	488	745
High Needs Block	9,813	48,039	56,560	8,521	18,334
Early Years Block	-1,617	34,900	34,835	-64	-1,681
TOTAL	7,140	90,012	100,269	10,257	17,397

Since 2020 the government has allowed councils to exclude DSG deficit from their main balance sheet under the "statutory override". This has been proposed to be extended and be in place until the end of 2027-2028. The government have stated that they will provide more detail at the provisional Local Government Finance Settlement in Autumn on the plan for supporting authorities with both historic and accruing deficits.

3.13 High Needs

Period 5 budget monitoring highlights a £8.5m in year deficit in the high needs block, which will lead to a £18.3m cumulative deficit at the end of 2025-2026. This is due to the 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 and it is estimated that by the end of 2027-2028, nationally councils overspending on DSG High Needs could be between £2.9bn and £3.9bn per year.

Using Section 251 benchmarking data at the end of 2023-2024 there were 27 LA's in an in-year surplus with the average being £2.2m, and 126 LA's in an in year deficit the average deficit of £8.9m, and highest deficit of £52.9m. Hull had an in-year surplus in 2023-2024 of £805,000 and of our statistical neighbours the average balance was a deficit of £4.4m, with 2 in surplus and 8 in deficit. 2024-2025 data for Section 251 has just been submitted therefore updated benchmarking data should be available shortly, but the expectation is that the majority of authorities are in an increasing deficit position.

The Government will set out its planned Special Educational Needs and Disabilities (SEND) reforms in an autumn 2025 schools white paper.

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.
- 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.

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

3.14 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.

3.15 Central School Services

This is forecast to overspend by £488,000 as also reported in Period 2. This is due to the reduction in funding for Hull based on the DfE's funding formula.

3.16 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 spent during 2025-2026.

McMillan Nursery has now effectively closed as a maintained nursery school, with the building and the provision of places in the area now being run by Venn MAT. This is a good outcome for the children and staff at the school, ensuring continuity of provision.

The other remaining three maintained 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 August 2025, there were 35.6 agency social workers, an increase of 2.7 from June (Period 2), primarily due to additional sickness and maternity cover. However, by early September, this number had reduced to 32.

A significant number of Social Work apprentices are expected to complete their training during 2025–2026. Once registered, this will result in 34 ASYE (Assessed and Supported Year in Employment) Social Workers entering the workforce.

The target was to reduce agency numbers to 26 by the end of August and to 15 by the end of the financial year. A slight delay in university completion dates means registrations will now be received by late September or early October. Despite this, agency numbers are still expected to fall below 26 shortly, and the year-end target of 15 remains achievable.

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 5 that these savings are "amber", and that a saving is £250,000 which is half of the target of £500,000. Due to high levels of sickness, the agency costs of children's homes have increased, which is causing an additional pressure on the budget. The use of the additional 2 temporary home, does mean that permanent staff are moved to support these homes, again putting further pressure on budgets. All children's homes are receiving individual finance meetings, to discuss the individual 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. The next steps in this work include;

- Development of training plan
- Review of rotas including need for an agreed and adhered to rota guidance and process
- Staff absence recording and the cost of staff absence
- Agency staff usage and value for money
- Provision of clear finance guidance and policies
- Value for money reviews
- Ongoing budget methodology review for non-pay 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 £200,000 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

Financial Year 2025/26

Director of Children Services

Summary Directorate Position

Director of Children Services	Full Year Budget	Year End Forecast	Projected Year-end Variance
Service Area	£'000	£'000	£'000
Children Safeguarding	73,866	77,342	3,476
Learning and Skills Performance	10,164	11,518	1,354
Early Help and Partnershi	2,082	2,082	0
	7,741	7,826	85
NET EXPENDITURE	93,853	98,768	4,915

1.3 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	500	100	GREEN	
Performance	Increased Grant Income	174	174	0	GREEN	
Directorate vacancies and other efficiencies	vacancies and other efficiencies	442	200	-242	AMBER	Work continuing to identify vacancies and other efficiencies.
Total Children's Services		2,316	1,924	-392		

RAG rating explanation

RED	At this stage, projecting savings not to be achieved
AMBER	Savings will not be achieved in full or at risk
GREEN	At this stage, projecting savings to be achieved

Metrics

Appendix 2

Safeguarding service Area – Metrics on Placements of Children Looked After

Placement Category	25/26 Budget			Period 4 Reported Position			P4 Variance		
	Budget	Number of Children	Average cost per annum	Period 4 Forecast	Average Number of Children	Average cost per Annum	Number Variance	Price Variance	Total Variance
		£m	£m		£m	£m			
Looked After Children Placements									
Residential Agency	6.500	21	0.310	7.394	24.7	0.299	1.145	-0.252	0.894
Foster Agency	10.167	190	0.054	10.368	196	0.053	0.321	-0.120	0.201
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	0.069	0	0.000	0.000	0.000	0.069
Independent Living / Lodgings, range of placements with varied costs - Agency	1.911	22	0.087	2.223	22.2	0.100	0.017	0.295	0.312
Other Independent Living / Lodgings	1.223	30	0.041	1.579	37.5	0.042	0.306	0.050	0.356
Fostering HCC inc placed for adoption	4.244	232	0.018	4.089	221.2	0.018	-0.198	0.043	-0.155
Family & Friends Fostering	2.073	113	0.018	2.179	109.3	0.020	-0.068	0.174	0.106
Looked After Children Placement Total	26.351	608.50		28.025	611				1.674
Non Looked After Children Third Party Placements									
Disability including Direct Payments	1.911	n/a	n/a	1.335					-0.576
"Staying Put" - HCC	0.481	n/a	n/a	0.519					0.038
Permanency Orders (not LAC)	8.670	726	0.012	9.250	724.2	0.013	-0.021	0.602	0.580
Adoption Allowances	2.104	213	0.010	2.148	211.5	0.010	-0.015	0.059	0.044
Therapy & Counselling	0.100	n/a	n/a	0.070					-0.030
Care Leavers	0.510	n/a	n/a	0.475					-0.035
Others including U 8's, Support care and Permanence	0.045	n/a	n/a	0.024					-0.021
Non Looked After Third Party Placements Total	13.821	939.00		13.821	936				0.000
Total Third Party Placements £'m	40.171			41.846					1.675
Childrens Homes									
Childrens Home	9.906	35	0.283	10.984	42	0.262	1.981	-0.903	1.078
Childrens Home -Short Breaks	1.071	n/a	n/a	0.978					-0.093
Childrens Homes total	10.976	35.00		11.961	42				0.985
Note: Nil costs CLA		97			105.2				
Total CLA	At Budget	741		Average	758	0.134			
Note: Total number of CLA at Period 5 is 765.									

Metrics

Appendix 3

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

Type of Provision	Budget			Period 5			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	£12,610,828	1590	£7,931	£2,231,985	230	£300
Resource Bases & SEN Units	£2,419,000	167	£14,485	£3,153,659	179	£17,618	£734,659	12	£3,133
Pupils with EHCPs in Academy Alternative Provision settings	£3,542,366	126	£28,114	£3,721,406	157	£23,703	£179,040	31	£4,411
Special Schools	£22,771,417	809	£28,148	£20,909,164	817	£25,593	£1,862,253	8	£2,555
Education Other than at School	£727,123	20	£36,356	£1,115,566	25	£44,158	£388,443	5	£7,802
Independent Special Schools	£2,575,361	30	£85,845	£4,131,136	60	£68,852	£1,555,775	30	£16,993
Other LA's schools with Hull's statement pupils - mainstream	£626,637	90	£6,963	£835,591	91	£9,182	£208,954	1	£2,220
Other LA's schools with Hull's statement pupils - Special	£158,771	12	£13,231	£913,493	34	£26,867	£754,722	22	£13,637
							£4,191,325	339	£12,354