

Children & Young People Directorate

2026/27 Budget Position Statement

Key pressures, challenges and savings proposals for 2026/27

Children & Young People Directorate

Key Revenue Budget Pressures

- Rising demand and increasing costs to support and protect children and young people in care as a result of increasing complexity of need and risk and limited market sufficiency.
- Increasing demand and costs to support children with Special Educational Needs and Disabilities (SEND) required to fulfil statutory responsibilities to provide education provision that meets need.
- Increased demand and costs associated with school transport costs for children with Education, Health and Care Plans and SEND.
- The impact of the Dedicated Schools Grant (DSG) High Needs Block overspend on the council's cash and borrowing position.

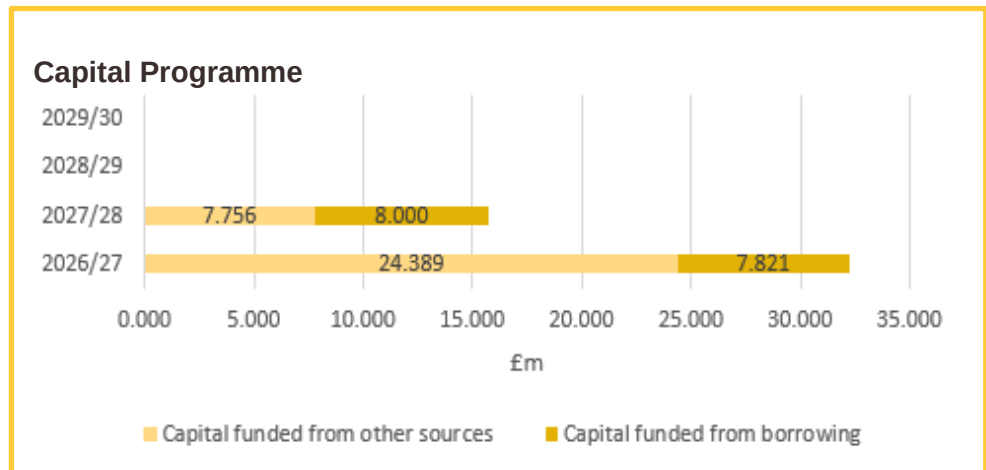
Key Savings Proposals

- Continued reduction in both the number of agency social workers and agency hourly pay rates to minimise pressure on staffing budgets.
- Managing expenditure of high-cost residential and complex needs placements through continued management oversight, review and challenge of outcomes for children.
- Delivering efficiencies through reshaping of services to promote Family Help reducing the need for specialist care and protection.

Key Capital Projects

- Peterchurch Area School Investment
- School Improvement Works to Brookfield School and Aylestone School
- Relocation of Herefordshire Pupil Referral Service
- Establishment of new Alternative Provision centre

Revenue Budget	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Opening budget	58,873	58,414	59,996	61,293
Pressures:				
Demographic growth	2,047	-	-	-
Inflation	520	1,582	1,297	1,323
Other pressures	321	-	-	-
Savings				
Cost control	(1,310)	-	-	-
Increasing income	-	-	-	-
Managing demand	(1,966)	-	-	-
Delivering efficiencies	(72)	-	-	-
Closing budget	58,413	59,996	61,293	62,616



Children & Young People Directorate

Strategic Priorities

The council's priority is to support children and young people to thrive and achieve their potential, to ensure that all children have the best start in life.

The Children and Young People Partnership (CYPP) and Families First delivery programme are coordinated to promote Family Help; supporting parents and the wider family network to provide safe, nurturing care to their children in the first instance, reducing risk and preventing the need for care.

Using a restorative approach the directorate continues to recognise the importance of working with children, young people and their families and the essential role of the wider partnership in meeting the vision as set out by the Families First Welfare reforms and our own CYPP plan.

Key Services

- Early help and family support services including advice, guidance and training programmes to families and professionals.
- Children's social care services to children and young in need of Support, care and protection, including children who are care-experienced and those at risk of exploitation.
- Children with disabilities services providing early help, support and protection to those with complex needs.
- Adoption and fostering services providing safe, nurturing care.
- School place sufficiency, school admissions and attendance.
- Support and guidance to schools and education providers to promote high-quality education places for children in Herefordshire.
- Early years provisions support, guidance and quality assurance.
- Special educational needs and disabilities (SEND).
- Education support for vulnerable groups of children including those who are home educated and missing from education, and children who are looked after.

- Increasing care and support provider costs, and the impact of growing demand on the sufficiency of placements and provision, lead to financial pressures across the Children & Young People directorate budget.
- The annual and cumulative Dedicated Schools Grant (DSG) deficit position represents a significant financial pressure for the council over the medium-term period, in line with the national trend.
- National and local increases in Education, Health and Care Plans (EHCPs), driven by complex needs including autism and speech and language difficulties, leading to increased demand for individualised specialist placements, result in both cost and workforce pressures for the directorate with a corresponding impact on Special Educational Needs (SEN) and Home to School Transport budgets.
- The recruitment and retention of social workers represent a challenge to both service delivery and staffing budgets. The directorate continues to manage workforce pressures with a focus on permanent recruitment retention.
- Challenges in the recruitment of in-house, local foster carers, including for sibling groups and children with disabilities and complex and additional needs. A lack of capacity means the council is increasingly reliant on higher-cost provision from the independent market.

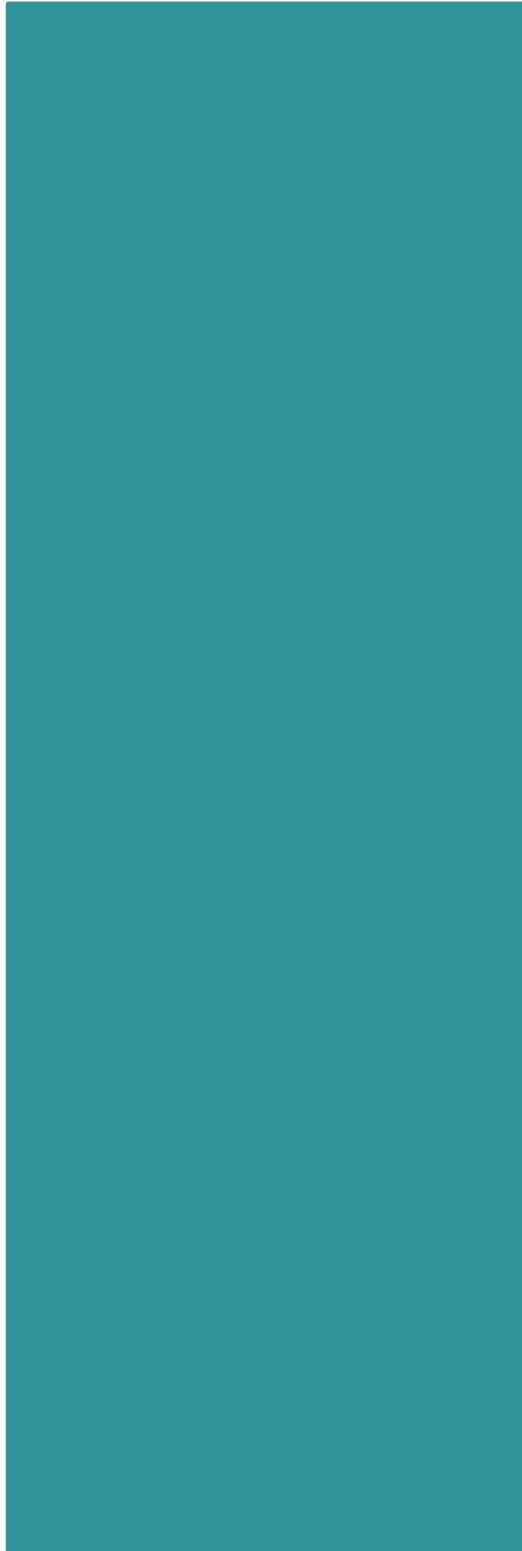
Key Challenges and Risks to Service Delivery



Children & Young People Directorate

Appendices

Appendix A: Revenue Budget by Service
Appendix B: Revenue Budget Movements
Appendix C: 2026/27 Savings Proposals
Appendix D: Capital Projects



Appendix A: Revenue Budget by Service

Service Description	Net Budget 2025/26 £'000	Gross Budget 2026/27 £'000	Income £'000	Earmarked Reserves £'000	Net Budget 2026/27 £'000	Net Budget 2027/28 £'000	Net Budget 2028/29 £'000	Net Budget 2029/30 £'000
Central Children's Directorate	1,845	4,509	(1,501)	-	3,008			
Education Skills and Learning	4,045	7,875	(3,043)	(471)	4,361			
Corporate Parenting	41,975	44,301	(4,744)	-	39,557			
Safeguarding and Family Support	11,008	11,488	-	-	11,488			
Total	58,873	68,173	(9,288)	(471)	58,413	59,996	61,293	62,616

Appendix B: Revenue Budget Movements

Title	Detail	2026/27 £'000
Earmarked reserve funding	Social Resilience reserve	1,442
Consolidated grants	RSG Settlement	722
Pay Inflation	Estimated pay award	520
Movement in Pay estimates	Various	329
DSG Budget	Change in recharge	318
Supported Accommodation	Increased support	169
Out of County Foster Carers	Council tax support	46
Earmarked reserve funding	Movement in year of funding	(157)
Whitecross PFI	Increased income	(227)
Miscellaneous	Various	(273)
Total		2,889

Appendix C: 2026/27 Savings Proposals £3,348k

Ref	Savings Description	Proposed activity	TOTAL 2026/27 £'000	On 01/04/26 £'000	Over 2026/27 £'000
CONTROL COSTS £1,310k					
C1	Reduction in Social Worker Agency posts: planned reduction based on requirements of current cohort	Progress in line with improvement plan to secure permanency in workforce and reduce higher agency costs.	800	800	-
C2	Early Help Service: planned removal of Head of Service post (currently vacant) as part of locality model changes	This was completed as part of the individual's retirement and within the locality re-design where roles and responsibilities were re-designated. No impact on operational service delivery	70	70	-
C3	SEND Staff: removal of posts not currently filled to deliver savings in staffing costs	This was planned as a response to recognise increasing workloads. Funding found through grant for fixed period pending SEND reforms	123	123	-
C4	Agency Cap Recruitment: reduction in existing agency hourly rates for social workers to move the service closer to CAP rates whilst retaining experienced social workers	Agency staff in longer term roles approached to seek hourly rates reduction to move towards regional cap. Agreed in 17/20 staff. No impact on service delivery	79	79	-
C5	Staffing review/vacancies: reshaping of services to deliver net savings in staffing budgets	Reviewed medium/long term managed vacancies to agree permanent deletion of posts for saving contribution with minimal impact on existing staff.	238	119	119
MANAGE DEMAND £1,966k					
D1	Complex needs budget: reduction to reflect decrease in complex needs placements in 2026/27 within the Section 75 budget (pooled funding arrangement across Health, Education and Social Care)	Cohort of children jointly funded through ICB and LA S75 agreement reviewed as ICB withdrew S75. Commitment for each existing placement agreed with continued joint funding until transition to next placement as determined by the child/young person's plan. Transition to Adult services added to demand forecast in Adult services	1,265	-	1,265
D2	Unaccompanied Asylum-Seeking Children (UASC) budget: reduction in average weekly placement costs for UASC supported lodgings placements	Budget forecast on young people attaining 18yrs and moving from foster care/residential as per their care plans. No adverse impact on young people	235	-	235
D3	Supported Accommodation budget: reduction in budget to reflect decrease in required placements for internal supported accommodation in 2026/27	Budget forecast for young people attaining 18yrs + and planned moves to independent accommodation	83	-	83
D4	Independent Foster Agency budget: reduction in budget to reflect movement of current cohort turning 18 in 2026/27 who will move to internal/external supported accommodation	Budget forecast for young people attaining 18yrs + and planned moves to independent accommodation	383	-	383

Ref	Savings Description	Proposed activity	TOTAL 2026/27 £'000	On 01/04/26 £'000	Over 2026/27 £'000
DELIVER EFFICIENCIES £72k					
E1	Safeguarding Board: Reduction in business unit costs as agreed by the partnership with each partner receiving benefit from this efficiency proposal	Safeguarding Board administration support reviewed taking into account vacancies and improvements. Business case for reduction agreed by the partnership	72	72	-
			3,348	1,263	2,085

Appendix D: Capital Projects 2026/27 to 2029/30

Project	2026/27		2027/28		2028/29		2029/30	
	Total £'000	Funded by borrowing £'000	Total £'000	Funded by borrowing £'000	Total £'000	Funded by borrowing £'000	Total £'000	Funded by borrowing £'000
Schools' Capital Maintenance Grant	2,770	-	1,200	-	-	-	-	-
Aylestone School Improvement Works	1,790	-	1,000	1,000	-	-	-	-
Peterchurch Area School Investment	3,377	3,377	-	-	-	-	-	-
Brookfield School Improvements*	-	-	-	-	-	-	-	-
High Needs Grant	6,784	-	-	-	-	-	-	-
Basic Needs Funding	11,810	251	5,006	-	-	-	-	-
Relocation of Herefordshire Pupil Referral Units	1,500	1,500	3,500	3,500	-	-	-	-
New Alternative Provision Centre	1,500	1,500	3,500	3,500	-	-	-	-
Childcare Expansion Capital Grant 2023/24	130	-	-	-	-	-	-	-
School Accessibility Works	1,193	1,193	-	-	-	-	-	-
Children's Residential Homes for 11 to 18 year olds*	-	-	-	-	-	-	-	-
Residential overnight short breaks refurbishment	60	-	-	-	-	-	-	-
Children & Families S106	1,297	-	1,550	-	-	-	-	-
Total	32,211	7,821	15,756	8,000	-	-	-	-

*Spend in prior years