

City of London Corporation Committee Report

| | |
|--|---|
| Committee: Community and Children's Services | Dated: 28/01/2026 |
| Subject: Departmental Budget Estimates 2026/27 – Community and Children's Services excluding Housing Revenue Account (HRA) | Public report: For Decision |
| This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions | Statutory duties for a balanced 2026/27 budget |
| Does this proposal require extra revenue and/or capital spending? | No |
| Report of: | The Chamberlain and the Executive Director of Community and Children's Services |
| Report author: | Mark Jarvis, Head of Finance, and Beatrix Jako, Finance Business Partner – Chamberlain's Department |

Summary

This report presents the budget estimates for the Department of Community and Children's Services (DCCS) for 2026/27 for approval and subsequent submission to the Finance Committee.

Overall, the proposed revenue budget for 2026/27 totals (£21.531 million), a significant increase in net expenditure of (£1.752 million) compared to the 2025/26 original budget of (£19.779 million) agreed by your Committee on 16 January 2025.

The proposed budget for 2026/27 has been prepared within the resource envelope allocated to each Chief Officer by the Resource Allocation Sub-Committee, incorporating the adjustments outlined in paragraph 3.

Appendix 1 includes the budget estimates for 2026/27 for the DCCS excluding Housing Revenue Account (HRA). A summary is shown in Table 1.

Table 1: Summary of Appendix 1

| | Original budget 2025/26 £'000 | Original budget 2026/27 £'000 | Movement original 2025/26 to original budget 2026/27 £'000 |
|--------------------------------------|--|--|---|
| Expenditure | 31,897 | 33,700 | 1,803 |
| Income | (15,443) | (15,771) | (328) |
| Support services and capital charges | 3,325 | 3,602 | 277 |
| Total net expenditure | 19,779 | 21,531 | 1,752 |

Recommendations

Members are asked to:

- i) review and approve the DCCS (excluding HRA) proposed revenue budget for 2026/27 for submission to the Finance Committee
- ii) review and approve the DCCS (excluding HRA) proposed capital and supplementary revenue projects budgets for 2026/27 for submission to the Finance Committee
- iii) authorise the Chamberlain, in consultation with the Executive Director of Community and Children's Services to revise these budgets to allow for any further implications arising from Corporate Projects and changes to the Cyclical Works Programme
- iv) agree that minor amendments for 2025/26 and 2026/27 budgets arising during the corporate budget-setting period be delegated to the Chamberlain.

Main Report

Background

- The Community and Children's Services Committee oversees four main service areas:
 - People Services (which includes Adult Services and Children and Families Services)
 - Commissioning and Partnerships (which includes Commissioned Services)
 - Housing Services (including the HRA)
 - Education and Skills.

Assumptions for 2026/27

- The estimate for 2026/27 includes a net 3% uplift to the net local risk budgets, noting that this includes pay, prices and income.
- While the final pay offer was agreed at 3.2%, the provisional 2026/27 budget was based on an assumed 3% increase, reflecting the position at the time the budget was calculated, prior to confirmation of the final settlement. The budget will be revised during the financial year to incorporate these changes.
- Support services budgets reflect the attribution and cost of central departments. All support services are based on time or use of services and were reviewed during 2025/26 with the method of apportionment update to reflect the latest up-to-date corporate information.

Departmental budget estimates for 2026/27

1. This report presents, at Appendix 1, the budget estimates for 2026/27 for the Community and Children's Services Department analysed between:
 - **Local Risk budgets** – these are budgets deemed to be largely within the Chief Officer's control.
 - **Central Risk budgets** – these are budgets comprising specific items where a chief officer manages the underlying service, but where the eventual financial out-turn can be strongly influenced by external factors outside of his/her control, or budgets of a corporate nature (such as interest on balances and rent incomes from investment properties).
 - **Support Services and Capital Charges** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk. Further analysis can be found in Appendix 2.

Proposed Revenue budget for 2026/27

2. The provisional 2026/27 budgets – under the control of the Executive Director of Community and Children's Services – being presented to your Committee, have been prepared in accordance with guidelines agreed by the Policy and Resources and Finance Committees.
 - Homelessness is a demand-led statutory service that continues to experience significant and ongoing pressure. As set out in the Medium Term Financial Plan, additional funding of £953,000 has been included in the 2026/27 Estimates for Homelessness.
 - To ensure that the budgets remain within the overall resource envelope and central risk limits, an unidentified savings requirement of £450,000 has been

included within central risk, comprising £398,000 for homelessness and temporary accommodation costs and £52,000 for the asylum seekers service.

3. Overall, the 2026/27 provisional revenue budget totals £21.531 million, an increase of £1.752 million when compared with the original budget for 2025/26. The main reasons for this increase are:
 - 3% inflation uplift of £375,000 added to local risk budgets
 - July 2024 pay award and National Insurance contribution adjustment of £71,000
 - an additional £165,000 funding for an expanded Community and Safety team agreed by the Chamberlain's to address evolving demands and risks
 - £953,000 central risk grant allocation for homelessness support, fundamentally a demand-led statutory service budget that is under significant pressure
 - increase in central support and capital charges – £277,000
 - reduction of (£87,000) in the apprenticeship budget following the correction of prior misallocations
 - mobile phone savings (£2,000).
4. An analysis of service expenditure is provided in Appendix 1. The presentation has been revised so that expenditure and unfavourable variances are shown without brackets. Only significant variances (generally those greater than £150,000) have been commented on in the following paragraphs.
5. Following a budget realignment exercise, the 2026/27 budget shows a reduction in Supplies and Services compared to the prior year, with resources redirected to Third Party Payments to better align with current and future service pressures.
6. The increase in central risk within Supplies and Services is due to anticipated contract inflation uplifts for services supporting homelessness, ensuring that budgets remain aligned with expected costs.
7. The central risk budget contains a total unidentified savings requirement of £450,000, of which £52,000 is due to pressures on the asylum seekers service. These pressures are arising from the number of individuals turning 18, who then attract little or no funding from the Home Office. The remaining £398,000 relates to contract inflation uplifts, rising temporary accommodation costs, and ongoing service pressures resulting from the increase in rough sleeping numbers in the City of London. Work is underway to mitigate these pressures, while recognising that the scale of the challenge is influenced by wider national factors.

8. The Government grant for 2026/27 is currently projected to increase, reflecting the rise in the Public Health Grant for 2025/26, on which the 2026/27 draft figures are based. However, the final allocation for 2026/27 has not yet been confirmed and may be subject to change once allocations are announced.
9. The Government grant within central risk included £843,000 of additional funding from DCCS reserves in 2025/26 in relation to Homelessness. For 2026/27, as agreed in the Medium Term Business Plan, £953,000 has been incorporated as an increase to the growth budget rather than recorded as additional income.
10. The £426,000 increase in Customer and Client Receipts primarily reflects income from full-cost clients within Older People's services, where the additional receipts serve to offset the associated service expenditure.
11. The Housing Benefit Administration central risk budget for 2026/27 includes a £300,000 transfer from the DCCS reserves to cover the shortfall between housing benefits payments for temporary accommodations and the amounts reimbursed by the Department for Work and Pensions.
12. Technical Services recharge costs within the fund have increased in comparison to previous years as a result of a forecast increase in the headcount required to support delivery of the Housing Improvement Plan.
13. Analysis of the movement in total manpower and related staff costs are shown in Table 2 below.

14. Staffing Statement

Analysis of the movement in staff-related costs is shown in Table 2.

Table 2: Staff-related costs

| | Original budget 2025/26 | | Original budget 2026/27 | |
|--|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Manpower full-time equivalent | Estimated cost £000 | Manpower full-time equivalent | Estimated cost £000 |
| People Services | 50 | 3,952 | 56 | 4,505 |
| Partnership Services (including Central Directorate) | 26 | 1,972 | 28 | 2,495 |
| Housing Services | 7 | 572 | 7 | 587 |
| Education and Skills | 43 | 2,048 | 43 | 2,334 |
| Total Community and Children's Services | 126 | 8,544 | 134 | 9,921 |

Staffing levels, as reflected in the above statement, show an increase in full-time equivalents. The increase is mainly attributable to additional posts within the Community and Safety team, the Homelessness team, and Other Housing services,

in response to service pressures and demand. The overall increase in estimated cost also reflects provision for the pay award and incremental progression.

Potential Further Budget Developments

15. The provisional nature of the 2026/27 revenue budget recognises that further revisions may be required, including in relation to:

- decisions on funding of the Additional Works Programme by the Resource Allocation Committee
- budget adjustments relating to the Surveyors Repairs and Maintenance projects
- budget adjustments relating to central and departmental support services apportionments.

Revenue Budget 2025/26

16. The current forecast local risk out-turn for 2025/26 indicates a potential overspend of up to £477,000, primarily arising from Other Housing and Children's Social Care services. Work is underway across the Department to reduce this pressure.

17. The central risk budget is projected to overspend by £132,000, largely due to a one-off dilapidation cost of £120,000 for the Youth Hostel at Carter Lane within Homelessness services.

Appendix 3 shows the movement between the Original Budget 2025/26 and the Approved Budget 2025/26.

Table 3: Draft Capital and Supplementary Revenue budgets

| Service | Project | Latest approved budget £'000 | Commitments £'000 | Prior year actuals £'000 | Current year actuals 2025/26 £'000 |
|--|---|---------------------------------|----------------------|--------------------------------|---|
| | | | | | |
| Commissioning & Partnership | Golden Lane Leisure Centre Podium Waterproofing | 750 | 525 | - | 11 |
| Commissioning & Partnership | Golden Lane Leisure Centre Refurbishment | 1,750 | 1,166 | - | 164 |
| Housing City Fund | Disabled Facilities Grant | 135 | 8 | 59 | 54 |
| Total Community and Children's Services excluding HRA | | 2,635 | 1,699 | 59 | 229 |

18. The latest estimated costs of the Committee's current capital and supplementary revenue projects are summarised in Table 3.
19. Pre-implementation costs comprise feasibility/option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
20. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2026.

Business Planning for 2026/27

21. A separate report will be presented to this Committee at a later date containing the high-level business plan.

Corporate & Strategic Implications – none

Security implications

22. There are no specific security implications in relation to the budget or business plan, but many of our workstreams contribute to the departmental priority 'safe' with the aim of people of all ages living in safe communities, our homes are safe and well maintained and our estates are protected from harm.

Public sector equality duty

23. Promoting equality, fostering good relations and reducing discrimination are all integral elements of the work of the department, as demonstrated in some of the work included in the high-level summary business plan. The department specifically considers this in service and policy development through Tests of Relevance and Equality Impact Assessments.

Conclusion

24. This report presents the 2026/27 budget estimates for the Department of Community and Children's Services for Members to consider and approve.

Appendices

- Appendix 1 – Committee Summary Budget – City Fund
- Appendix 2 – Support Services and Capital Charges from/to Community and Children's Services Committee
- Appendix 3 – Original 2025/26 Budget to Approved 2025/26 Budget
- Appendix 4 –Original 2025/26 Budget to Original 2026/27 Budget

Mark Jarvis

Head of Finance – Chamberlain's Department

E: Mark.Jarvis@cityoflondon.gov.uk

Beatrix Jako

Finance Business Partner – Chamberlain's Department

E: Beatrix.Jako@cityoflondon.gov.uk

| Appendix 1: Community and Children’s Services Summary – City Fund | | | | | | | |
|--|-----------------------|--------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|-------------|
| Analysis of Service Expenditure | Local or Central Risk | Actual 2024/25 £'000 | Original budget 2025/26 £'000 | Approved budget 2025/26 £'000 | Original budget 2026/27 £'000 | Movement 2025/26 OR to 2026/27 OR £'000 | Para ref |
| EXPENDITURE | | | | | | | |
| Employees | L | 9,635 | 6,721 | 6,899 | 7,863 | 1,142 | 14 |
| Employees – mainly social workers dealing with Asylum Seekers, Homelessness and staff paid by Dedicated Schools Grant (DSG) | C | 2,771 | 1,823 | 4,204 | 2,058 | 235 | 14 |
| Premises Related Expenses (see note i) | L | 604 | 382 | 387 | 373 | (9) | |
| Premises Related Expenses (SRP) | C | 130 | 55 | 193 | 15 | (40) | |
| City Surveyor – R&M | L | 46 | 5 | 5 | 5 | 0 | |
| Transport-related Expenses | L | 17 | 16 | 16 | 16 | 0 | |
| Home to School Transport (met from DSG) | C | 110 | 81 | 87 | 81 | 0 | |
| Supplies and Services (mainly professional fees which are largely met from grant income plus expenses relating to contracts) | L | 8,248 | 5,221 | 4,961 | 4,159 | (1,062) | 5 |
| Supplies and Services (mainly costs of our private, voluntary and independent childcare providers which are met from DSG) | C | 457 | 2,218 | 3,610 | 2,533 | 315 | 6 |
| Third Party Payments (mainly social care clients plus contract costs and providers of adult learning) | L | 9,009 | 5,683 | 5,683 | 6,718 | 1,035 | 5 |
| Third Party Payments (mainly agency costs relating to asylum seekers plus costs that are met from DSG) | C | 3,634 | 6,545 | 4,867 | 6,557 | 12 | |
| Transfer Payments (mainly payment to Fusion Lifestyle funded by income from London Marathon Charitable Trust) | L | 139 | 110 | 110 | 111 | 1 | |
| Rent allowances – funded by Department for Work and Pensions (DWP) rent benefit rebates) | C | 5,150 | 3,561 | 3,561 | 3,661 | 100 | |
| Transfer to Reserves | L | 70 | 0 | 0 | 0 | 0 | |
| Transfer to Reserves | C | 1,846 | 0 | 0 | 0 | 0 | |
| Unidentified Savings | C | 0 | (524) | (524) | (450) | 74 | 7 |
| Total Expenditure | | 41,866 | 31,897 | 34,059 | 33,700 | 1,803 | |
| CONTINUED ON NEXT PAGE | | | | | | | |
| | | | | | | | |

| CONTINUED FROM PREVIOUS PAGE | | | | | | | |
|---|-----------------------|----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|-------------|
| Analysis of Service Expenditure | | | | | | | |
| | Local or Central Risk | Actual 2024/25 £'000 | Original budget 2025/26 £'000 | Approved budget 2025/26 £'000 | Original budget 2026/27 £'000 | Movement 2025/26 to 2026/27 £'000 | Para ref |
| INCOME | | | | | | | |
| Government Grants (mainly Public Health and Skills Funding Agency grant income) | L | (8,466) | (3,975) | (4,000) | (4,139) | (164) | 8 |
| Government Grants (mainly DSG, DWP rent benefit rebates, Home Office funding) | C | (10,944) | (8,058) | (9,866) | (7,372) | 686 | 9 |
| Other grants, reimbursements and contributions (mainly B&B rent allowances, S256 Monies and London Marathon Charitable Trust) | L | (2,618) | (334) | (334) | (338) | (4) | |
| Other grants, reimbursements and contributions (City's Cash contributions towards Toynbee Hall contract and Strings project at The Aldgate School) | C | (492) | (1,155) | (1,262) | (1,275) | (120) | |
| Customer, client receipts (mainly fee income and client contributions towards their social care packages), and rent income for the community centres) | L | (1,628) | (1,319) | (1,400) | (1,745) | (426) | 10 |
| | C | (400) | (20) | (99) | (20) | 0 | |
| Transfer from Reserves (Public Health, Healthwatch & Proceeds of Crime Act POCA reserves) | L | (81) | 0 | 0 | 0 | 0 | |
| Transfer from Reserves (Parking Meter Reserves in relation to concessionary fares and taxi cards & housing benefits) | C | (641) | (582) | (582) | (882) | (300) | 11 |
| Total Income | | (25,270) | (15,443) | (17,543) | (15,771) | (328) | |
| TOTAL EXPENDITURE BEFORE SUPPORT SERVICES AND CAPITAL CHARGES | | 16,596 | 16,454 | 16,516 | 17,929 | 1,475 | |
| SUPPORT SERVICES AND CAPITAL CHARGES | | | | | | | |
| Central Support Services and Capital Charges | | 3,082 | 3,381 | 3,381 | 3,496 | 115 | App 2 |
| Recharges within Fund | | (32) | (56) | (56) | 106 | 162 | App 2 & 12 |
| Total Support Services and Capital Charges | | 3,050 | 3,325 | 3,325 | 3,602 | 277 | |
| TOTAL NET (EXPENDITURE) / INCOME | | 19,646 | 19,779 | 19,841 | 21,531 | 1,752 | |

Notes – Examples of types of service expenditure:

- (i) Premises Related Expenses – includes repairs and maintenance, energy costs, rates, and water services

Appendix 2: Support Service and Capital Charges from/to Community and Children's Services Committee

| Support Service and Capital Charges | Actual 2024/25 £000 | Original budget 2025/26 £000 | Approved budget 2025/26 £000 | Original budget 2026/27 £000 |
|--|---------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Administrative Buildings | 227 | 228 | 228 | 388 |
| City Surveyor's Employee Recharge | 2 | 1 | 1 | 1 |
| Insurance | 84 | 67 | 67 | 85 |
| IS Recharges – Chamberlain | 598 | 665 | 665 | 702 |
| Capital Charges | 558 | 518 | 518 | 469 |
| Support Services, including Chamberlain's, Comptrollers & Town Clerks | 1,613 | 1,902 | 1,902 | 1,851 |
| Total Support Services and Capital Charges | 3,082 | 3,381 | 3,381 | 3,496 |
| Recharges Within Funds | | | | |
| Corporate and Democratic Core – Finance Committee | (32) | (32) | (32) | (32) |
| Technical Services – DCCS | 25 | 0 | 0 | 164 |
| Barbican Residential Committee | (25) | (24) | (24) | (26) |
| Total Support Service and Capital Charges | 3,050 | 3,325 | 3,325 | 3,602 |

Support services budgets reflect the attribution and cost of central departments. All support services are based on time spent or use of services and were reviewed during 2025/26 with the method of apportionment updated to reflect the latest up-to-date corporate information.

Appendix 3: Movement between 2025/26 Original Book Budget and 2025/26 Approved Budget

| | |
|--|---------------|
| Community and Children's Services | £000 |
| Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor) | 16,454 |
| Executive Director Community and Children's Services | |
| Pay Award – July 2024 & National Insurance contribution | 71 |
| Transformation Fund carry forwards from 2024/25 in relation to the Operational Property Review | 80 |
| Reduction in the Apprenticeship budget following the correction of prior misallocations | (87) |
| Mobile phone savings | (2) |
| Approved Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor) | 16,516 |

Appendix 4: Movement between 2025/26 Original Book Budget and 2026/27 Original Book Budget

| | |
|--|---------------|
| Community and Children's Services | £000 |
| Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor) | 16,454 |
| Executive Director Community and Children's Services | |
| 3% inflation uplift | 375 |
| Pay Award – July 2024 & National Insurance contribution | 71 |
| Reduction in the Apprenticeship budget following the correction of prior misallocations | (87) |
| Mobile phone savings | (2) |
| Additional funding for an expanded Community and Safety team to address evolving demands and risks | 165 |
| Central risk grant allocation for homelessness support | 953 |
| Original Net Local and Central Risk Budget (Executive Director Community and Children's Services & City Surveyor) | 17,929 |