

APPENDIX A: BUDGET SCRUTINY 26/27 BUDGET – RECOMMENDATIONS

Scrutiny Management Board - 21, 22 and 28 January 2026



1. Purpose and Approach

This report presents 19 budget scrutiny recommendations arising from sessions held on 21, 22 and 28 January 2026.

The Scrutiny Management Board examined the 2026/27 Draft Budget and background papers through a challenge-based approach where Cabinet Members identified their top three portfolio budget risks. This enabled scrutiny to focus questioning on the areas Cabinet themselves identified as highest priority.

The Board heard evidence from Cabinet Members and senior officers across two days of scrutiny and conducted a wash-up session to finalise recommendations. All 19 recommendations were agreed unanimously.

2. Scrutiny Sessions

Sessions were organised across three days by Cabinet portfolios:

Day One (21 January):

- Strategic Overview – Revenue and Capital (Leader of the Council + Cabinet Member for Finance)
- Children's Social Care and Education (Deputy Leader & Cabinet Members for Children's Social Care, Culture and Communications + Cabinet Member for Education, Skills and Apprenticeships)
- Health and Adult Social Care (Cabinet Member for Health and Adult Social Care)

Day Two (22 January):

- Strategic Planning, Transport and Environment (Cabinet Members for Strategic Planning and Transport + Cabinet Member for Environment and Climate Change)
- Housing, Communities, Customer Experience & Corporate Services (Cabinet Member for Housing, Co-operative Development and Communities + Cabinet Member for Customer Experience, Sport, Leisure, HR and OD + Cabinet Member for Community Safety, Events, Libraries, Cemeteries and Crematoria)

Day Three (28 January):

- Wash-up session (Leader of the Council + Chief Executive)
- Recommendations finalisation

3. Acknowledgements

The Board thanks Cabinet Members and officers for their constructive engagement throughout budget scrutiny and for the transparency provided through the risk and challenge briefings, which significantly enhanced the quality of scrutiny.

4. Recommendations

RECOMMENDATION 1: FOSTERING RECRUITMENT EFFECTIVENESS

That the Cabinet Member for Children's Social Care, Culture and Communications (Deputy Leader) reports to the Children, Young People and Families Scrutiny Panel by July 2026 on foster carer recruitment effectiveness, including:

- Geographic and demographic targeting strategies
- Cost-per-recruitment analysis
- Assessment of whether additional investment in recruitment campaigns, retention support, or enhanced allowances would accelerate foster carer numbers and deliver greater savings
- Barriers to recruitment and potential solutions requiring additional resource

Rationale: Noting independent sector residential care costs up to £25k per week. Foster care costs significantly less than residential care. Understanding recruitment effectiveness and cost-per-recruitment will inform whether additional investment in foster carer recruitment would deliver savings through reduced reliance on expensive residential placements, representing an invest-to-save opportunity for reducing Children's Services placement budget pressures.

RECOMMENDATION 2: CHILDREN'S SOCIAL CARE MARKET REGULATION ADVOCACY

That the Leader writes to the Secretary of State for Education (copied to Plymouth MPs) calling for urgent government intervention in the children's residential care market, specifically:

- Implementation of profit regulation including profit caps or windfall tax on care providers generating excessive profits from local authority placements
- Mandatory reinvestment mechanism requiring providers to reinvest profits above a defined threshold into expanding provision capacity, improving care quality, and reducing placement costs
- Pricing transparency requirements for care providers to publish profit margins, executive pay, and cost breakdowns

With a report provided to Scrutiny on any government response.

Rationale: Children's Social Care faces significant additional costs driven by market failure. Plymouth is paying up to £25k/week for single unregistered placements and £20.5m annually on independent special schools. Market regulation and mandatory profit reinvestment could significantly reduce placement costs and improve value for money, directly impacting budget sustainability.

RECOMMENDATION 3: DSG DEFICIT - GOVERNMENT SUPPORT AND FINANCIAL PLANNING

That Cabinet:

(a) Writes to the Secretary of State for Education (copied to Plymouth MPs) setting out Plymouth's DSG deficit position, the requirement for 396 specialist places, evidence of mitigation efforts, and requesting clarity on government support arrangements before the budget setting February 2026, including timely finalisation and publication of the SEND White Paper.

(b) Reports back to Scrutiny Management Board following the SEND White Paper and Final Settlement announcement on the terms of government support and implications for Plymouth's budget.

(c) Includes DSG deficit position in quarterly budget monitoring reports to Scrutiny from April 2026.

d) Request that DSG deficit interest payments are held by national government and not a liability on local authorities

Note: Audit & Governance Committee maintains oversight of financial control frameworks and risk management related to the DSG deficit.

Rationale: The DSG deficit is a financial risk to Plymouth's Medium Term Financial Plan. Budget assumptions are based on pre-final Settlement information and could change materially. Government has committed councils will not fund SEND from general budgets after March 2028, but detail awaited. Strong advocacy and transparent contingency planning are critical to financial sustainability.

RECOMMENDATION 4: SEND SUFFICIENCY STRATEGY REVIEW

That the Cabinet Member for Education, Skills and Apprenticeships brings the updated SEND Sufficiency Strategy to Children, Young People and Families Scrutiny Panel, demonstrating:

- How Plymouth's specialist places will meet demand and reduce out-of-area placements
- Approach to early intervention and mainstream support that reduces demand for EHCPs while meeting statutory duties
- Financial sustainability trajectory for the High Needs Block

- Alignment with any government support conditions for DSG deficits

With quarterly progress updates to the Panel thereafter.

Rationale: The DSG deficit is driven by High Needs Block pressures including high annual spend on independent special schools. The specialist places investment aims to reduce expensive out-of-area placements and stabilise costs. The SEND Sufficiency Strategy is the critical policy document for delivering both improved outcomes for children with SEND and financial sustainability. Government DSG deficit support is likely to be conditional on demonstrating SEND reform implementation and demand management, making this strategy essential to securing financial support.

RECOMMENDATION 5: EHCP LANGUAGE IN BUDGET DOCUMENTATION

That paragraph 9.8 of the Budget Report be amended to replace "curbing new EHCP applications" with "minimising the need for new EHCPs through enhanced early intervention and mainstream support" to accurately reflect Plymouth's approach and protect stakeholder relationships with SEND families.

Rationale: Early intervention and enhanced mainstream provision aims to reduce demand for expensive statutory EHCP assessments over time, contributing to High Needs Block financial sustainability. However, communications must emphasise improvement through prevention rather than restriction of statutory rights. Protecting stakeholder relationships is critical for the co-production approach needed to deliver SEND reform.

RECOMMENDATION 6: CHILDREN'S HOMES INVESTMENT - VALUE FOR MONEY AND EXPANSION POTENTIAL

That the Cabinet Member for Children's Social Care, Culture and Communications (Deputy Leader) reports to Scrutiny on the children's homes capital investment, including:

- Whole-life cost analysis showing cost per child per week over asset life compared to independent sector costs
- Payback period and cumulative savings projections
- Non-financial benefits including local placements and quality control
- Assessment of whether additional investment to expand council-owned provision would deliver further savings and improved outcomes
- Potential for scaling up the model based on early performance and lessons learned

Rationale: The capital investment in council-owned children's homes represents an innovative invest-to-save approach to address high independent sector costs (up to £25k per week). If early evidence shows strong financial and outcome benefits, there may be opportunity to expand council-owned provision further, providing more local placements while generating additional savings. This analysis will inform whether scaling up this approach

should be considered as part of longer-term strategy to reduce Children's Services demand pressures.

RECOMMENDATION 7: ALTERNATIVE ACCOMMODATION MODELS FOR CHILDREN IN CARE

That Cabinet explores alternative accommodation models for Children's care, with recommendations for schemes presented to the Children, Young People and Families Scrutiny Panel.

Rationale: Alternative accommodation models offer potential for significant cost reduction compared to residential care (up to £25k/week) while maintaining or improving outcomes for children.

RECOMMENDATION 8: AGENCY SPEND ANALYSIS

That the Section 151 Officer provides a written response explaining monthly agency spend variations in Children's Services and Adult Social Care, including reasons for peaks and reductions, actions to reduce reliance on agency staff, and service delivery implications, with agency spend included as a standing item in quarterly budget monitoring to Scrutiny.

Rationale: Understanding volatility and implementing controls will improve budget forecasting and deliver savings while improving service quality.

RECOMMENDATION 09: RAILWAYS AND INTEGRATED TRANSPORT CONNECTIVITY

That the Cabinet Member for Strategic Planning and Transport provides:

(a) Written briefing on railway and integrated transport connectivity, including:

- Current railway projects with status, funding sources, and delivery timescales
- Timeline showing when residents will see tangible improvements
- Council capital allocation and external funding strategy
- Council's vision for integrated public transport
- Assessment of anticipated demand increases from Defence Deal, economic growth (25,000 jobs pipeline), and City Centre/Derriford development
- How increased travel demand is reflected in budget assumptions and transport planning
- Status of feasibility studies and regional funding secured

Report to Scrutiny Management Board showing realistic timeline for resident-facing improvements, how transport infrastructure supports economic growth, and external funding dependencies

Rationale: Understanding external funding strategy is critical as transport infrastructure is essential enabler for revenue-generating economic activity. Anticipated demand increases from major economic investments must be reflected in budget assumptions and service planning. Scrutiny needs clarity on when residents will see tangible improvements and how feasibility studies translate into deliverable projects.

RECOMMENDATION 10: EARLY SCRUTINY ENGAGEMENT ON MAJOR PROJECTS

That Cabinet:

- (a) Provides quarterly briefings to Scrutiny Management Board on the major projects pipeline including projects in development, grant applications, and partnership discussions
- (b) Schedules pre-decision scrutiny sessions where appropriate for major business cases, partnership agreements, and strategic frameworks

Rationale: Plymouth is delivering an ambitious capital programme alongside major transformational projects (New Town designation, City Centre regeneration, Defence Deal delivery). Pre-decision scrutiny on major capital commitments helps identify risks and opportunities before decisions are locked in, ensuring value for money and deliverability. Early engagement supports Cabinet decision-making while maintaining democratic accountability for significant financial commitments.

RECOMMENDATION 11: CORPORATE ASSET MANAGEMENT STRATEGY

That Cabinet brings a comprehensive Asset Management Strategy to Scrutiny Management Board, including:

- (a) Strategic framework for asset retention, disposal, or repurposing aligned with Corporate Plan priorities (housing, children's homes, supported accommodation, community facilities), with investment priorities for the retained estate including backlog maintenance and statutory compliance.
- (b) With quarterly progress reporting from July 2026 on disposals, repurposing, FM cost reductions, energy savings, and compliance improvements.

Note: Audit & Governance Committee maintains oversight of asset accounting and capital receipts treatment.

Rationale: Corporate estate presents both financial pressures and opportunities. FM capacity challenges and aging estate create compliance risks requiring investment. However, strategic asset management offers multiple financial benefits: Proper asset strategy directly supports budget sustainability while addressing statutory compliance requirements.

RECOMMENDATION 12: NHS INTEGRATED CARE BOARD FUNDING ASSURANCE

That Cabinet seeks written confirmation from the Integrated Care Board of the £800k NHS Fairshares funding commitment for 2026/27 and advocates for a multi-year funding settlement to provide stability for VCSE sector planning, with contingency arrangements if funding is reduced or withdrawn including review of VCSE contracts to manage potential redundancy risks.

Rationale: The budget includes £800k partnership funding from NHS Integrated Care Board which is at risk if the ICB does not continue the commitment. Loss of this funding would create immediate budget pressure requiring either savings elsewhere or service reductions affecting the VCSE sector.

RECOMMENDATION 13: CUSTOMER EXPERIENCE STRATEGY - PRE-DECISION SCRUTINY

That Cabinet Member for Customer Experience, Sport, Leisure, HR and OD brings the Customer Experience Strategy to Scrutiny Management Board for pre-decision scrutiny before final approval, ensuring the strategy addresses:

- Digital inclusion measures and support for vulnerable residents unable to access online services
- How transformation will be delivered within reduced resources and rising demand
- Required savings targets, service standards, and capacity impacts on Contact Centre and corporate customer services
- AI integration investment costs vs efficiency benefits, workforce development implications, and monitoring of service quality during implementation
- Risk mitigation for achieving savings while protecting residents from digital exclusion

Rationale: The Customer Experience transformation must deliver savings within reduced resources and rising demand while maintaining service standards. Investment in AI and new technology requires clear business case showing costs vs efficiency benefits. Pre-decision scrutiny ensures savings are deliverable, and residents are protected from unintended consequences.

RECOMMENDATION 14: CABINET MEMBER RISKS AND MITIGATIONS

That the risks identified by Cabinet Members through the Budget Scrutiny process are programmed into the relevant scrutiny Panels' work programmes for the 2026/27 financial year to ensure robust monitoring.

Rationale: Cabinet Members identified budget risks during scrutiny sessions through their written challenge briefings. Including these Cabinet-identified risk areas in scrutiny work programme planning for 2026/27 enables the Board to monitor progress on mitigating risks throughout the year, supporting Cabinet in budget delivery whilst maintaining appropriate oversight. This approach ensures scrutiny resources focus on the highest-priority budget risks as identified by those responsible for delivering within portfolio budgets.

RECOMMENDATION 15: MANAGEMENT SAVINGS PLANS

That Cabinet ensures that the management savings plans are further defined and shared with the Board, and the breakdown on progress is reported to either Scrutiny or Audit as appropriate.

Rationale: The 2026/27 budget includes management savings proposals that are officer responsibilities for delivery. Understanding whether savings are delivered as profiled protects the Council's financial position and enables timely corrective action if delivery challenges emerge.

RECOMMENDATION 16: FOOD WASTE CAPTURE – TARGETED DOOR-KNOCKING AND RESIDENT SUPPORT

That the Cabinet Member for Environment and Climate Change agrees that a proportion of the avoided disposal savings arising from the new weekly food waste collection service be ring-fenced to fund a targeted door-knocking and resident engagement programme, focused on increasing food waste capture rates, specifically:

- Improve resident satisfaction in the new food waste service.
- Proactive, face-to-face engagement with households in areas showing low food waste participation
- Practical advice on how to use the food waste service, including what can be recycled and how to reduce contamination
- Distribution of replacement liners, kitchen caddies, and clear guidance materials where required
- Targeted follow-up in priority neighbourhoods to embed behaviour change and maximise participation

With monitoring data and costs reported back to Cabinet/Scrutiny on improvements in capture rates, contamination levels, and the resulting net financial and environmental benefits.

Rationale: The new food waste collection service is expected to deliver significant avoided disposal savings by diverting material from residual waste. However, realising the full financial, carbon, and environmental benefits is dependent on high household participation and capture rates. Evidence from other authorities demonstrates that targeted door-knocking alongside other communication activity is an effective intervention for increasing food waste participation, particularly in areas of low uptake. Reinvesting a portion of the avoided disposal savings into resident engagement represents a prudent, preventative, and invest-to-save approach that will maximise the return on the council's investment, accelerate carbon reduction outcomes, and support long-term service sustainability.

RECOMMENDATION 17: FLOOD RISK MANAGEMENT

That the Cabinet Member for Environment and Climate Change and Cabinet Member for Strategic Planning and Transport, working with the Natural Infrastructure and Growth Scrutiny Panel, commission a review of waste water and drainage provision in the City, engaging with the Environment Agency, South West Water, and other relevant bodies, to ensure adequate investment, repairs and improvements in the drainage network are planned and enacted given the increased risk and prevalence of flooding caused by climate change.

Rationale: During budget scrutiny, Cabinet Members explained that Plymouth's drainage system is South West Water's responsibility whilst the Council acts as Lead Local Flood Authority. Given increasing heavy rainfall frequency due to climate change and the age of drainage infrastructure, flood risk creates budget implications through emergency response costs and asset damage. A focused scrutiny review involving South West Water, Environment Agency, and Council services would enable examination of partnership arrangements, investment plans, and ensure adequate advocacy for Plymouth's infrastructure needs whilst understanding budget risks from flooding incidents.

RECOMMENDATION 18: PROPERTY REGENERATION FUND PORTFOLIO - SCRUTINY OVERSIGHT

That the Cabinet Member for Finance brings a comprehensive briefing on the Property Regeneration Fund (PRF) portfolio to Scrutiny Management Board with plan to enable ongoing oversight and appropriate public transparency of this significant income-generating portfolio.

Rationale: The Property Regeneration Fund is a significant income-generating portfolio supporting the Council's budget. Regular scrutiny oversight would support Cabinet in maximising returns. The Board recognises commercial sensitivities and will ensure oversight respects confidentiality requirements.

RECOMMENDATION 19: FINAL SETTLEMENT - BUDGET IMPACT REPORTING

That the Section 151 Officer provides a written briefing to Scrutiny Management Board on the Final Local Government Finance Settlement announcement, setting out:

- Key changes from Provisional Settlement assumptions included in the 2026/27 budget

Rationale: The draft 2026/27 budget is based on Provisional Settlement assumptions, The Final Settlement announcement may contain changes to funding, grant allocations, and DSG deficit support arrangements after budget scrutiny has concluded. an email briefing to Scrutiny on Final Settlement changes enables the Board to understand variations from scrutinised assumptions and maintain oversight.