

Children's Services 2025/26 – Quarter One Forecast Variance Mitigation Report

Background

The forecast overspend for Children's Services at Q1 totals £2.84m, driven primarily by increased cost pressure from delivering Special Guardianship Order (SGO) support. The SGO budget is forecast to overspend by £1.54m mainly due to the annual increase in the Fostering National Minimum Allowance, which the service has been required to match without a corresponding increase in budget. This pressure had been masked within the Children in Care (CIC) budget and has only now been clearly identified from service re-mapping.

In addition, rising costs and increased demand within CIC added further pressure of £0.7m. Children and families First, PLO & Court contributed about £0.8m to the overall pressure. Savings forecasted in other areas helped reduce the net variance to £2.84m

| Service | £000's |
|---|--------------|
| Children In Care | 746 |
| Special Guardianship Order | 1,542 |
| Children & Families First, PLO & Court | 808 |
| Savings in other areas | (255) |
| Net overspend before further mitigations | 2,841 |

The forecast also includes approximately £1.2m relating to cost of young adults (over 18 years) who continue to be funded by Children's Services, despite being more appropriately aligned to Housing or Adults social care budgets.

Planned Mitigation

| Mitigation | Amount £000's | Likelihood of Success |
|--------------------------|---------------|-----------------------|
| Drawdown from Reserve | 668 | Achieved |
| Back payment from Health | 500 | Achieved |

Conclusion

The forecast overspend within the service is being actively managed through the mitigation strategies set out above with the **quarter one projected overspend reduced to £1.674m** after the mitigations noted above have been considered. We request that Cabinet recognises the inbuilt £1.2m pressure, which is not appropriately aligned with the children service's budget, when considering the overall position. Furthermore, we will be presenting the SGO overspend as an MTFP pressure and will be bidding for growth in the next financial year.