City of London Corporation Committee Report

Committee: Community and Children's Services Committee	**Dated:** 8 September 2026
Subject: Community and Children's Services (Non-Housing) Revenue Outturn Forecast as at Quarter 1, 2026/27	**Public report:** For Information
This proposal: • **provides statutory duties**	This report includes information on the City of London Corporation's statutory Community and Children services function
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	Judith Finlay, Executive Director of Community and Children's Services, and Caroline Al-Beyerty, Chamberlain and Chief Financial Officer
Report author:	Mark Jarvis, Head of Finance, and Beatrix Jako, Finance Business Partner – Chamberlain's Department

Summary

This report sets out the Quarter 1 estimated outturn for the Community and Children's Services Committee budget (excluding the ring-fenced Housing Revenue Account (HRA)) for the 2026/27 financial year.

The total local risk budget is currently forecast to overspend by £984,000, primarily driven by pressures within Older People (£658,000), Adult Social Care (£156,000) and Children's Social Care (£174,000). The most significant pressure relates to increases in client package costs within Older People, with the Department actively considering mitigating actions to reduce the forecast overspend.

The total central risk budget is forecast to overspend by £925,000, mainly reflecting pressures within Special Educational Needs and Disabilities (SEND) and Early Years (£670,000) and Housing Benefit Administration (£300,000), partially offset by an £82,000 forecast underspend within Asylum Seekers.

Overall, the combined local and central risk position is a forecast overspend of £1.909m at Quarter 1. The Department continues to monitor these pressures closely and is considering mitigating actions where appropriate to reduce the projected year-end overspend.

The financial pressures within Adult Social Care and Older People should also be considered in the context of wider national pressures across the sector. At a national level, the results of the 2026 National Spring Survey carried out by the Association of Directors of Adult Social Services paint a challenging picture of financial pressures, increasing levels of need and diminishing levels of confidence from Directors in meeting their legal duties to residents with the financial pressures facing adult social care showing no signs of abating. Councils in England overspent on their 2025/26 adult social care budgets by £715mn, the second year in a row this figure has been in and around three-quarters of a billion pounds.
https://www.adass.org.uk/wp-content/uploads/2026/07/ADASS-Spring-Survey-2026-Press-Release.pdf

While the City's relatively small client base means that local expenditure can be particularly sensitive to changes in the needs and costs of individual clients, the pressures experienced locally are consistent with the wider challenges facing the sector.

Recommendation

Members are asked to:

- Note the Q1 projected outturn report for 2026/27.

Main Report

Quarter 1 Projected Outturn

Table A summarises the Department of Community and Children's Services (DCCS) budget. Table B gives the detailed forecast by service area.

Table A – Summary of DCCS budget and projected outturn (excluding the ring-fenced HRA budget) 2026/27			
	2026/27 budget £000	**Forecast outturn £000**	**Variation (underspend) / overspend £000**
Net local risk expenditure	12,962	13,946	984
Net central risk expenditure	4,972	5,897	925
DCCS local and central risk net expenditure	**17,934**	**19,843**	**1,909**

Table B – Forecast by service area	2026/27 budget £000	Forecast outturn £000	Variation (underspend) / overspend £000	Paragraph
Local Risk				
Supervision and Management	**1,768**	**1,747**	**(21)**	
Housing Services				
Other Housing Service	78	78	-	
Supporting People	569	569	-	
Service Strategy	5	5	-	
Total Housing	**652**	**652**	**-**	
People Services				
Older People	1,749	2,407	658	1
Adult Social Care	3,369	3,525	156	2
Occupational Therapy	400	400	-	
Housing Benefit	(104)	(104)	-	
Children's Social Care	1,966	2,140	174	3
Total People Services	**7,380**	**8,368**	**988**	
Education and Skills				
Early Years and Childcare	757	787	30	
Other Schools Related Activity	552	515	(37)	
Adult Community Learning	146	146	-	
Total Education and Skills	**1,455**	**1,448**	**(7)**	
Partnerships				
Commissioning incl. recreation	950	973	23	
Public Health	(28)	(28)	-	
Youth Service	183	184	1	
Community Safety Team	602	602	-	
Total Partnerships	**1,707**	**1,731**	**24**	
Total Local Risk City Fund	**12,962**	**13,946**	**984**	

	2026/27 budget £000	Forecast outturn £000	Variation (underspend) / overspend £000	Paragraph
Central Risk				
Supervision and Management	80	80	-	
Commissioning incl. recreation	(140)	(102)	38	
Homelessness and Rough Sleeping	3,387	3,387	-	
Early Years and Childcare	822	968	146	4
Other School Related Activity	(869)	(346)	523	4
Asylum Seekers	1,655	1,573	(82)	5
Delegated Budget	(30)	(30)	-	
Housing Benefit	67	367	300	6
Total Central Risk	**4,972**	**5,897**	**925**	
Total Local Risk & Central Risk City Fund	**17,934**	**19,843**	**1,909**	

1. The £658,000 forecast overspend in the Older People local risk budget is mainly attributable to significant increases in client package costs. The level of package cost growth experienced during 2025/26, together with further increases implemented in early 2026/27, has exceeded the assumptions incorporated within the current base budget. The forecast therefore reflects the ongoing realignment of the service budget to current levels of client package expenditure The department is actively considering further mitigating actions to reduce the forecast overspend, with further details of the key pressures and mitigating actions set out later in this report.

2. The £156,000 unfavourable variance in the Adult Social Care local risk budget is primarily due to higher than budgeted temporary and agency staffing costs, together with increased expenditure relating to Penderels and direct payment clients following the replacement of the previous bookkeeping arrangements.

3. The Children's Social Care service is reporting a forecast overspend of £174,000, due to an existing placement moving from foster care to a higher-cost residential placement, which was not anticipated when the 2026/27 budget was set. Placement costs are demand-led and reflect the City's statutory duty to meet the assessed needs of children requiring care.

4. The Special Educational Needs and Disabilities (SEND) and Early Years central risk budgets are forecast to have a combined adverse variance of approximately £670,000 at Quarter 1, reflecting ongoing pressures within the High Needs Block. Discussions with the Department for Education on the City's High Needs funding arrangements are ongoing, and the outcome of

these discussions may inform the longer-term financial position. The forecast will continue to be monitored and updated as appropriate.

5. The Asylum Seekers central risk budget is currently forecast to underspend by £82,000. The forecast reflects savings arising from one client moving into social housing.

6. The Housing Benefit Administration central risk budget was projecting an estimated overspend of £300,000 at the end of Quarter 1. This is largely due to a shortfall between Housing Benefit subsidy received from the Department for Work and Pensions and the cost of Housing Benefit awarded for temporary accommodation.

7. The Homes for Ukraine Scheme continues during the year. The costs involved with this programme are fully met from government grants and have no impact on the Directors' overall net forecast outturn.

8. It should be noted that both social care and asylum budgets are inherently volatile, with relatively small changes in client numbers or individual client needs potentially having a significant impact on the full-year outturn.

Mitigating Actions

9. The Department is actively managing the forecast pressures and is progressing a range of mitigating actions. These actions are intended to strengthen oversight of high-cost care, maximise appropriate external funding and income recovery, and contain staffing and other service pressures where possible. The key actions currently being taken are set out below:

    - Robust oversight of high-cost care and support through the Complex Needs Panel.
    - The Local Authority are engaged in work with North East London Local Authorities to review and address challenges in respect of health funding for Continuing Health Cases and Section 117 Mental Health Cases. Whilst numbers of cases in CoL are much smaller in number, they are no less significant in terms of significant costs and impact on our budget. We are reviewing all our cases with a view to seeking recovery of costs from health, where shared funding is assessed as potentially applicable.
    - Continued focus on early intervention and prevention to reduce, delay or prevent the need for long-term support.
    - Reducing reliance on agency workers and using short-term contracts where required.
    - Seeking to recoup approximately £48k of unreleased funds from the previously commissioned Direct Payments provider; this is not currently reflected in the forecast.
    - Implementation of updated financial practices, including around client contributions, which has already increased income and is expected to continue during the year.

- Reviewing existing funding allocations and exploring further grant funding which may provide an offset to some pressures.

10. The effectiveness and financial impact of these measures will continue to be monitored through the year and reflected in future forecast updates as the position becomes clearer.

11. Further analysis of the six-year trends in Adult Social Care and Older People client numbers, budgets and expenditure is provided at Appendix 1, with supporting key trend commentary and service pressure analysis provided at Appendix 2. The principal mitigating actions are set out in the main report above, with the wider national context summarised at the beginning of the report.

Appendices

- Appendix 1: Adult Social Care & Older People: Six-Year Trend Graphs
- Appendix 2: Adult Social Care and Older People: Key Trends and Service Pressures

Background Papers

None

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Appendix 1

Six-Year Trend Graphs

Chart 1 – Adult Social Care (18–64): client package budget vs outturn/forecast

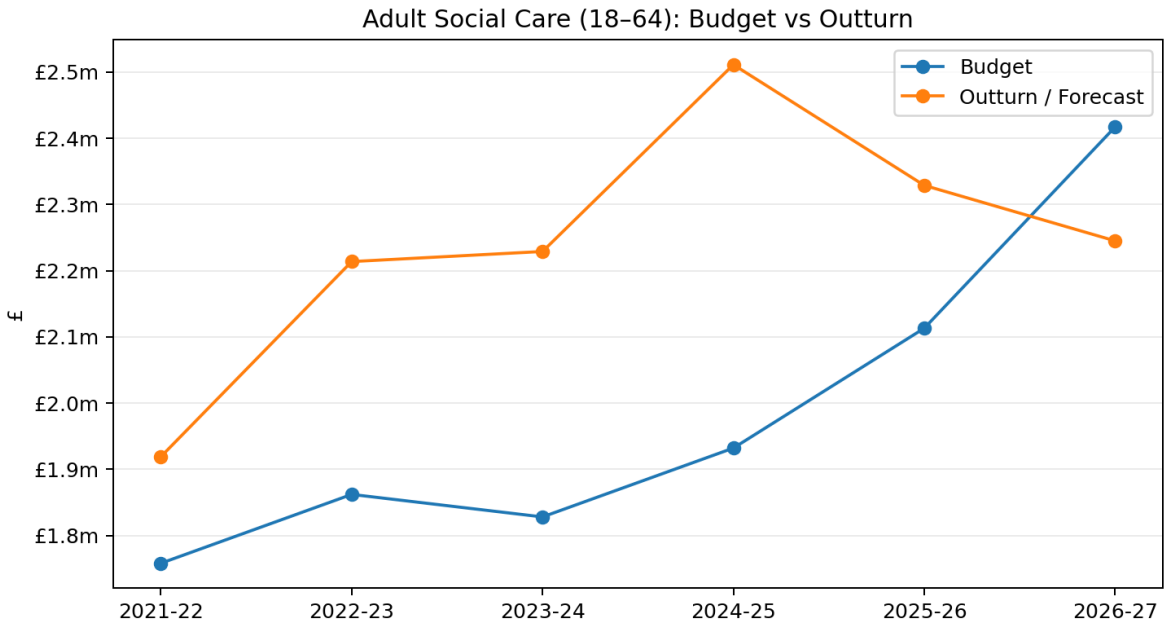


Chart 2 – Older People (65+) client package budget and outturn/forecast

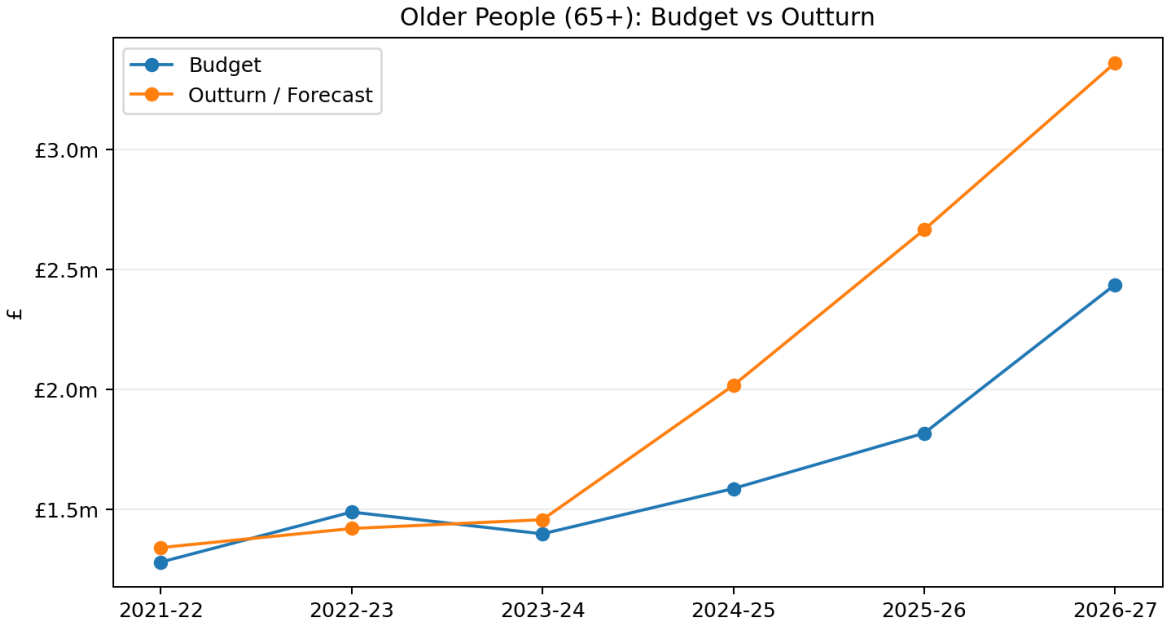


Chart 3 – Client numbers by age group

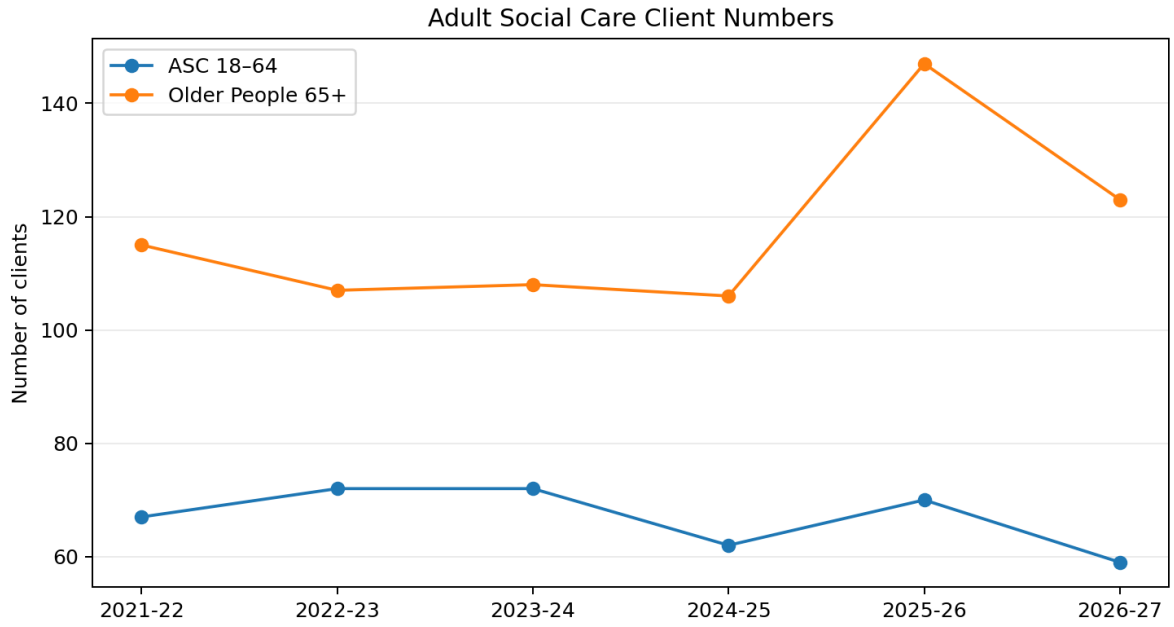
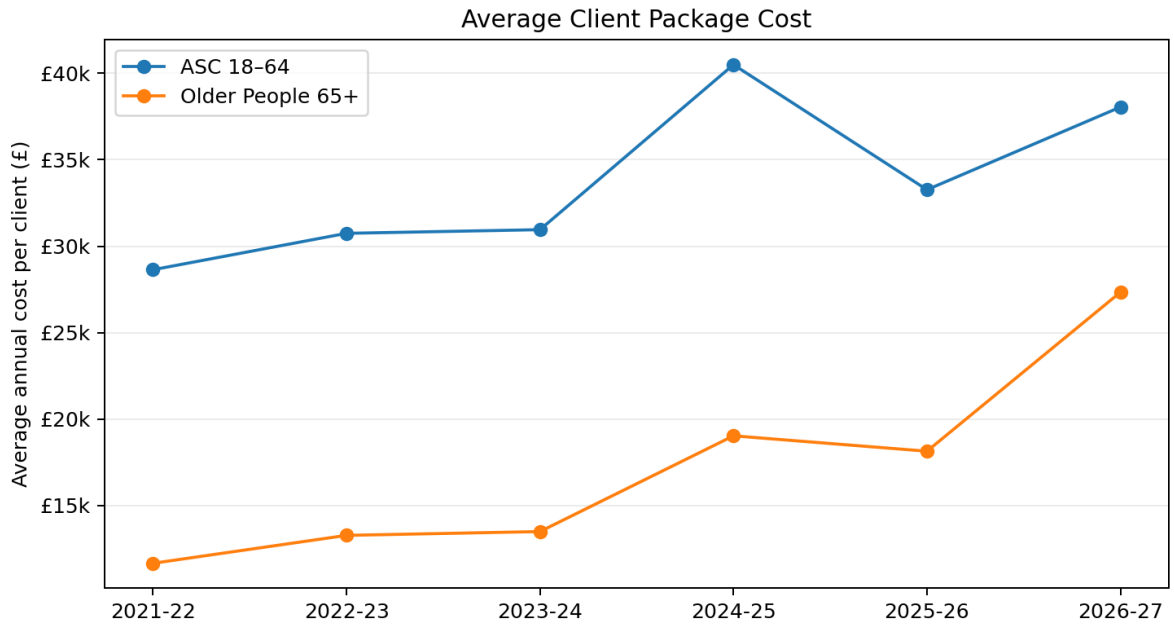


Chart 4 – Average annual client package cost by age group



Note: 2026/27 figures are Quarter 1 forecast outturns and current client numbers, rather than final year-end outturns.

Appendix 2

Key Trend Commentary

- Older People remains the most significant area of client package pressure. The 2026/27 Older People budget is £1.749m compared with a forecast outturn of £2.407m, an adverse variance of £658k.This continues the substantial pressure experienced in 2025/26.

- Adult Social Care (18–64) client numbers have remained comparatively stable over the period. Client package expenditure increased over the longer-term period but is forecast to reduce slightly in 2026/27 compared with 2025/26. The £156k overall Adult Social Care forecast overspend in 2026/27 is therefore not primarily driven by client package expenditure. As set out in the main report, the current-year pressure principally relates to higher than budgeted temporary and agency staffing costs, together with increased expenditure relating to Penderels and direct payment clients.

- Older People client numbers have increased over the longer-term period and the 2026/27 forecast also shows a marked increase in average package cost. Based on current Q1 client numbers and the full-year client package forecast, the indicative average annual package cost is approximately £27.3k per Older People client in 2026/27, compared with approximately £18.1k in 2025/26. This supports the assessment that the Older People financial pressure reflects both demand and increasing package costs.

- For Adult Social Care (18–64), the indicative average annual client package cost is approximately £38.1k in 2026/27, compared with approximately £33.3k in 2025/26. This average-cost analysis provides useful context on the cost and complexity of care packages but should be considered separately from the overall ASC service variance: the £156k forecast overspend relates primarily to staffing and direct payment pressures rather than client package expenditure.

- The 2026/27 figures should be interpreted with caution when comparing them with previous years: expenditure is based on the Quarter 1 full-year forecast and client numbers reflect the current position, whereas earlier years are completed outturns.

Context and Key Drivers

In line with the national picture, demand for adult social care has been increasing. The drive to facilitate earlier hospital discharge has also increased the complexity of care provided by Adult Social Care, often at a higher cost. In addition, the liquidation of NRS Healthcare, previously responsible for occupational therapy and telecare equipment, has resulted in significant short- and medium-term increases in equipment costs.