



Oversight and Governance

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Published 16 February 2026

CHILDREN, YOUNG PEOPLE AND FAMILIES SCRUTINY PANEL – SUPPLEMENT PACK

Wednesday 18 February 2026

5.30 pm

Warspite Room, Council House

Members:

Councillor Blight, Chair

Councillor Wood, Vice Chair

Councillors Allison, Dann, Krizanac, McLay, McNamara, Ney, Noble, Steel and Stevens.

Please find additional information enclosed for items 6, 8 and 10.

Tracey Lee

Chief Executive

Children, Young People and Families Scrutiny Panel

- 6. Children's Services Finance Report: (Pages 1 - 12)**
- 8. CATERed Update and Next Steps: (Pages 13 - 20)**
- 10. Children's Services use of AI: (Pages 21 - 30)**

Children, Young People and Families Scrutiny Panel



Date of meeting:	18 February 2026
Title of Report:	Children's Services Finance Report
Lead Member:	Councillor Jemima Laing (Deputy Leader, and Cabinet Member for Children's Social Care, Culture and Communications)
Lead Strategic Director:	David Haley - Director of Children's Services
Author:	Matthew Fulton & Louise Jenkins
Contact Email:	Matthew.fulton@plymouth.gov.uk – Louise.jenkins@plymouth.gov.uk
Your Reference:	CHIFIN0126
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The purpose of this report is to provide an update to members on the 2025/26 budget for Children's Services, including the financial monitoring position as at Quarter 3.

Recommendations and Reasons

That the Children, Young People and Families Scrutiny Panel notes the Children's Services Finance report.

Alternative options considered and rejected

N/A

Relevance to the Corporate Plan and/or the Plymouth Plan

This finance report links to the following Corporate Plan priorities; Working with the NHS to provide better access to health, care and dentistry, and Keeping children, adults and communities safe.

Implications for the Medium Term Financial Plan and Resource Implications:

Provides information about budgets set in line with the Medium Term Financial Plan

Financial Risks

N/A information only

Carbon Footprint (Environmental) Implications:

N/A

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

N/A

Appendices

*Add rows as required to box below

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Children's Finance – Scrutiny January 2026							
B								

Background papers:

*Add rows as required to box below

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7

Sign off:

Fin	N/A	Leg	N/A	Mon Off	N/A	HR	N/A	Asset s	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Haley											
Please confirm the Strategic Director(s) has agreed the report? Date agreed: 11/02/2026											
Cabinet Member approval: Councillor Laing approved via email. Date approved: 11/02/2026											

2025/26 Children, Young People & Families Scrutiny – Quarter 3 Finance



This report aims to highlight key areas of risk and challenge within the Children, Young Families and People (CYPF) Service, the Education, Participation & Skills (EPS) Service, and the Central Spine. It also provides a summary of the 2025/26 financial forecast as at the end of the reporting period.

The information presented has been subject to prior review and scrutiny by the Service Director and Heads of Service within CYPF, in preparation for a formal scrutiny session chaired by the Director of Children's Services.

CHILDREN, YOUNG PEOPLE & FAMILIES

Previous Years Outturn Comparison

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 – Quarter 1
Budget	42.174	42.769	51.031	50.538	60.678	73.281
Outturn	47.067	52.777	55.475	59.431	71.187	77.012
Variance	4.893	10.008	4.444	8.893	10.509	3.731

Placement Pressure	4.947	7.282	4.977	7.990	6.160	3.731
Staffing & Agency	0.000	0.000	0.000	0.000	1.210	0.000
Delivery Plans	0.703	0.559	0.000	1.989	3.139	0.000
Placement Assumptions and FHfCFC	0.000	0.000	0.000	0.000	0.000	0.000
Staffing Assumptions	0.000	0.000	0.000	0.000	0.000	0.000
Non-Placement (Agency/Legal/Contracts)	(0.757)	2.167	(0.072)	(0.234)	0.000	0.000
Other Adjustments - (ODPH/DSG)	0.000	0.000	(0.461)	(0.852)	0.000	0.000
	4.893	10.008	4.444	8.893	10.509	3.731

Financial Overview and Risk Assessment

The table above outlines the outturn position for previous financial years in comparison to the full-year budgets set for those periods. Variances have been broken down by expenditure type. Historical data indicates that key areas of financial risk include Placements, Agency Costs, and Delivery Plans.

In response to these challenges, a substantial budget uplift has been allocated for 2025/26, aimed at mitigating the critical risk areas identified. Notably, significant growth has been applied to the Placements budget, and Delivery Plan targets have been restated. Additionally, the staffing budget is under review in alignment with sector reforms, which are expected to address issues related to vacancies, caseloads, and reliance on agency staff.

Growth Items	Amount 2025/26 (£m)
Placement Cost & Volume	11.780
Removal of Existing Delivery Plans	3.446
Foster Carer - Incentives	0.413
Recruitment & Retention of Staff	0.399
National Insurance & Pay Award	0.812
Growth included in Placements Savings Targets	0.660
Total	17.510

Savings Proposals	Amount 2025/26 (£m)
Implementation of National Social Care Reforms	(1.132)
Placement Related Delivery Plans	(2.327)
Removal of Capital Flex Receipts	(1.448)
Total	(4.907)
Children's Growth	12.603

CYPF Full Budget and Forecast Monitoring

Financial forecasting at Quarter 2 Indicated an adverse variance to Budget of £3.731m. These are unmitigated pressures within Children's Placements. Throughout Quarter 3, these pressures have grown to £5.216m, a change in quarter of £1.485m

£5.421m pressure on Children's Social Care placements due to an increase in Independent Sector Placements. Residential Placements are now at 68 (6 above budget) and Unregistered Placements at 8 (1 above budget).

There are also pressures flagged within staffing, primarily down to agency staff and vacancy savings targets, however these costs are mitigated through the planned exit dates of agency staff through Quarter 3. These mitigations are related to Staffing and the ongoing redesign of the CYPF structure. The new structure should align with the National Reform - Families First concept. Current proposals offset all agency pressure as well as achieving Budget Gap savings allocated in 2024/25.

The service has identified a cohort of children who are currently placed within a Residential or Supported Living setting where transitioning to an alternative placement setting is considered appropriate for the child, such as fostering or reunification. This will always be the correct move for the child which also generates a recordable saving – it is this saving which is being earmarked towards the delivery plan total. This stream of work is called "Steps" and is monitored monthly at the Family Homes for Plymouth Children board; the services is also working with external partners such as Reconnect to help the Authority achieve its targets. There are currently enough Children identified with suitable transition plans to achieve the remaining £0.195m balance, however it is essential to point out that delays to these plans are possible creating further possible pressure.

Children, Young People and Families Department		Variance £m
Pressures:	Looked After Children – Placements	5.421
	Agency staffing costs	0.050
	Delivery plan pressure	0.195
Mitigations:	Vacancy savings forecast	(0.050)
	FHFPC Workstream, Reunification & Reconnect Partnership working to identify Children transitioning into alternative placement	(0.195)
	Removal of Retention Payments for Social Workers in Child Protection Team	(0.032)
	Adopt South West - Underspend as provided by Devon County Council	(0.120)
	Caritas Agency Recruiter removed	(0.054)
Total		5.216

Budget Areas	2025/26 Approved Budget	Month 8 Forecast	Month 9 Forecast	Change in Period	Variance to Budget	Comments
	£m	£m	£m	£m	£m	
CYPF						
Services						
Independent & Internal Sector Placements	53.116	57.666	58.537	0.871	5.421	Placement Expenditure: Both Looked after and Non-Looked After
Child Protection	6.369	6.283	6.283	0.000	-0.086	Statutory Service: Mainly children in need and children on child protection plans
Permanency	4.852	5.102	4.852	0.000	0.000	Statutory Service mainly children in the Council's Care and Care Experienced young people
Targeted	2.925	2.925	2.925	0.000	0.000	Part Stat / Non-Stat including Independent Review Service
QA Safeguarding and Bus Suppt	2.545	2.712	2.545	0.000	0.000	Service Director / HOS / Central Service Costs (Legal, Parking)
IRT / MASH / Front Door	2.070	2.545	2.060	0.000	0.000	Statutory Service
CYPF Central Costs	2.002	1.780	1.958	0.000	0.000	Non-Stat
Adoption	1.118	0.998	0.998	0.000	-0.120	Adopt South West Contract
CAMHS Specialist Services	0.611	0.611	0.611	0.000	0.000	CAMHS Contract
CYPF Placement Delivery Plans	-2.327	-2.327	-2.327	0.000	0.000	Long Standing Delivery Plans + 2024/25 Increased Savings
Total CYPF	73.281	78.295	78.442	0.871	5.216	

Placements

Type of Placement	2025/26 Budget		Monthly Monitoring		Variance No.	Variance £
	Estimated Numbers	Forecast Budget	Actual Numbers	Forecast Budget		
External Residential - Spot Purchase/Framework	45	£16.332	51	£20.096	6	£3.764
External Residential - Keys Block Contract	17	£6.065	17	£6.065	0	£0.000
Unregistered	7	£4.906	8	£5.086	1	£0.180
External Fostering	154	£9.767	128	£7.453	-26	-£2.314
In-House Foster Care	140	£4.006	158	£4.006	18	£0.000
In-House Connected Carers	50	£1.195	56	£1.195	6	£0.000
External Supported Living	40	£4.033	42	£5.406	2	£1.373
External Supported Living - Block	9	£0.777	9	£0.919	0	£0.142
Secure Placements	1	£0.345	1	£0.345	0	£0.000
Parent & Child	4	£0.998	1	£1.088	-3	£0.090
Other Looked After Children (Placed with Parents/NHS)	0	£0.000	0	£0.000	0	£0.000
LOOKED AFTER CHILDREN	467	£48.424	471	£51.659	4	£3.235
SGO, Adoption & Residence Orders	245	£2.541	245	£2.377	0	-£0.164
Care Leavers	30	£1.122	30	£1.340	0	£0.218
PLACEMENT - NOT LOOKED AFTER	275	£3.663	275	£3.717	0	£0.054

Placement Savings Moved to Delivery Plans	£0.000	£2.132	£2.132
DELIVERY PLAN TOTAL	£0.000	£2.132	£2.132
TOTAL	742 £52.087	746 £57.508	4 £5.421

A programme of work is in place in response to these placement budget pressures to ensure children experience the right home from when they first come into care and for more children to experience permanence in fostering settings. The Family Homes for Plymouth Children Programme includes work to ensure the right children are in care, to improve local sufficiency of fostering and residential provision, including by opening our own children's homes, and to ensure all children experience stable and permanent arrangements. However, despite progress in some areas, the national reduction in fostering provision continues to impact locally leading to some children with more challenging behaviours being placed in residential and in turn this is leading to a small group of young people being placed in unregulated arrangements, as no regulated placement can be found nationally which will meet their needs.

Quarter 3 Placement Pressures – Financial Overview

During Quarter 3, the service has experienced a placement-related financial pressure of £5.421m. This area remains high-risk due to its inherent volatility and has been RAG-rated accordingly.

Throughout the quarter, a number of Residential and Unregistered High-Cost Placements have been required. These have fully utilised contingency funds that were available from children transitioning out of these placement types prior to the start of the financial year.

Residential placements currently exceed the budgeted provision by six, with recent panel decisions indicating further Residential Placement searches have been approved. Unregistered placements are also above budget. However, these pressures have been partially mitigated by a notable reduction in Independent Fostering placements.

Significant new placements in 2025/26 to date include:

- 2 Residential Placement (transitioned from In-House Fostering) – Over £11,000 per week
- 1 Residential Placement (transitioned from In-House Fostering) – £16,150 per week
- 1 Unregistered Placement (transitioned from Hospital) – £21,500 per week (Tier 4 – Joint Funding assumed)
- 1 Residential Placement (transitioned from Independent Fostering) – £11,133 per week

If placement volumes and Children in Care levels remain stable, the elevated weekly costs that are above the budgeted average will continue to exert financial pressure. This underscores a broader risk regarding the availability and sustainability of suitable placements.

To address this pressure, a new Market Development Plan is in place supported by a dedicated Commissioning Lead to develop increased sufficiency of local fostering homes and residential children's homes. Plans to open our own children's homes currently include the development of two new homes in Plymouth meeting a range of priority needs with the first scheduled to open in the summer of 2026, subject to Ofsted registration. Capacity in the Brokerage Team has been strengthened to ensure we access high quality placements for all children.

Fostering – Quarter 3 Update

Fostering recruitment and improved support to our foster carers are key priorities of the Family Homes Programme. A new marketing campaign is in place including flooding social media and utilising the support of key business partners across the city to increase interest in Fostering for Plymouth. We are also part of

the regional SW Fostering recruitment hub. Commitments from the annual summit with foster carers have been implemented to improve support and remuneration to foster carers, including foster carers being exempt from Council Tax and now launching three Mockingbird constellations, where groups of foster carers come together to support each other as an extended family would.

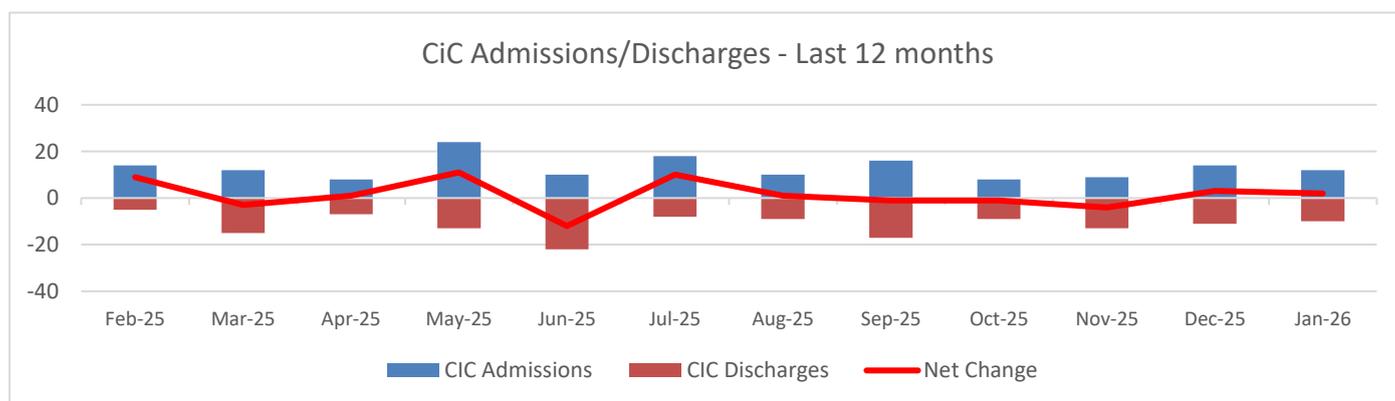
Foster for Plymouth, our in-house fostering service, continues to demonstrate the anticipated growth outlined during budget preparation. The number of children placed in this setting (including Connected Carers) has increased from 187 at the start of the 2024/25 financial year to 214 as of Quarter 3 in 2025/26. This growth was planned and budgeted for, and as such, has not resulted in any adverse financial pressure for the department.

This positive trend has also contributed to a significant reduction in Independent Fostering placements, with decreases broadly aligned to the growth in In-House provision. This shift has generated a favourable variance in the department’s financial monitoring position.

Additionally, Special Guardianship Orders, Adoption, and Residence Orders have collectively contributed a positive budgetary variation of £0.164 million. The Family Homes programme includes work to strengthen support to Special Guardians and kinship carers to enable more children to leave care through a special guardianship route.

The decline in numbers of children placed with Independent Fostering Agencies, as a result of a reduced number of placements available, alongside rising number of children in residential placements creates a significant financial pressure. It would typically be expected that IFA numbers remain relatively stable, with a slight reduction in the number of children in residential placements. This trend highlights the ongoing national shortage of foster carers and suggests a shift in placement dynamics that have led to the Family Homes programme.

As of 31st December 2025, there are 523 children are in care.



Achieved Delivery Plans to Date – Successful Step Forwards

A key strand of work of the Family Homes programme is supporting children to step down from residential children’s homes to foster families in line with their agreed care plan. Of the 68 children in children’s homes currently, 34 are identified as being ready for a family setting but despite extensive national searching, suitable families cannot be identified and as a result children remain in high-cost institutional settings. In response, a High Support scheme has been developed to support our own foster carers to take children currently in residential care, and we have commissioned an organisation who are undertaking targeted foster carer recruitment and support for an agreed cohort of children.

We are also working alongside a Payment by Results Organisation – Reconnect – to help the Authority in

identifying new Foster Carers and moving Children into more appropriate placement settings.

2025/26 Savings Target	-£2,327,000.00
2025/26 Savings Achieved	-£2,732,000
Less Reconnects Fixed Fees	£600,000
2025/26 Savings in Pipeline	-£195,000
2025/26 Savings Total	-£2,327,000

Of the £2.327m target, £2.732m has been achieved. Reconnect have met their quota and their fixed costs can now be paid. They will continue to work with the Authority for the remainder of the agreed contract period

Whilst the above highlights the cashable savings achieved by the service, it is also important to note and track the Cost Avoidance decisions that have been made. These are decisions which are made both inside and outside of Panel, where the resulting impact prevents further cost pressures being realised. These have been summarised below.

Cost Avoidance	£
Existing CIC - New Placement Avoided	(973,419)
Increase in existing Placement Package Diverted	-
Panel decisions – pre proceedings/legal/testing	(61,119)
Admission into Care avoided	-
	(1,034,538)

Examples –

SF – IFA foster placement disrupted and no alternative foster placement could be found. An in house foster carer offered a bridging placement while we searched for residential. We were offered and accepted a Residential Children’s Home with Idem, and the cost was £13,000 per week (plus an additional cost for school transport). The in-house Foster Carer was exploring a step out of residential which did not progress, so she offered for SF. We are paying Mainstream Enhanced so currently £490.66 per week.

BW – In house placement was at breaking point due to lack of therapeutic support to the carers from CAMHS and feeling unable to give BW what he needed and reduce working hours to be more available. We searched for a residential and were progressing with a move into one of the Keys Block beds. In discussion with the carers, we were able to stabilise the home with them by paying the High Support Costs (£840)

2025/26 Flexible use of Capital Receipts – Transformation

The One Children’s Services (OCS) Improvement and Transformation Programme 2024 – 2027 was established in December 2023 in response to performance challenges faced by the Directorate. Specifically, the following objectives for the programme were listed in the Programme Definition:

- Deliver improvements in response to the outcomes of CYPFS OFSTED Inspection (Front Doors Dec. 2022) – to get to ‘good’
- Deliver improvements in response to the outcomes of the SEND OFSTED Inspection – to get to ‘good’
- Respond to National policy agendas, e.g. Children’s Social Care Reform and SEND Reform
- Stabilise our budget position in response to the increasing costs and demand in key areas and provide value for money across all activities, including children's placements and SEND provision

- Respond to the changing levels of demand for Children's Social Care Services and cost of children in care placements
- Respond to the increasing costs and demand in School Transport
- Embrace opportunities in universal service delivery and early help across all Children's Services, delivering family hubs and locality models or working
- Respond to the workforce issues in Children's Service e.g. inexperienced workforce and use of agency workers – developing a skilled workforce to meet levels of demand
- Maximise opportunities to embrace new technology to embed data, intelligence and insight practices.

The work of the programme continues into Year 2 of a 3-year programme.

Current forecast on 2025/26 spend is as follows – Total forecast £855k

2025/26 Capital Programmes

The service is also subject to Capital Borrowing charges from the Corporate Centre. This is primarily down to capital investment in Foster Carer home adaptations, as well as a recently approved case for the procurement of 2 Residential Homes.

Any updates on the progress of the Residential Homes are captured at Family Homes for Plymouth Children board.

The charges are captured as part of Budget preparation and built into the full year budget within the correct service area. The majority of these are placement related.

Project Name	Term	Rate	Amount of Borrowing (£)	Year of Expenditure	Annual Charge (£)
	(Years)				
Foster Home Adaptation - Child PER26593	10	1.50%	144,231	2021/22	15,640
Foster Home Adaptation - Child PER13698, PER21137 & PER32902	20	5.10%	7,693	2022/23	623
Foster Home Adaptation - Child PER13698, PER21137 & PER32902	20	5.10%	38,260	2023/24	3,096
Foster Home Adaptation - Child PER13698, PER21137 & PER32902	20	6.75%	3,565	2023/24	330
Foster Home Adaptation - Child PER26650	9	6.75%	47,424	2023/24	7,202
Development of Children's Homes (Project A)	20	6.75%	8,120	2024/25	752
Development of Children's Homes (Project A)	20	6.75%	1,991,880	2025/26	184,382

Financial Risks

- Suitable placements aren't available for our Children identified in the FHfPC program. This will cause delays and therefore reduce savings achievable
- Unplanned admissions into care
- Unplanned breakdowns in placements
- Large Sibling groups entering care

- The required use of Unregistered placement settings with bespoke staffing arrangements
- Inability to recruit and retain staff, requiring the need to hire agency staff – This will also impact all future years
- Increased admissions into care will result in increased legal costs
- Recruitment of In-House foster carers is not at the desired level, thus going to the Independent Market for placements
- Supported Families funding ceases or Payment by Results not fully achieved
- Any central government funding issues – Social Care Grant
- Increased rise in Social Care costs
- UASC Demands on the service
- Funding streams from partners not at required levels i.e. NHS England
- Placement offers not available for Children who are ready to step into alternative provisions – this impacts our assumptions and available savings in this year, whilst adding a financial burden to future financial years
- Current plans to buy 2 new Residential Homes
 - Unable to purchase the correct homes in a timely manner
 - Unable to recruit staff
 - Wrong children end up in the new homes i.e. Children who should be in a Fostering Home end up in Residential
 - Delays with OFSTED registration

Work or Actions upcoming

- Full cost analysis of Admissions v Discharges. This is to understand the full financial impact of those entering the system against those children who are leaving our care
- Complete mapping out of expected savings through the next 18 months. Working closely alongside the Practice Lead of the Family Homes for Plymouth Children Programme
- Ongoing structure proposals – likely to see a significant financial benefit, both in budgetary savings but cost avoidance in use of External Agency Staff

Education, Participation & Skills

Education, Participation and Skills Department		Variance £m	RAG (mitigations)
Pressure:	Savings delivery plan pressure	0.038	
Mitigations:	Net additional income and vacancy savings	(0.038)	Green
Total		-	

The Education, Participation and Skills service is reporting nil variance at Month 9, with work carried out by the service to identify additional savings to offset a delivery plan pressure. There is now minimal risk of non-delivery, however work will continue through the year to identify further savings.

In 2025/26, Plymouth will receive a total Dedicated Schools Grant (DSG) allocation of £312.148m. This funding supports mainstream schools, special schools, Early Years providers, and pupils with additional needs through the High Needs Block. The High Needs Block continues to face significant financial pressure, driven by increased numbers of pupils with EHCPs, and the cost of provision, with a forecast overspend of £35.250m. When combined with the cumulative deficit from prior years of £18.498m, the total projected deficit balance is expected to reach £54.261m by the end of the financial year.

While a statutory override remains in place, allowing local authorities to carry forward DSG deficits there are associated revenue implications. Specifically, the cost of borrowing to fund the unfunded expenditure is estimated to exceed £2m in 2025/26.

Central Spine

Key pressure held in Central Spine is Short Breaks. As per a paper provided by the Head of Service, a budget pressure of £1.318m has been reduced to £872k. The pressure has been reduced further by savings found in Home to School transport. The pressure in the Central Spine is now reported at £0.766m. The service is currently reviewing saving plans identified to ensure they are achievable and is now tasked with identifying methods to mitigate this residual pressure.

4 School Transport budgets are currently forecast to make a saving of £0.084m, this is due to the delay in the forecast increase in numbers of EHCPs, which has a direct impact to SEND Home to School Transport demand. This has been reviewed again at the start of the new academic year, and forecasts are still in line with previous estimates.

Additional Admissions Appeals income was identified at Month 4, and forecasts remain at this level.

Children's Central Spine		Variance £m
Pressures:	Short breaks cost pressures	1.318
	PIAS - shortfall on vacancy savings targets	0.018
Mitigations:	Short breaks savings identified	(0.446)
	Home to School Transport – initial delay in growth	(0.084)
	Admission team vacancy savings and additional income	(0.044)
Total		0.766

This brings a combined pressure in Children to £5.982m

Children's Directorate		Variance £m
Children, Young People and Families Department		5.216
Education, Participation and Skills Department		-
Children's Central Spine		0.766
Total		5.982

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Children, Young People and Families Scrutiny Panel



Date of meeting:	18 February 2026
Title of Report:	CATERed Update and Next Steps
Lead Member:	Councillor Sally Cresswell (Cabinet Member for Education, Skills and Apprenticeships)
Lead Strategic Director:	David Haley (Director for Childrens Services)
Author:	Tina Brinkworth
Contact Email:	Tina.Brinkworth@plymouth.gov.uk
Your Reference:	Click here to enter text.
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

To provide an update on the current position with CATERed including the steps that being taken between now and the end of July 2026 when the Company will cease trading. company has made to improve their market position.

Recommendations and Reasons

- I. That the Scrutiny Panel receive the briefing paper for information and note the next steps.

Alternative options considered and rejected

- I. There are no alternative options presented in this briefing note.

Relevance to the Corporate Plan and/or the Plymouth Plan

Value for money and stewardship – PCC stepping in with financial support to keep CATERed solvent and continue to provide meals to children until the end of the 25/26 academic year.

Fairness and cost of living – All children, especially vulnerable groups can continue to access school meals

Responsibility – CATERed's decision to cease will have an impact on schools in the City and PCC will work with Catered to support them to transition to new providers.

Implications for the Medium Term Financial Plan and Resource Implications:

A Deed of undertaking is currently in place which means that PCC are underwriting CATERed liabilities from October 2025 to July 2026, enabling the organisation to continue lawful trading and meet its creditor obligations through the end of the academic year. This financial support ensures uninterrupted service delivery. It was originally anticipated that the support to CATERed would be provided as a loan facility. However, following CATERed's decision to cease operations and their resulting inability to repay the loan, PCC now intends

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

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Sign off:

Fin	NA	Leg	NA	Mon Off	NA	HR	NA	Assets	NA	Strat Proc	NA
Originating Senior Leadership Team member: Amanda Davis											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 11/02/2026											
Cabinet Member approval: Councillor Cresswell approved via email.											
Date approved: 10/02/2026											

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CATERed Update and Next Steps

For 10 years, CATERed has provided a successful school catering service showcasing values of sustainability, community focus, and inclusivity through sourcing local food, providing freshly cooked, nutritious meals and promoting healthy eating through food education initiatives. CATERed plays a vital role in delivering nutritious meals to school children across Plymouth, the company provides approximately 10,000 school meals a day to children. CATERed's co-operative model was designed to deliver economies of scale, supporting smaller schools and enabled a more strategic approach to school meals provision (as opposed to a narrower focus on commercial viability).

CATERed Ltd. is an arm's length TECKAL company, registered at Companies House which is owned 51% by Plymouth City Council (PCC) and 49% by Plymouth Schools Shareholding Company (PSSC). PSSC is a holding company formed solely to represent the 67 schools (at that time) who purchased services from CATERed.

The CATERed Board of Directors are required to perform certain duties as outlined in the Companies Act 2006. The Act is designed to ensure all directors exercise their powers appropriately, upholding the values of the company and promoting its success. Any limited company is owned by the shareholders and run by the directors. Shareholders appoint the directors to manage the business. This includes making strategic decisions, overseeing wellbeing of employees and complying with statutory (legal and financial) obligations. If a company director fails to uphold duties, they can face legal actions and criminal fines.

One of the legal responsibilities of the Board of Directors is to assess whether the business is a 'going concern' – meaning it can continue operating and meet its legal obligations (and pay creditors) for the foreseeable future. In order to publish accounts on a 'going concern' basis, Directors must satisfy themselves that the company is a going concern for at least 12 months from the date that financial statements are authorised for issue. The company is externally audited and Directors must be careful not to misrepresent the position – Directors are aware that, without significant additional financial support, they will not be able to pay suppliers going forward into the next financial year.

As CATERed currently is unable to continue trading beyond academic year 2025/2026, **the CATERed Board has taken the decision to cease school meal provision to prevent a situation of wrongful trading, and to give schools time to secure alternative providers. This is a Board of Director decision and not a shareholder decision.** The accounts will not be published on a 'going concern' basis because of this decision – which means that Directors are complying with legal obligations to present a 'true and fair' view of the position.

CATERed challenges

The CATERed Board have worked relentlessly to balance the books for many years, particularly since the Covid pandemic, as food, energy and staffing costs have risen significantly. Over the years, the companies reserves have been diminishing. Funding for school meals has not kept pace with rising food, energy and staffing costs.

- Food inflation over the last three years has been more than 50% and expected to be a further 5% by end of year.
- Labour costs have increased by circa 28% in the last three years.
- There is significant disparity in funding in free school meals (FSM) and universal infant free school meals (UIFS) between England, Wales, Scotland and London, which has created a further challenge for CATERed in Plymouth:
 - England (Plymouth) = £2.61
 - Wales = £3.40
 - Scotland = £3.30
 - London = £3.00

Recent challenges have further complicated the picture:

- With greater academisation and MATs run from outside of the city, financial pressures on academies have meant some have looked to tender provision and opt to join other providers
- Introduction of National Insurance costs of approximately £100,000 in 2025/26, which schools have been asked to contribute towards (at approximately £1,700 each), although not all schools have agreed to pay this
- Poor turn out on census day (which drives the UIFS funding levels for the year)
- Continued food inflation now means that there is a mismatch between the funding and revenue generated versus the costs of producing the food.

Consequently, Plymouth City Council (through a S151 officer decision) signed off a package of support (likely to cost PCC more than £600,000) to see the company through to the end of the academic year 2025/2026.

CATERed's efforts to improve market position

Extensive work has been undertaken from day one to engage with parents, pupils and schools including our pupil-led City-wide Children's Food Panels, working with suppliers in schools and assemblies to encourage healthy eating, choices and education, working with The University Dietetics Team and local fishers for the development and trialling of The Plymouth Fish Finger project, farm visits as well as regular in-school activities and support to schools with parent engagement, pupil induction days, playground food taster days after school, online social media to support enrolment for FSM and UIFS identifying the important need for parents to register and claim FSM to support schools with additional budgets through Pupil Premium.

- The company has run children's engagement and activities around food and food and cookery demonstrations for both the Seafood Festival on the Barbican and Flavour Fest in the City Centre.
- CATERed's Big Summer Food Tour was set up before the Holiday Activities and Food (HAF) programme was ever dreamed of by the Government. Supported entirely through staff providing services free during school holidays and suppliers donating food we were able to feed tens of '000's of children in City Parks and open spaces free of charge every year from 2015 – 2020, only stopping post-COVID.

- All suppliers actively understand the CATERed ethos and cooperative approach and have supported us throughout.
- CATERed have a dedicated Creative Content Apprentice (who is due to complete her apprenticeship in the spring next year) and evidence of our social media presence and school, pupil and parent engagement is available on Facebook, LinkedIn, Instagram, Tik Tok and X (formerly Twitter).
- Most recently, CATERed were awarded the LACA Awards for Excellence Business Marketing Award in 2025 recognising the work of this apprentice.

Stakeholder Engagement

Stakeholders have been informed at the earliest possible opportunity. The decision to cease trading is a decision undertaken by the CATERed Board of Directors and CATERed Ltd needed to follow the correct process of informing schools, staff and suppliers, adhering to the correct order, on their decision. Following this communication, PCC and CATERed have issued wider communications and arranged for a member briefing at the earliest opportunity. Neither CATERed Directors, nor PCC as shareholders, would want a situation where school catering staff found out about the financial difficulty for the company through the media, rather than being informed first hand by managers.

Ongoing school meal provision

The statutory duty for school meals is the responsibility of the schools and their governing bodies. School meals in Plymouth will not cease but schools and academies will need to either take the service in-house and provide directly or commercially tender the service. There are other providers who will bid for the business.

The statutory responsibility is for:

- The provision of a free school meal to those pupils and students registered as eligible under set criteria
- The provision of a universal infant free school meal to those eligible (ages 4 – 7) (KSI and KS2)
- The provision of a paid meal on request
- All school food is required to meet the mandatory School Food Standards for Lunch and the School Food Standards for Food Other Than Lunch.

Next steps

To summarise, the decision to cease school meals from July 2026 is a decision which has been undertaken by the CATERed board, to avoid breaking wrongful trading laws and provide schools with sufficient time to make plans for the next academic year. This has not been a shareholder decision. Directors have had to manage communications carefully, to ensure that staff did not find out through the media.

The next steps:

- **To note** that Catered will cease to trade and will need financial support to operate until July 31st.
- **To note** the response from CATERed and Plymouth Schools Shareholding Company in relation to providing a share of financial support, which includes increasing the free school meal contribution from the current 90% to 100% from May 2026 to generate additional income for the company to support the financial burden. Whilst also to seeking other reductions where possible.
- **Delegated Executive Decision** to agree that PCC will provide financial support for the period 1st April – 31st July in a form to be confirmed - we are working this through with CATERed.

Children, Young People and Families Scrutiny Panel



Date of meeting:	18 February 2026
Title of Report:	Children's Services use of AI
Lead Member:	Councillor Jemima Laing (Deputy Leader, and Cabinet Member for Children's Social Care, Culture and Communications) Councillor Kate Taylor (Cabinet Member for Customer Experience, Sport, Leisure and HR and OD)
Lead Strategic Director:	Si Bellamy (Chief Operating Officer) David Haley (Director of Children's Services)
Author:	Andrea Budge, Continuous Improvement Manager
Contact Email:	Andrea.budge@plymouth.gov.uk
Your Reference:	N/A
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

The report aims to assess how Artificial Intelligence (AI) can be used within Children's Services, particularly across Business Support's Children's Spoke and Hub teams. Its primary purpose is to help the CYPF Scrutiny Panel understand how AI could improve service delivery, create workforce capacity, and enhance safeguarding practice.

Recommendations and Reasons

- I. For the Children, Young People and Families Scrutiny Panel to note this report and endorse an approach to explore and use AI to aid the service in delivering good quality interventions for families in Plymouth.

Alternative options considered and rejected

- I. Not to explore the use of AI – This has been rejected as there is a need for frontline practitioners to spend as much time as possible with families in the delivery of excellent interventions. By exploring AI it was envisioned that it would create workforce capacity and improve service delivery and aid the service in achieving excellence.

Relevance to the Corporate Plan and/or the Plymouth Plan

- Keeping children, adults and communities safe.
- Providing quality public services.
- Focusing on prevention and early intervention.
- Spending money wisely.
- Empowering and engaging our staff.

Sign off:

Fin	N/A	Leg	N/A	Mon Off	N/A	HR	N/A	Asset s	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: Lisa Davies, Service Director for Children, Young People and Families.											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 16/02/2026											
Cabinet Member approval: Councillors Laing and Taylor approved via email. Date approved: 16/02/2026											

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CYPF Scrutiny Panel: Report on AI potential within Children's Services

Prepared by Andrea Budge



Overview

This document provides an assessment of the opportunities and future deployment of AI across Business Support's Children's Spoke and Hub teams. Its purpose is to support the CYPF Scrutiny Panel in understanding the potential for AI to aid the Children's Services workforce and ensure workers spend more time with the families they work with.

The report aims to inform the Service's direction for AI adoption by evaluating how emerging tools and technologies can be safely tested, piloted, and implemented. The focus is on ensuring that AI deployment enhances the delivery of statutory safeguarding responsibilities, strengthens operational resilience, and enables the workforce to dedicate more time to meaningful engagement with children and families. The assessment also aims to support long-term planning by identifying the capabilities required to build a responsible and ethical AI delivery, across the Service.

Purpose & Principles

The purpose of this document is to provide relevant insight into current and emerging AI capabilities that support Children's Services, with a view to shaping future investment, governance, and implementation decisions.

There are two positions to consider when defining our approach to automation:

- 1. The organisation could adopt a principle that all eligible processes should be automated, with explicit exclusions for Safeguarding activities where human oversight remains essential.
- 2. A more conservative stance would limit automation to a defined set of carefully selected activities, introduced only where there are clear strategic value and minimal operational risks.

The trade-off is that the full potential and positive impact of AI may not be realised.

Specifically, this document outlines:

- **AI capability currently in operation** – establishing a baseline for planning and alignment with the wider directorate's digital priorities.
- **Benefits** – evidencing value, informing the service for broader adoption, and highlighting areas where AI already contributes to improved service delivery and outcomes.
- **Future potential** – identifying opportunities for scoping and potential transformation, and highlighting AI's role in strengthening safeguarding, decision making, and workforce capacity.
- **Barriers and constraints** – highlighting the risks, governance considerations, and organisational enablers required to implement AI safely, ethically, and in compliance with statutory duties.

Assessment of AI use and Data Privacy considerations.

The activity of essential minute taking is currently the most relevant for AI use and is already in use where appropriate:

Task/Activity	Outcomes	Benefits	Barriers
<p>Minute Taking</p>	<p>Microsoft Co-Pilot is implemented to transcribe recorded meetings and generate structured, consistent minutes including summaries and action points, reducing turnaround times and administrative workload while supporting statutory safeguarding duties and multi-agency collaboration.</p> <p>Best practice and outcome consistency on all Minutes.</p> <p>Key meeting details, such as dates, attendees, presenting issues, identified strengths, and assessed risk are automatically extracted and pre-populated into the case management system or outcome report. This streamlines administrative effort and improves data accuracy. Actual turnaround times are reduced.</p> <p>Improved satisfaction and performance.</p> <p>Best practice and guidance in place for safe, effective and standardised use.</p>	<p>Transcribe and summarise multi-agency children’s services meetings, aiming to improve the timeliness and accuracy of meeting minutes crucial for safeguarding children.</p> <p>Capacity savings: Each meeting is saving approx. 50% of time taken with the opportunity to reduce this further once staff are confident in the use of Co-Pilot, estimating a 75% of time savings.</p>	<p>Key risks include data privacy, accuracy of output, and adoption of change, mitigated by secure environments, manual review, and stakeholder engagement.</p> <p>Inconsistent use and resistance from stakeholders, outcomes are not recognised as this is dependent on individuals’ knowledge and appetite from managers.</p> <p>Manual oversight required to QA, as small errors and duplication can occur.</p> <p>Different AI tools being used i.e. Magic Notes, therefore providing inconsistent output.</p>

From and information security and data security perspective the following should be considered:

Security/GDPR overview	
System	Microsoft Co-Pilot
<p>Data Protection Principles</p> <p>The use of information must comply with the 6 Data Protection principles laid out in the GDPR. : All users are reminded of their responsibilities under the Council’s Code of Conduct and data sharing agreements. Transcriptions will be handled in accordance with multi-agency protocols to protect the privacy of children and families.</p>	
<ul style="list-style-type: none"> • Processed fairly, lawfully and in a transparent manner 	

- **Collected for specified, explicit and legitimate purposes and not further processed for other purposes**
- **Adequate, relevant and limited to what is necessary in relation to the purposes**
- **Accurate and up to date**
- **Kept no longer than necessary**
- **Appropriate Security Measures**

Key points:

Microsoft Copilot operates within our Microsoft 365 tenant, using the same enterprise-grade security, compliance and privacy controls that already protect our Microsoft 365 services. This ensures that data remains secure, compliant, and auditable.

Tenant isolation – Copilot runs inside our Microsoft 365 tenant and does not mix or pool our data with that of other customers.

Data residency – Data is stored and processed in Microsoft data centres that align with our tenant's configuration (e.g., UK or EU).

Encryption – All data is encrypted both in transit and at rest

Access to Copilot and transcribed minutes is restricted to authorised users through existing Microsoft identity and access management controls.

No training on our data – Copilot does not use our organisational data to train its foundation models. Our data stays within our tenant.

Information barriers – Our existing restrictions (e.g., separation between teams) remain enforced by Copilot. A Data Protection Impact Assessment (DPIA) will be completed before deployment, and ongoing monitoring will ensure compliance with DfE, ICO, and DSIT guidance.

Human review is built into the workflow, so practitioners remain responsible for the accuracy and appropriateness of final records.

Copilot's use will be piloted and evaluated for any unintended consequences, with the option to withdraw or adjust usage if risks are identified.

RISKS AND MITIGATIONS.

Risk: Data privacy

Mitigation: Use secure, UK-hosted Microsoft environment; comply with data protection guidance

Risk: Accuracy of output.

Mitigation: Manual review of draft minutes before distribution. Manual input through templates and prompts for Co-Pilot to enable a specific and consistent output.

Risk: Adoption of change and management.

Mitigation: Business Support will monitor and report outcomes and performance and engage with stakeholders when required. Business Support will provide in house training and update guidance, templates and prompts and process maps regularly.

Examples of operational opportunities to support Children's Services:

Beyond minute taking the following opportunities stand out as the near-term potential areas for increased use:

Task/Activity	Potential/Expectations	Benefits	Barriers
Public Protection Notice (PPN)	Information from external source, regular and consistent, high volume potential to use Triggers and Flows using Power Automate to route all relevant information to various teams/departments/schools.	Consistent responses reported to relevant parties/organisations within the targeted deadlines , therefore realising improvement measured against current transactions.	There is a risk that inaccurate information received from the police may result in data being shared with an incorrect organisation, potentially leading to a data breach.

		<p>Intelligent task routing and workflow optimisation:</p> <p>This routine administration and process-driven task could be automatically directed to the appropriate teams, improving efficiency and reducing delays.</p>	<p>As a mitigation measure, AI should be utilised to verify that the information received is consistent with the records held on Capita.</p>
<p>Strength and Difficulties Questionnaire (SDQ)</p>	<p>Information from and to external sources, regular and consistent.</p> <p>Potential to use Triggers and Flows using Power Automate to route all relevant information to various teams/departments/schools.</p>	<p>Responses sent and received on time automatically, reducing touchpoints from Social Workers and Business Support, and generating relevant data for performance reporting.</p>	<p>Delays in receiving responses from external partners are resulting in extended case handling times and an inability to meet complaint resolution targets, consequently generating adverse performance data.</p>
<p>Transport support – Education Participation & Schools (EP&S)</p>	<p>Collating information for School transport drivers list. 250 per month.</p> <p>Automatic information collated re drivers' information into consistent and standardised template</p>	<p>High volume, every month Automation potential will reduce time and touchpoints.</p> <p>Intelligent task routing and workflow optimisation:</p> <p>This routine administration and process-driven task could be automatically directed to the appropriate teams, improving efficiency and reducing delays.</p>	<p>Information must be provided using the standard template; any submissions that do not adhere to this format will not be accepted and risks of inaccurate or missing information.</p>
<p>Minute Taking Abridgments & Child Protection Plans</p>	<p>Potential to use Triggers and Flows using Power Automate to update abridgments and collate the redaction in documents.</p> <p>Use standardised symbols to clearly indicate previous redactions for all relevant</p>	<p>Intelligent task routing and workflow optimisation:</p> <p>This routine administration and process-driven task could be automatically</p>	<p>Inconsistent use and resistance from Chairs. Dependent on individuals' knowledge and appetite, to implement new opportunities and tools.</p>

	<p>parties, including primary carers.</p>	<p>directed to the appropriate teams, improving efficiency and reducing delays.</p> <p>Professional oversight with reduced administrative burden: Social Workers would shift from generating documents from scratch to reviewing, editing, and approving AI-drafted case records. This supports professional judgement while significantly reducing time spent on routine documentation.</p> <p>Turnaround times and compliance with statutory timescales.</p> <p>Standardised minutes and abridgement providing continuity with all documents.</p>	<p>There is a potential risk of data breaches resulting from the inadvertent dissemination of inaccurate information to relevant stakeholders. All prompts should therefore be subject to systematic and regular review to ensure their continued accuracy.</p>
<p>Automated data entry and routine documentation</p>	<p>Digitally captured case interactions:</p> <p>Planned and unplanned visits or conversations could be documented through a secure, compliant mobile application. AI would then transform these recordings into structured, high-quality case notes, reducing manual transcription and ensuring consistency.</p> <p>Enhanced insight from existing records:</p> <p>AI could extract relevant information from reports and generate up-to-date chronologies. Long, historical</p>	<p>Using Power Automate already integrated into SharePoint with no additional cost for licences</p> <p>Professional oversight with reduced administrative burden:</p> <p>Social Workers would shift from generating documents from scratch to reviewing, editing, and approving AI-drafted case records. This supports professional judgement while significantly</p>	<p>Training will be required to ensure staff are confident and competent in the use of new technologies.</p> <p>Successful implementation will depend on staff engagement and acceptance of new ways of working Additional associated costs relating to the procurement or ongoing use of AI tools may be identified</p>

	<p>case files could be summarised into concise, accessible formats, enabling practitioners to quickly identify patterns, risks, and key events.</p> <p>Improved data quality and accuracy:</p> <p>Duplicated entries or gaps in case information could be automatically flagged, supporting compliance, quality assurance, and better-informed decision-making.</p> <p>AI-powered internal support and guidance:</p> <p>Potential to provide rapid responses to routine queries—for example, where to find specific forms or which worklist applies—reducing interruptions and supporting staff to navigate systems more effectively</p>	<p>reducing time spent on routine documentation.</p> <p>Automated scheduling aligned to statutory requirements:</p> <p>AI could track statutory deadlines and automatically schedule required reviews, reducing the risk of missed timescales and strengthening safeguarding governance.</p> <p>Proactive task management:</p> <p>Overdue actions could be highlighted and routed to the correct role or team, ensuring timely follow-up and improving workflow coordination.</p>	
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Summary

There is clear potential to develop a comprehensive, systematic rollout plan for AI adoption across the Children’s Services incorporating clear expectations, structured training, and robust safeguards. The impact would be:

- Replace the current inconsistent and individually driven use of AI with a coherent and standardised service wide framework. The use of AI could be characterised as a cohort of early adopters - where uptake is variable, unstructured and dependent on personal confidence or interest,
- Create a plan that would define standards, governance requirements, workforce capabilities, and accountability mechanisms to ensure safe, ethical, and compliant use of AI.
- Outline the support model, training pathway, and monitoring processes needed to embed AI effectively into practice.
- A range of additional opportunities could be identified through comprehensive scoping and testing.

Ensuring compliance and standardisation will be essential, with a clear focus on how these enhancements could support Children’s Services in managing caseloads effectively and improving outcomes for the children and families they work with. Using AI to create capacity