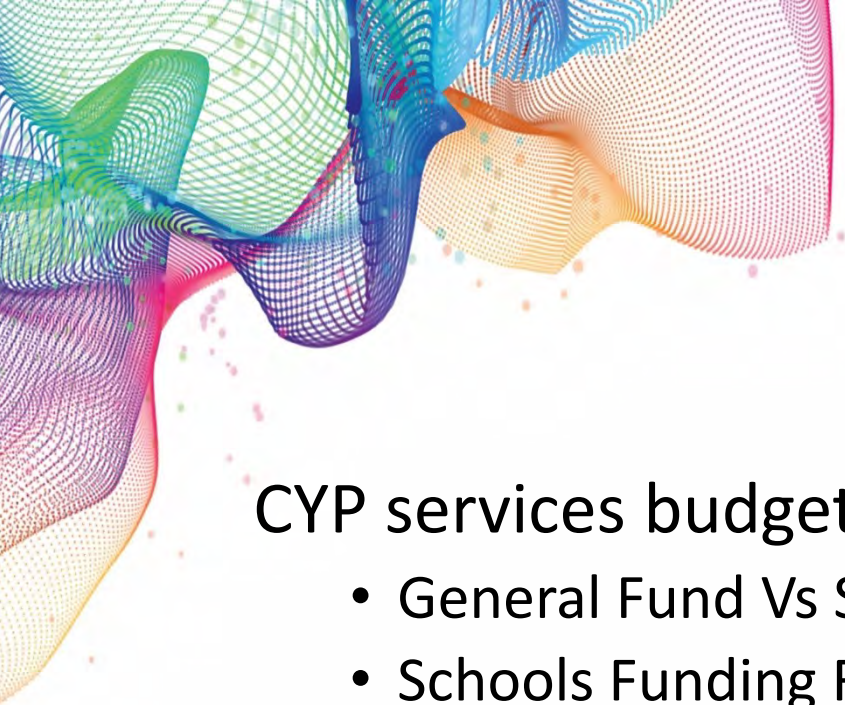




Children & Young
People O&S
2 December 2025
Finance Theme

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Session themes:

CYP services budget and funding summary

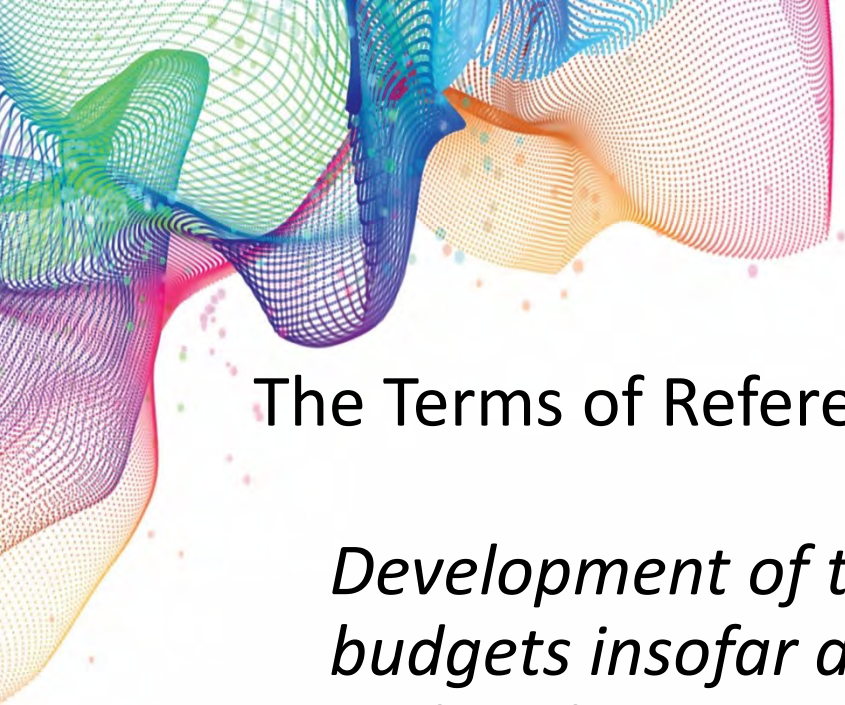
- General Fund Vs School Grants
- Schools Funding Formula

Current year revenue forecast position

Current year capital forecast position

2026/27 Draft Budget:

- Revenue pressures and savings proposals identified
- Funding assumptions
- Next steps

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CYP O&S Finance responsibilities

The Terms of Reference of this Committee include:

Development of the Council's revenue and capital budgets insofar as they relate to the functions within the terms of reference of this Committee together with regular monitoring of budgets and the capital programme.

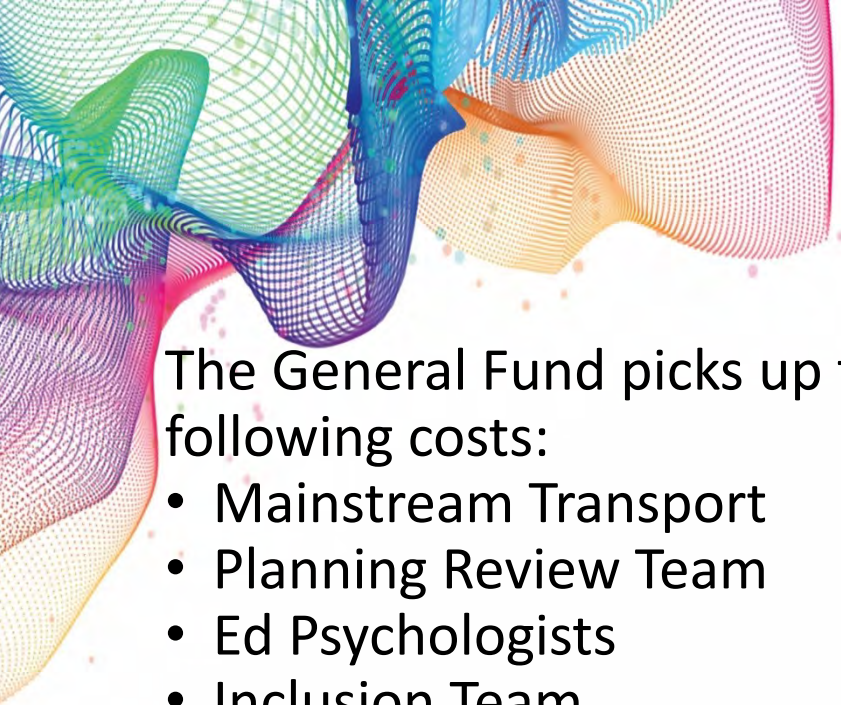
An abstract graphic on the left side of the slide, composed of overlapping, wavy, mesh-like surfaces in various colors including green, blue, orange, and pink. The surfaces are made of fine lines and dots, creating a 3D effect.

CYP O&S: Services

- Children's Social Care
- Children and Adolescent Mental Health Services
- Children's safeguarding including the Medway Children Safeguarding Board (MCSB) and the Independent Reviewing Officer Service
- School Effectiveness and Inclusion
- Opportunities for education, training and learning outside the school environment
- School Organisation and the School's Capital Programme
- School Admissions
- Home to School Transport
- Effectiveness of the Health and Wellbeing Board and the Joint Strategic Needs Assessment in relation to Children
- Integration of Health, Social Care and Public Health services in relation to Children
- Public Health Services for children and young people aged 0-18, including school nursing



Childrens & Education budget and funding



School Grants Vs The General Fund

The General Fund picks up the following costs:

- Mainstream Transport
- Planning Review Team
- Ed Psychologists
- Inclusion Team
- SEND team
- Independent Advice School Services
- Legal Tribunal Support
- High Needs Support Services Recharges

The DSG picks up the following costs:

- Early Years Funding
- Admissions & Medway Test
- School Reorganisation and Deficit Recovery Funding
- Cost of Education Health Care Plans (e.g. Element 3 & Top-Ups)
- Cost of Special School Places
- Alternative Provision
- Maintained Schools - School Improvement
- Mainstream maintained School Funding

Schools Funding Formula



Funding for schools and academies is provided by central government in the form of the Dedicated Schools Grant (DSG)



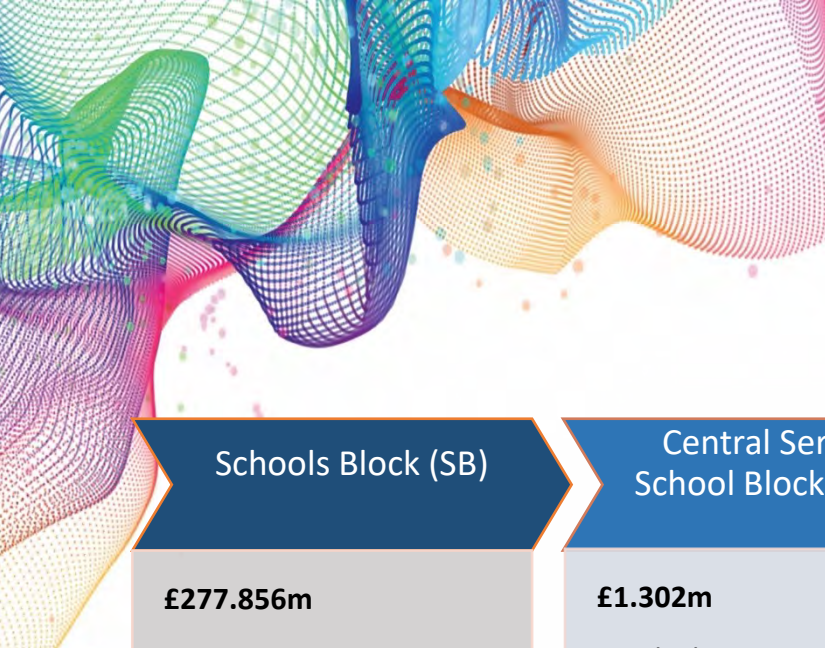
The funding formula is used to distribute the Schools Block Funding the DSG in a fair and transparent way.



The Schools Forum after consultation with its schools, will ask the Cabinet to implement their recommendations relating to the funding formula. We anticipate three changes this year.



The final DSG allocations are issued in mid-December and the final formula APT return must be submitted to the ESFA in mid-January. Call-in is generally waved to enable offers to meet this deadline



2025/26 Dedicated Schools Grant

Schools Block (SB)

£277.856m

This is the main funding stream for schools.

Funding new classes opening in September and Falling Rolls

Medway must pass on 99.5% of this funding to Schools.

A 0.5% transfer to the high needs block as agreed for 2025-26.

Central Services School Block (CSSB)

£1.302m

Funds those services the Local Authority has a statutory responsibility for such as:

Medway Admissions and Test

SACRE

Medway can retain 100% of this funding.

High Needs Block (HNB)

£62.360m

Funds:

- Inclusion
- Outreach
- EHCP
- Alternative Provision
- Special Schools
- ISP

Safety Valve

Early Years (EYB)

£43.683m

Funding for 2, 3 and 4-years old nursery education.

School Nurseries.

Child Minders

On a per child per hour basis.

Medway must pass on 95% of this funding to providers.

2025/26 Budgets by General Fund, DSG, Grants

Childrens Services	General Fund 2025/2026 £000's	DSG 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
HEAD OF SAFEGUARDING & QA	3,529	0	0	3,529
CHILDRENS CARE IMPROVEMENT	238	0	0	238
CHILDRENS SOCIAL WORK TEAM	5,994	0	1,793	7,786
BUSINESS SUPPORT	2,135	0	0	2,135
FAMILY SOL, YOUTH, MASH & ADOL	8,600	0	2,035	10,636
CHILDRENS LEGAL	3,222	0	0	3,222
CHILDRENS SOCIAL CARE MANAGEMENT	263	0	0	263
CLIENT SUPPORT PACKAGES	4,840	0	0	4,840
CORPORATE PARENTING	5,890	0	0	5,890
PLACEMENTS	36,298	0	0	36,298
PROVIDER SERVICES	8,507	0	0	8,507
CHILDRENS COMMISSIONING	714	0	0	714
Total	80,230	0	3,828	84,058
Directorate Management Team	General Fund 2025/2026 £000's	DSG 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
C&A Directorate Management Team	2,256	241	155	2,651
Total	2,256	241	155	2,651

2025/26 Budgets by General Fund, DSG, Grants

Education	General Fund 2025/2026 £000's	DSG 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
SEN TRANSPORT	14,009	0	0	14,009
EDUCATION MANAGEMENT TEAM	800	65	0	865
SEND & INCLUSION - CLIENT & PROVIDERS	0	46,850	0	46,850
EARLY YEARS SUFFICIENCY	0	43,994	0	43,994
SEND AND INCLUSION - COUNCIL SERVICES	3,799	0	0	3,799
MEDWAY VIRTUAL SCHOOL	261	586	0	847
EDUCATION, PLANNING AND ACCESS	2,788	613	300	3,701
SCHOOL EFFECTIVENESS AND ATTENDANCE	313	268	0	581
Total	21,971	92,376	300	114,647
School Retained Funding & Grants	General Fund 2025/2026 £000's	DSG 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
FINANCE PROVISIONS	0	1,021	0	1,021
HR PROVISIONS	490	250	0	740
SCHOOL GRANTS	0	36,628	4,466	41,094
Total	490	37,900	4,466	42,856

2025/26 Budgets by General Fund, DSG, Grants

Public Health	General Fund 2025/2026 £000's	Public Health Grant 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
Public Health Management	0	2,492	0	2,492
Health Improvement Programmes	0	4,516	0	4,516
Stop Smoking Services	0	970	0	970
Supporting Healthy Weight	0	1,806	0	1,806
Substance Misuse	0	2,350	0	2,350
Child Health	0	5,747	0	5,747
Total	0	17,880	0	17,880
Partnership Commissioning & Additional Government Grants	General Fund 2025/2026 £000's	DSG 2025/2026 £000's	Other Grants 2025/2026 £000's	2025/26 Budget £000's
Partnership Commissioning and C&A Intelligence	1,025	0	0	1,025
Start 4 Life Funding	0	0	1,415	1,415
Holiday Activity Fund	0	0	1,161	1,161
Health Determinants Research Collaboration	0	0	734	734
Total	1,025	0	3,310	4,335



Budget monitoring
forecast 2025/26



Revenue budget monitoring 2025/26

Children's Services	2025/26 R1 Variance £000's	2025/26 R2 Budget £000's	2025/26 R2 Forecast £000's	2025/26 R2 Variance £000's
Head Of Safeguarding & Quality Assurance	590	3,529	4,125	595
Childrens Care Improvement	325	238	841	603
Childrens Social Work Team	684	7,786	7,040	(747)
Business Support	(92)	2,135	1,997	(138)
Family SOL, Youth, MASH & ADOL	740	10,559	11,201	642
Childrens Legal	46	3,222	3,268	46
Childrens Social Care Management	(457)	417	64	(353)
Client Support Packages	1,145	4,840	6,293	1,453
Corporate Parenting	328	5,812	6,025	213
Placements	(986)	36,298	35,702	(596)
Provider Services	859	8,507	9,130	623
Childrens Commissioning	28	714	781	67
Total	3,210	84,058	86,465	2,407



Revenue budget monitoring 2025/26

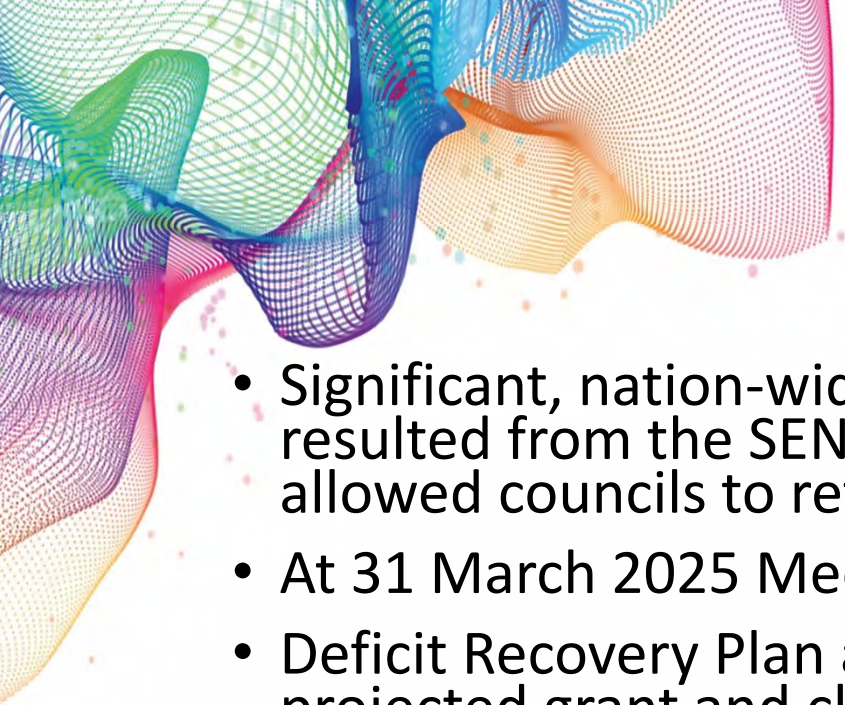
Directorate Management Team	2025/26 R1 Variance £000's	2025/26 R2 Budget £000's	2025/26 R2 Forecast £000's	2025/26 R2 Variance £000's
Directorate Management Team	22	2,651	2,699	48
Total	22	2,651	2,699	48

Education	2025/26 R1 Variance £000's	2025/26 R2 Budget £000's	2025/26 R2 Forecast £000's	2025/26 R2 Variance £000's
Special Educational Needs & Disabilities Transport	(36)	14,009	13,659	(350)
Education Management Team	5	865	874	9
SEND & Inclusion - Client & Providers	0	46,850	46,850	0
Early Years	0	43,994	43,994	0
SEND & Inclusion - Council Services	1,349	3,799	5,184	1,384
Medway Virtual School	0	847	847	0
Education, Planning & Access	21	3,701	3,678	(23)
School Effectiveness & Attendance	(99)	581	473	(107)
Total	1,240	114,647	115,560	913



Revenue budget monitoring 2025/26

Public Health	2025/26 R1 Variance £000's	2025/26 R2 Budget £000's	2025/26 R2 Forecast £000's	2025/26 R2 Variance £000's
Public Health Management	503	2,492	2,265	(227)
Health Improvement Programmes	7	4,516	4,646	130
Stop Smoking Services	(105)	970	1,075	104
Supporting Healthy Weight	(61)	1,806	1,847	41
Substance Misuse	(93)	2,350	2,307	(43)
Child Health	(252)	5,747	5,742	(5)
Total	0	17,880	17,880	0
Partnership Commissioning & Additional Government Grants	2025/26 R1 Variance £000's	2025/26 R2 Budget £000's	2025/26 R2 Forecast £000's	2025/26 R2 Variance £000's
Partnership Commissioning and C&A Intelligence	57	1,760	1,758	(1)
Start 4 Life Funding	0	1,415	1,415	0
Holiday Activity Fund	0	1,161	1,161	0
Health Determinants Research Collaboration	0	0	0	0
Total	57	4,335	4,334	(1)



Safety Valve

- Significant, nation-wide pressures on Education spend resulted from the SEND reforms, and the Government allowed councils to reflect overspends in a deficit reserve.
- At 31 March 2025 Medway's DSG deficit was £16.398m
- Deficit Recovery Plan agreed to bring expenditure within projected grant and clear deficit by March 2026
- The Round 2 monitoring projects a £2.948m in year pressure against this plan.
- The plan has now been updated to clear the deficit by the revised statutory override which has been extended to end on 31 March 2028.
- Medway Council engaged in the Safety Valve Intervention Programme (SVIP) with agreement to £14.3m additional funding over 4 years.

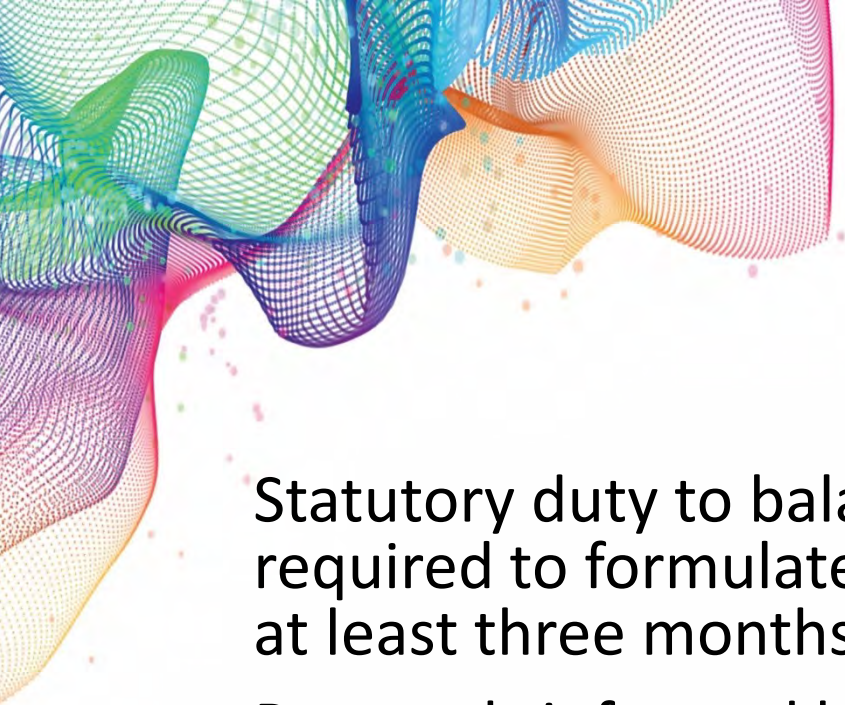


Capital budget monitoring 2025/26

	Total Approved Cost	Total Exp to 31/03/25	Remaining Budget	Forecast Spend 2025/26	Forecast Spend in Future Years	Total Scheme Variance
Basic Needs - Primary	1,102	645	458	458	0	0
Basic Needs - Secondary	14,220	5,333	8,886	8,018	869	0
School Condition Programme	7,242	6,574	668	668	0	0
Schools Devolved Capital	117	0	117	117	0	0
Basic Needs - SEND	18,528	10,432	8,096	6,847	1,306	57
Children's Social Care (Incl. Family Hubs and Start For Life)	1,710	311	1,398	1,192	206	0
Children and Adult Services Total	42,918	23,295	19,622	17,298	2,382	57



2026/27 Draft
Budget proposals



2026/27 Draft Budget development

Statutory duty to balance budget by 11 March, Cabinet required to formulate budget proposals and consult O&S at least three months ahead of finalising the budget.

Proposals informed by MTFO and Capital Strategy reflecting:

- 2024/25 Outturn: £5.5m overspend funded from reserves along with budgeted use of EFS of £14.7m. Total EFS £20.2m
- 2025/26 Budget: balanced using £18.1m EFS (capitalisation direction)
- 2025/26 R2 forecast: £9.948m overspend
- Non-earmarked general reserves balance £10m

Table 1: Draft Budget Summary 2026/27

Directorate	2026/27 Adjusted base budget excluding recharges £000	2026/27 Projected pressures/ additional resources £000	2026/27 Budget Requirement £000
Children and Adult Services	364,368	26,729	391,097
Adult Social Care	106,829	15,419	122,248
Directorate Management Team	2,419	47	2,466
Children's Services	76,872	(336)	76,535
Education	112,994	7,688	120,682
Partnership Commissioning & Additional Government Grants	4,181	0	4,181
Public Health	17,446	1,756	19,202
School Retained Funding and Grants	43,626	0	43,626
Pay Award	0	2,155	2,155
Regeneration, Culture & Environment	74,788	8,616	83,405
Culture and Community	24,885	3,190	28,075
Directors Office	710	100	810
Front Line Services	40,083	2,640	42,723
Regeneration	9,379	1,627	11,006
Norse profit Share	(269)	0	(269)
Pay award	0	1,059	1,059
Business Support Department	31,389	1,924	33,314
Communications	1,807	215	2,022
Directorate Management Team	800	0	800
Finance and Business Improvement	22,004	501	22,504
Legal and Governance	6,778	371	7,149
Pay award	0	838	838
Interest & Financing	21,195	3,515	24,710
Corporate Management	4,931	157	5,089
Additional Government Support Expenditure	3,988	0	3,988
Budget Requirement	500,659	40,942	541,602

Table 1: Draft Budget Summary 2026/27

Directorate	2026/27 Adjusted base budget excluding recharges £000	2026/27 Projected pressures/ additional resources £000	2026/27 Budget Requirement £000
Council Tax	(170,516)	(8,418)	(178,934)
Retained Business Rates	(55,086)	(1,102)	(56,187)
Business Rates Related Grants	(21,721)	6,268	(15,453)
Government Grants - Non Ringfenced	(13,192)	(18,528)	(31,721)
New Homes Bonus	(1,311)	1,311	0
Education Related Grants	(144,874)	(4,341)	(149,215)
Children Social Care Related Grants	(3,828)	(33)	(3,861)
Adult Social Care Related Grants	(35,251)	(8,693)	(43,944)
Public Health Grant	(20,347)	0	(20,347)
Housing Related Grants	(4,862)	0	(4,862)
Extended Producer Responsibility	(4,873)	257	(4,616)
Additional Government Support	(6,563)	0	(6,563)
Exceptional Financial Support	(18,184)	18,184	0
Use of Reserves	(50)	50	0
Estimated Available Funding	(500,659)	(15,045)	(515,704)
Budget Gap - General Fund	0	25,897	25,897

2026/27 Draft Budget Pressures

Draft Budget Assumptions	2026/27 Budget Pressures	2026/27 Savings / Income	2026/27 Budget Allocation
	£000	£000	£000
Children's Services:			
Demographic Growth	1,199		1,199
Price uplift on placement costs	1,798		1,798
Contribution to Corporate Bad Debt Provision	100		100
Increase placement sufficiency	802		802
PH Substitution funding		(1,136)	(1,136)
Management of Placements		(2,500)	(2,500)
In-House Fostering Increase		(300)	(300)
Supported Accommodation Reviews		(300)	(300)
Total Children's Services	3,900	(4,236)	(336)

2026/27 Draft Budget Pressures

Draft Budget Assumptions	2026/27 Budget Pressures £000	2026/27 Savings / Income £000	2026/27 Budget Allocation £000
Education:			
Vacant site costs	5		5
Cost of current service, provision for growth and inflationary uplifts on mainstream transport	345		345
Inflationary uplifts on SEND contracts	6		6
Cost of current service, provision for growth and inflationary uplifts on SEND transport	1,528		1,528
Saving projected arising from the introduction of Artificial Intelligence to support the compilation of Education, Health and Social Care Plans		(140)	(140)
Information Advice Guidance & Post 16 - staffing and engagement work due to significant increase in NEETs	222		222
Increased staffing capacity to meet statutory assessment timeframes.	1,195		1,195
Children's Wellbeing and Schools Bill additional staffing to meet new statutory duties	186		186
Updated DSG and School Grants allocations	4,341		4,341
Total Education	7,828	(140)	7,688

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Corporate projections

- Staff pay: 3% COLA
- We are awaiting confirmation of employer's pension contribution rate following triennial review – expected to reduce contribution by 2% for 2026/27 which will generate a saving of c£1.8million on draft budget assumption.

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MHCLG Policy Statement 20/11/2025

Policy Statement was delayed from early October and then from early November. MHCLG has published “a comprehensive repose” to the Fair funding consultation alongside the policy statement.

More changes than expected.

- Continuation of Recovery Grant
- Technical changes to the damping floors
- Removal of the weighting for remoteness out of all the Area Cost Adjustments (ACA) for all but the ASC Relative Needs Formula (RNF)
- Increased number of grants to be rolled into Settlement Funding Assessment (SFA)
- 4 consolidated grants that will be part of Core Spending Power (CSP) but outside of SFA – Public Health Grant, Childrens Social Care Prevention Grant, Local Authority Better Care Grant & Homeless Prevention Grant
- A whole package of changes to the BRRS will be implemented in 2026-27: baseline reset, 2026 Revaluation, and new multipliers (there will be 5 multipliers in total)

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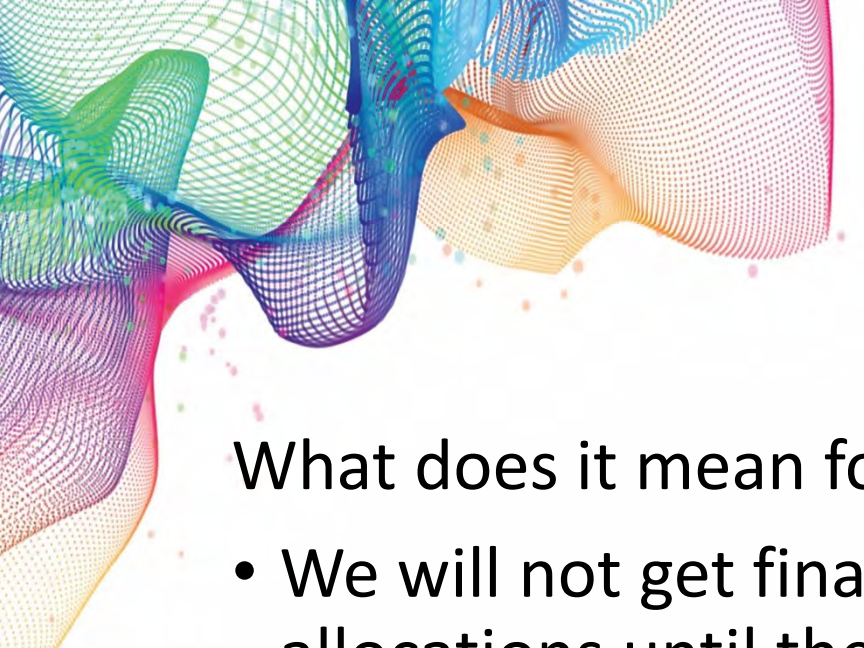
MHCLG Policy Statement 20/11/2025

The policy statement also recognised the challenging financial context for local authorities and confirmed the approach to Exceptional Financial Support for those authorities requiring assistance...

“The government will therefore continue to have a framework in place to support those in the most difficult positions. The process will be similar to previous years, and we will shortly provide further technical detail to authorities on how the process will operate this year”

And also stated...

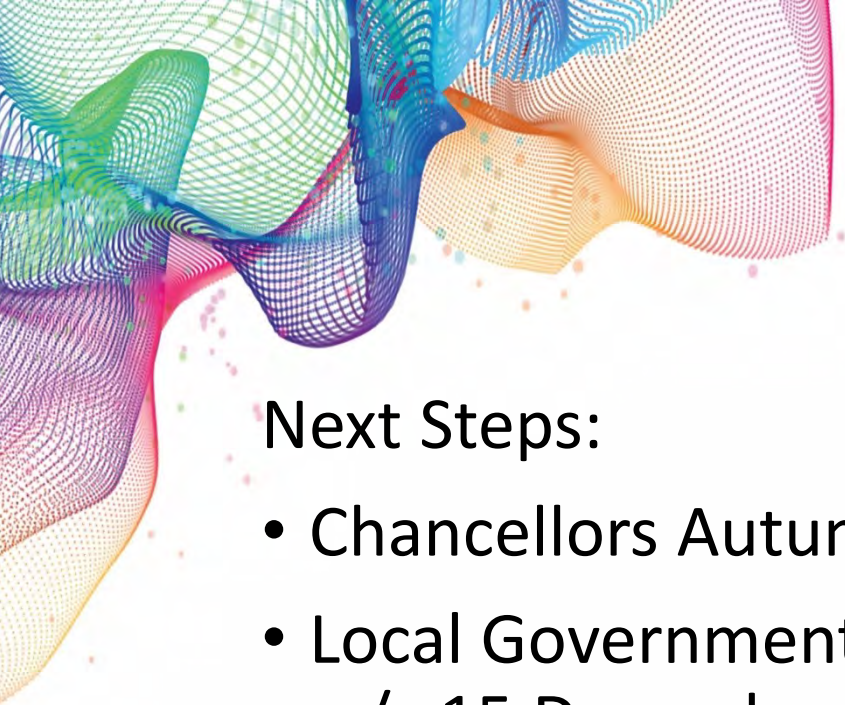
“We are also clear that any support provided should be a time-limited and temporary measure, and local authorities should have clear plans to deliver the improvements and service transformation required to help them to return to financial stability over the multi-year Settlement”

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MHCLG Policy Statement 20/11/2025

What does it mean for us...

- We will not get final confirmation of funding allocations until the provisional LG settlement next month.
- Changes have made modelling what it means for us a bit more difficult.
- Already reflected an optimistic picture in the draft budget



2026/27 Draft Budget

Next Steps:

- Chancellors Autumn Statement 26 November
- Local Government Finance Settlement – expected w/c 15 December, reported to Cabinet January
- O&S committee consideration – comments/proposals
- Meetings between Corporate Management Team and Portfolio Holders to agree further proposals
- Proposed Budget to Cabinet 10 February 2026
- Final Budget to Council 26 February 2026

