Appendix B

Period 7 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 7 the end of October 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 7 of £6.1m, this is an increased pressure of £1.2m from Period 5, 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 7 Budget Monitoring

3.1. Safeguarding

The Safeguarding Service is forecasting an overspend of £4.6m at Period 7, this is an increase from the previous £3.5m forecast at Period 5. Details of the pressures, and changes to forecasts are detailed below.

3.1.1. Pay Forecast

As also reported in the period 5 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 October 2025 there were only 7 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 £2.6m at Period 7 this is up from £1.7m reported at period 5. 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 October 2025 is 761. However, at the time of writing this report the numbers have fallen to 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 pressure on our Internal Children's homes, this pressure is estimated at £1.4m in Period 7 an increase of £0.4m from Period 5 forecast. The number of children in our homes at budget was 35, at period 5 there were 42 and at period 7 there are 44. At Period 7 there were 4 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, staffing these homes does increase the pressure on the budget and this is due to the homes needing to be staffed at short notice so that agency staff are often required therefore increasing average staffing cost per home. 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 mangers 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 7 are a total of £0.455m reduced from £0.516m at period 5 due to delays in some staff appointments. With £0.363m relating to the Family First reforms and £0.091m for new burdens. The pressure from the reforms is now showing over both Safeguarding and Performance service areas. The additional costs that are estimated for the 2026-2027 financial year are expected to be at least £1.3m but the associated funding levels for 2026-2027 are expected to be available in the Autumn.

3.3 Learning and Skills

The Learning and Skills Service is forecasting an overspend of £1.3m at Period 7, this is a small reduction from the previous £1.4m forecast at Period 5. Details of the pressures, and changes to forecasts are detailed below.

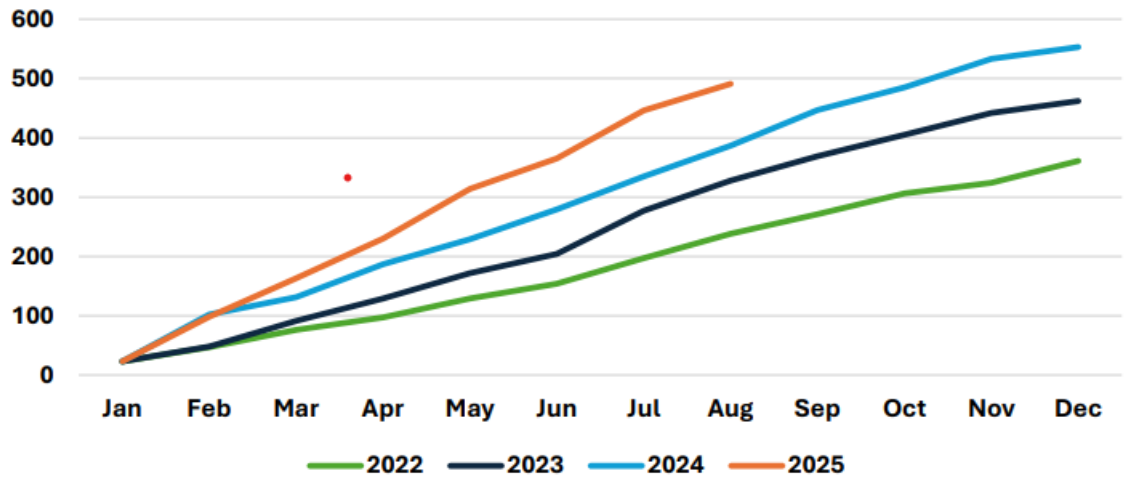
3.3.1 Increase in numbers of pupils with Education Health and Care Plans

The large growth in requests for EHCP's reported in the period 5 report 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 60 new plans per month during 2025 to date.

Fig. 2 New plans issued – yearly cumulative numbers



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. The ADCS education policy group is lobbying government to consider transitional arrangements, so that the spiralling costs which the reform agenda has driven might be mitigated.

The DfE's SEND review team has estimated that there will be no new legislation until September 2028, the passage of this reform agenda through parliament is not expected to be seamless. It is therefore imperative that LAs

continue to find efficiencies within the current system, as far as that is possible. Refer to the DSG section for workstreams that are in place to help address this issue.

3.3.2. Home to School Transport

The financial pressure on Home to School transport is estimated at £0.800m at Period 7, no change from Period 5. 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 7 is £0.250m no change from period 5. The forecast includes £0.150m for the further part year effect of the 2024 SEND Team restructure.

3.3.4 Children's Wellbeing Bill and other New Burdens

The additional costs identified for the reforms and new burdens in Period 5 were a total £0.079m; this has been removed as a pressure in period 7 for 2025-2026 due to delays in recruitment to new posts, which are now expected to be filled for April 2026. The additional costs that are estimated for the 2026-2027 financial year are expected to be at least £0.200m.

3.3.5 Music Service **-**

There is a forecast pressure in the Music service budget of £0.075m, this again remains at the same level as reported in period 5. 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 £0.085m in the Youth justice Board expenditure, which remains the same as period 5. 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 year 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.

3.5 Dedicated Schools Grant

The pressure on the dedicated schools grant budget has increased by £2.6m from period 5 to a forecast £12.8m in year deficit, with the overall cumulative deficit expected to reach £20m 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
	£'000	£'000	£'000	£'000	%
Schools	-1,313	4,318	5,631	1,313	0
Central School Services Block	257	2,807	3,295	488	745
High Needs Block	9,813	48,039	59,222	11,183	20,996
Early Years Block	-1,617	34,900	34,732	-168	-1,785
TOTAL	**7,140**	**90,064**	**102,880**	**12,816**	**19,956**

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 have stated that they will provide more details at the provisional Local Government Finance Settlement in Autumn on the plan for supporting authorities with both historic and accruing deficits.

3.5.1 High Needs

Period 7 budget monitoring highlights a £11.2m in year deficit in the high needs block, which will lead to a £21m cumulative deficit at the end of 2025-2026, this is an increase of £2.6m from the period 5 forecast. 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.

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 been delayed until early in the new year.

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.

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 £0.488 as also reported previously. 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.

The three remaining 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 £0.400m.

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 £0.800m 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 £0.400m in 2025–2026.

During October 2025, there were 27 agency social workers (including 3.5 Team Managers), a decrease of 8.6 from August 2025 (Period 5). This ongoing reduction is due to the significant number of Social Work apprentices that have completed their training during 2025–2026 and with 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 £0.190m per year. There continues to be interest in agency workers taking up permanent positions and the number is likely to increase from 10.

The target was to reduce agency numbers to 26 by the end of August 2025 and to 15 by the end of the financial year. There was a slight delay in university completion dates which caused some delay in the reduction, and there are 3.5 Team Managers currently covered by agency workers. Despite this, 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 7 that these savings are "amber", and that a saving is £0.250m which is half of the target of £0.500m. 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 £0.350m 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.

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Officer Interests: None

Background Documents: - None

Summary Directorate Position and Savings **Appendix 1**

Financial Year 2025/26 Period 7
Director of Children Services

Summary Directorate Position

Director of Children Services Service Area	Full Year Budget £'000	Year End Forecast £'000	Projected Year-end Variance £'000
Children Safeguarding	73,866	78,466	**4,600**
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**	**99,968**	**6,116**

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	350	-92	AMBER	Work continuing to identify vacancies and other efficiencies.
Total Children's Services		**2,316**	**2,074**	**-242**		

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

	25/26 Budget			Period 7 Reported Position			P7 Variance		
Placement Category	Budget £m	Number of Chidren	Average cost per annum £m	Period 7 Forecast £m	Number of Chidren	Average cost per Annum £m	Number Variance £m	Price Variance £m	Total Variance £m
Looked After Children Placements									
Residential Agency	6.500	21	0.310	8.176	26	0.314	1.548	0.129	1.676
Foster Agency	10.167	190	0.054	10.338	191	0.054	0.054	0.118	0.171
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	0.164	1	0.000	0.164	0.000	0.164
Independent Living / Lodgings, range of placements with varied costs - Agency	1.911	22	0.087	2.223	25	0.089	0.261	0.052	0.313
Other Independent Living / Lodgings	1.223	30	0.041	1.519	42	0.036	0.489	-0.193	0.296
Fostering HCC inc placed for adoption	4.244	232	0.018	4.156	223	0.019	-0.165	0.077	-0.088
Family & Friends Fostering	2.073	113	0.018	2.165	115	0.019	0.037	0.055	0.092
Looked After Children Placement Total	26.351	608.50		28.942	623				2.592
Non Looked After Children Third Party Placements									
Disability including Direct Payments	1.911	n/a	n/a	1.427					-0.484
"Staying Put" - HCC	0.481	n/a	n/a	0.479					-0.002
Permanency Orders (not LAC)	8.670	726	0.012	9.328	739	0.013	0.155	0.503	0.658
Adoption Allowances	2.104	213	0.010	2.152	211	0.010	-0.020	0.068	0.048
Therapy & Counselling	0.100	n/a	n/a	0.017					-0.083
Care Leavers	0.510	n/a	n/a	0.481					-0.029
Others including U 8's, Support care and Permanence	0.045	n/a	n/a	0.016					-0.029
Non Looked After Third Party Placements Total	13.821	939.00		13.901	950				0.080
Total Placements	40.171			42.843					2.672
Total £'m	40.171			42.843					2.672
Childrens Homes									
Childrens Home	10.276	35	0.294	11.831	44	0.269	2.643	-1.088	1.555
Childrens Home -Short Breaks	1.116	n/a	n/a	1.009					-0.106
Childrens Homes total	11.392			12.841					1.449
Note: Nil costs CLA		97			94				
Total CLA		**741**			**761**				

Metrics **Appendix 3**

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

Type of Provision	Budget			Period 7			*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	£14,018,882	1628	£8,612	*£3,640,039*	*268*	*£981*
Resource Bases	£630,539	81	£7,784	£635,256	66	£9,625	*£4,717*	*-15*	*£1,841*
SEN Units	£669,461	86	£7,784	£1,115,614	91	£12,259	*£446,153*	*5*	*£4,475*
Pupils with EHCPs in Academy Alternative Provision settings	£3,621,980	227	£15,956	£3,967,367	294	£13,494	*£345,387*	*67*	*-£2,461*
Special Schools	£22,771,417	809	£28,148	£21,989,883	847	£25,962	*-£781,534*	*38*	*-£2,186*
Education Other than at School	£727,123	20	£36,356	£1,491,292	29	£51,895	*£764,169*	*9*	*£15,539*
Independent Special Schools	£2,575,361	30	£85,845	£3,743,512	49	£76,398	*£1,168,151*	*19*	*-£9,447*
Other LA's schools with Hull's statement pupils - mainstream	£626,637	90	£6,963	£919,621	103	£8,928	*£292,984*	*13*	*£1,966*
Other LA's schools with Hull's statement pupils - Special	£158,771	12	£13,231	£802,471	33	£24,317	*£643,700*	*21*	*£11,086*
		2905			3519		*£6,907,459*	*614*	*£11,255*