



Committee and Date

Audit Committee
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Item

Public



Children's Social Care Budget Management Update

Responsible Officer:	Sonya Miller		
email:	sonya.miller@shropshire.gov.uk	Tel:	01743 254264
Cabinet Member (Portfolio Holder):	Ruth Houghton		

1. Synopsis

This report aims to provide an update against the recommendations of The Children's Social Care Budget Management Internal Audit Report 2024/2025.

2. Executive Summary

- 2.1. The audit report made recommendations to strengthen the oversight and responsibility of budget holders. Most of the actions have been progressed and some completed. Continued work on ensuring accurate budget delegation on ERP needs to be completed to ensure Budget Holders can have direct oversight of the budget codes they are accountable for monitoring.
- 2.2. There is senior leader oversight of all spend through panels, monitoring and the recently introduced spending review boards.

3. Recommendations

- 3.1. Actions still requiring completion are progressed and completed by 31st October 2025.

- 3.2. All previous audit reports related to Children's Services (Council Education, Early Help and Children's Social Care services) are considered, with recommendations collated and reviewed, to ensure all have been completed by the 31st October 2025.
- 3.3. All identified risks related to Children's Services are reviewed and updated by the 31st October, taking into consideration the Ofsted inspection outcome from July 2025 and the implementation of the Families First Partnership programme.
- 3.4. A further update is presented to the next Audit Committee meeting in November 2025 to identify progress and completion of actions.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. In line with the audit recommendations, Ofsted ILACS inspection outcome and the implementation of the Families First Partnership programme, all operational risks related to Children's Services are being reviewed and updated in the risk register by the 31st October 2025.

4.2. Risk table

<i>Risk</i>	<i>Mitigation</i>
Budget Holders being accountable for budget monitoring don't have the correct delegations in ERP to ensure they have accurate information to monitor budgets effectively. The risk makes accountability difficult to evidence and therefore hold individuals to account.	Plan in place to address this by end of October 2025.
Monitoring of Budget Monitoring returns is manual and does not enable senior service leaders to view completion.	Finance colleagues review completion and report an update for the whole Council when starting the Budget Monitoring Process the following month.

5. Financial Implications

- 5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential

spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

- 5.2. Strong financial management is essential to ensure value for money and discharge the Council's Best Value Duty.

6. Climate Change Appraisal

- 6.1. The rural nature of Shropshire and the statutory requirement to ensure children and young people are safe, is for the majority of children's practitioners, visits must be face to face. In the hubs and/or at other locations like community venues or even schools depending on the families and their circumstances. This does place a demand of workers across the service to travel, therefore has implications for demand on energy, fuel and mileage costs.
- 6.2. Where the service can, they use the Teams function for meetings, to reduce the impact of our workforce's use of their cars. However, some of the service's statutory functions require face to face time to be secured: including child protection multi agency case conferences, legal meetings/court appearances, direct work sessions with children, young people and their families, court directed events and family time being some examples. Where the service can, and it is appropriate, we do use the Teams function comprehensively across the services. This is also reliant on the family's access to a laptop/ suitable technology and internet in their own homes too.

7. Background

- 7.1. Internal Audit completed an audit of the budget management and oversight in Children's Social Care at the end of 2024. Several recommendations were made – these are detailed below with a summary of progress for each.

7.2. Recommendation 1 (Significant)

To improve the budget monitoring response rate the finance team should in the short term:

Further review the data received from budget holders to identify why they are not completing their budget monitoring reports and make appropriate changes to the process or identify if there is a training need. Part of this review should include identifying those budgets where support is required and for those where it is not deemed required, support and train the budget holders to complete their monthly budget monitoring reviews independently.

Consequences of not completing budget monitoring returns should be introduced as staff are not complying with Finance Rules.

In the longer term, review budgets in terms of risk to determine those budgets that need greater scrutiny and if there are ones that don't need to be reported on monthly. Once determined, Finance should liaise with the relevant service areas to ensure budgets are being monitored and reported on a timely basis.

UPDATE:

Budget Holders do complete Budget monitoring regularly. The Service Director has conducted an audit of budget monitoring meetings between Service Managers and Finance Business Partner or Team Member since April 2025. All Service Managers have undertaken monthly meetings (unless annual leave has prevented this – 3 occasions.) In most meetings, the budget monitoring is posted onto the ERP system by the Finance Officer; there are several reasons for this:

A significant number of Budget Codes remain on ERP under the wrong Budget Holder, due to changes in the responsibilities of team members between January and August 2025, so they don't have access to it on the system. The Finance Officer undertakes the budget monitoring with the Budget Holder and then posts the form at the end of the meeting.

Solution: Service Director Children and Young People and Finance Director have met recently and agreed that this needs resolving as a priority. This will be completed by 31st October 2025, or earlier if possible.

Often in meetings there are amendments, virements and adjustments that need to be made by finance due to the complexity of the Children's Social Care budgets – so the Finance Officer completes these and then posts the budget monitoring.

The Service Director for Children and Young People now has oversight of all decisions made in the External Residential Budget and ongoing decisions are reviewed in Placement Forum. The responsibility for oversight has changed from the Assistant Director Children and Families, who has left, back to the Service Director Children and Young People and has been applied from September 2025 onwards. Monthly detailed monitoring of this budget takes place with Finance colleagues, as well as communication in between. All decisions made are either through a panel or the Service Director. Since the implementation of the Spend Control process in August 2025, all decisions needed outside of panel are reviewed in the Children's Spending Control Board that meets three times per week, Chaired by the Director of Children's Services (DCS) or Service Director.

7.3. **Recommendation 2 (Requires Attention)**

The Finance Team and Children's Services senior management should review the process for recording and monitoring agency staff to ensure all records are accurate and only valid payments are made.

UPDATE:

There is one Agency Tracker that Service Managers, Finance and Spend Review Board have access to monitor. Since September 2025, there is a weekly meeting with the DCS, Service Director and Service Manager responsible for workforce to ensure the information is accurate and proactively monitor the spend against budget, including accuracy of payments. This information is also available to Finance to support the monitoring of the spend against this budget.

7.4. **Recommendation 3 (Requires Attention)**

The single point of failure risk recorded on the Finance risk register should be reviewed to ensure the rating of low is correct. Once the new finance structure is in place, there should be a review to try and resolve the single points of failure and pass back budget monitoring activities to the service area.

UPDATE:

The new Finance Director is in post and is progressing this.

The Children's Management Team will need to ensure that succession planning is in place for the implications of the restructure and the reduction in AD positions, in relation to lead budget responsibility.

The Service Director has overall Budget Responsibility and Service Managers have responsibility for the budgets in their areas of responsibility. Re-alignment of the cost centres to Service Managers is in the process of being updated, following changes from September 2025 and in line with the implementation of the Spend Control processes.

7.5. Recommendation 4 (Significant)

To improve the budget monitoring response rate the Children's Management team should ensure;

- All appropriate budget holders should submit their monthly budget monitoring reports on the ERP as per Finance's instructions to ensure they are compliant with Financial Rules.
- Children's budgets and allocated budget holders should be reviewed to ensure that the most suitable person is monitoring and reporting the budget position.

UPDATE:

Re-alignment of the cost centres to Service Managers is in the process of being updated, following changes from September 2025 and in line with the implementation of the Spend Control processes. Changes to two significant cost centres has also been implemented from September 2025, specifically the External Residential and the Disabled Children's Team External Residential placements cost centres, so that the Service Director Children and Young People has responsibility for the monitoring of these from Period 6 onwards.

7.6. Recommendation 5 (Significant)

Savings carried forward or identified for the 2025/26 budget should be met by transformation rather than one-offs.

UPDATE:

Savings targets for 2025/26 are based on two key areas related to Fostering capacity and the continued successful work of Stepping Stones. Whilst some 'one-off' savings were made in 2024/25, such as not recruiting to a vacant post and increasing additional contributions from partners, these should not be included as ongoing savings for future years. Instead, genuine transformation activity and careful care planning progression of children to ensure they are able to live in family settings through the work of Stepping Stones is required. The current transformation projects in these areas maintain visibility on this process and identify challenges that need to be addressed through escalation to the Transformation Boards.

7.7. **Recommendation 6 (Significant)**

A plan for the savings identified at RCO86, need to be determined as soon as possible to confirm these will be achieved through the management restructure and if not alternative savings identified.

UPDATE:

The RC086 saving was related to Adults Social Care efficiency savings but allocated here due to the former People Directorate structure. The auditor confirmed that the savings in Children's Social Care had been delivered, with some over delivery applied to the RC086 saving line in 2024/25. These savings are not listed in the 2025/26 MTFs savings tracker in Children's Services and instead remain undelivered.

7.8. **Recommendation 7 (Significant)**

All risks allocated to Children's Social Care should be reviewed to ensure all are relevant and allocated to the correct service area. In addition, all risk should be reviewed to ensure accurate and up to date and any new risks added to the relevant risk registers.

UPDATE:

In line with the audit recommendations, Ofsted ILACS inspection outcome and the implementation of the Families First Partnership programme, all of the operational risks related to Children's Services are being reviewed and updated in the risk register by the 31st October 2025.

8. **Conclusions**

- 8.1. Progress has been made against each of the recommendations, however some need to be further progressed at pace and completed by 31st October 2025. It is expected that, with renewed emphasis, these actions can be completed within this timeline.
- 8.2. Operational risk registers are planned to be updated by the 31st October 2025, following the Ofsted ILACS inspection, changes to Service Manager roles and responsibilities, and the recruitment of the Families First Partnership Strategic Lead role from September 2025.
- 8.3. Service Managers and Team managers are clear about their budget management responsibilities and work to ensure that they have oversight of all spend. Financial Decision-Making Panels are in place for all placements and packages of support. Finance colleagues attend these panels and work with them to ensure accurate financial projections. Financial decisions that require funding contributions from partner agencies are made, and recorded, at Complex Cases Panel. Finance colleagues attend this panel too. Spending Review Boards have been set up to meet three times per week, chaired by the Director of Children's Services, or Service Director in their absence, to oversee any spending outside of panels, ensuring only essential spend is made and that this is challenged to ensure the most cost-effective approach has been used.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shropshire Council Audit Services – Final Internal Report Children's Social Care Budget Management Report 2024/25

Appendices [Please list the titles of Appendices]

None
