



Leicester
City Council

Minute Extract

Children, Young People and Education Scrutiny Commission

Held: Tuesday, 20 January 2026 at 5:30 pm

P R E S E N T:

Councillor Batool – Chair

Councillor Bonham – Vice Chair

Councillor Dr Moore
Councillor Westley

Councillor Singh Sangha

In Attendance

Assistant City Mayor- Children and Young People, Councillor Pantling
Dr Joycelin Eze-Okubuiro

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1. Draft General Fund Revenue Budget 2026/27 and Draft Three Year Capital Programme 2026/27

The Director of Finance submitted a report setting out the City Mayor's proposed Draft General Fund Revenue Budget for 2026/27, and a report on the City Mayor's proposed Draft Three-Year Capital Programme 2026/27. Both items were taken together.

The Head of Finance (Education and Social Care) gave an overview of the reports, key points to note were as follows:

- The Draft General Fund Revenue Budget sets out the budget for 2026/2027 and the medium term financial strategy for the next two years. It was based on the government's Fair Funding consultation which ran over the summer, results were awaited but a budget gap was still forecasted. Hence the five strand strategy from last year would continue as follows:
 - To deliver budget savings
 - Constrain growth in areas such as Social Care and homelessness
 - A reduction in the Capital Programme
 - Releasing one off monies
 - A programme of property sales
- The budget built in growth to meet ongoing costs in social care, homelessness and housing benefits. The scope for additional investment was limited but some provision was made, particularly in areas previously funded from grants no longer received.
- Items relating to children's services included significant investment in future years as the growth forecasts are refreshed annually.
- There would be increased in house provision with an improved quality of accommodation and we expect that this will lead to lower rates of placement breakdowns.
- Attention was drawn to paragraph 6.1.3 of the Draft General Fund Revenue Budget which noted the position on the Dedicated Schools Grant, known as the DSG. The cumulative deficit was forecast to be £44.8m by the end of the financial year. The High Needs deficit for children with SEND was due to insufficient funding. The Government had indicated that future deficits may be centrally funded from April 2028, but there was no clarity currently on how existing deficits would be addressed. Any remaining deficit may fall to the Council to fund from its resources.
- The Draft three year capital programme 2026/27 was worth £129m, fully funded from council resources, government grants and borrowing.
- A three year budget was better for planning, especially for capital projects running across several financial years.
- Specifically for children's services, £12.9m was provided to continue the School's Capital Maintenance Programme.
- Two new children's homes were planned for 2027, jointly funded by the DfE (not included in the Capital report but referenced in the Revenue report)
- Both of the papers would be updated and presented to Council in February and would include updated figures following the finance settlement.

The Chair invited questions and comments from the Commission. The following key points were discussed:

- Any underspends were transferred to general reserves.

- In response to a question from members on the draft Capital Programme (Appendix 5), it was explained that the £1m allocation in 2026/27 related to school buildings and was based on condition and maintenance needs. The DfE's funding formula meant this was considered an increase despite appearing lower than projections in later years. The methodology used by the DfE was not known to the council but would take age and condition of the buildings into account.
- In terms of key risks to the budget and related mitigations it was noted that risk assessments were completed. A highlighted risk involved the complexities of placements and the subsequent impact on budget. Potential growth was built into the budget.
- The DSG deficit was another known area of risk.
- In response to Member questions, it was noted that although increases in numbers of looked after children could be relatively small, associated costs could be high. Budget projections were as robust as possible, informed by previous years' data, local market conditions alongside ongoing preventative work. The Family Help model would help to reduce the numbers of children in care. A corporate contingency is also available if risks materialise.
- Regarding the High Needs Block Deficit, significant work had taken place to reduce EHCP numbers over the previous 18 months. This was helping to manage costs, but the deficit would remain.
- Funding was flexible for Early Help and targeted across the city to meet local need and reduce demand for child protection plans. Early pilot findings were expected shortly and were positive so far.

Agreed:

- That the reports be noted.

Cllr Dr Moore left the meeting for these items due to a Declaration of Interest.