City of London Corporation Committee Report

Committee: Community and Children's Services Committee	**Dated:** 24 November 2026
Subject: Community and Children's Services (Non-Housing) Revenue Outturn Forecast as at Quarter 2, 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 2 (Q2) 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 forecast to overspend by £802,000 at Q2 (Q1: £984,000), representing an improvement of £182,000. The main pressures remain within Older People at £433,000 (Q1: £658,000), Adult Social Care at £156,000 (Q1: £156,000) and Children's Social Care at £83,000 (Q1: £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 £919,000 (Q1: £925,000), primarily reflecting pressures within Special Educational Needs and Disabilities (SEND) and Early Years of £664,000 (Q1: £670,000) and Housing Benefit Administration of £300,000 (Q1: £300,000), partially offset by an £83,000 forecast underspend within Asylum Seekers (Q1: £82,000).

Overall, the combined local and central risk position is a forecast overspend of £1.721 million at Q2 (Q1: £1.909 million), representing an improvement of £188,000. The Department continues to monitor financial pressures and pursue mitigating actions to manage the projected year-end position.

The financial pressures within Adult Social Care and Older People should also be considered in the context of wider national pressures across the sector.

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.

The internal audit dashboard for 8 October recorded three open Department of Community and Children's Services (DCCS) recommendations: two low-risk and one medium-risk (see Appendix A.) Service updates demonstrate progress, but formal closure by Internal Audit has not been confirmed.

Recommendations

Members are asked to:

- Note the Q2 projected outturn report for 2026/27.
- Note the progress on open Internal Audit actions set out in detail in Appendix A.

Main Report

Quarter 2 Projected Outturn

Table A summarises the 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	12,994	13,796	802
Net central risk expenditure	4,977	5,896	919
DCCS local and central risk net expenditure	**17,971**	**19,692**	**1,721**

Table B – Forecast by service area				
Local Risk	**2026/27 budget £000**	**Forecast outturn £000**	**Variation (underspend) / overspend £000**	**Paragraph**
Supervision and Management	**1,773**	**1,747**	**(26)**	
Housing Services				
Other Housing Service	78	78	-	
Supporting People	571	569	(2)	
Service Strategy	5	5	-	
Total Housing	**654**	**652**	**(2)**	
People Services				
Older People	1,751	2,184	433	1
Adult Social Care	3,371	3,527	156	2
Occupational Therapy	402	416	14	
Housing Benefit	(104)	(104)	-	
Children's Social Care	1,970	2,053	83	3
Total People Services	**7,390**	**8,076**	**686**	
Education and Skills				
Early Years and Childcare	759	860	101	
Other Schools Related Activity	553	515	(38)	
Adult Community Learning	152	146	(6)	
Total Education and Skills	**1,464**	**1,521**	**57**	
Partnerships				
Commissioning incl. recreation	953	1,040	87	
Public Health	(28)	(28)	-	
Youth Service	183	186	3	
Community Safety Team	605	602	(3)	
Total Partnerships	**1,713**	**1,800**	**87**	
Total Local Risk City Fund	**12,994**	**13,796**	**802**	

Central Risk	2026/27 budget £000	Forecast outturn £000	Variation (underspend) / overspend £000	Paragraph
Supervision and Management	80	80	-	
Commissioning incl. recreation	(140)	(102)	38	
Homelessness and Rough Sleeping	3,391	3,391	-	
Early Years and Childcare	822	953	131	4
Other School Related Activity	(869)	(336)	533	4
Asylum Seekers	1,656	1,573	(83)	5
Delegated Budget	(30)	(30)	-	
Housing Benefit	67	367	300	6
Total Central Risk	**4,977**	**5,896**	**919**	
Total Local Risk & Central Risk City Fund	**17,971**	**19,692**	**1,721**	

1. Older People: The Q2 forecast overspend is £433,000 (Q1: £658,000), representing an improvement of £225,000. The £130,000 Capacity and Productivity Grant has been applied to partially offset the pressure. Increased client package costs remain the main underlying cause, and the service continues to review mitigating actions.

2. Adult Social Care: The forecast overspend remains £156,000, unchanged from Q1. Pressures continue to relate to temporary and agency staffing and direct payment arrangements, including costs associated with Penderels, which provides an independent direct payment and individual budget support service on behalf of the City to individuals managing their own care packages.

3. Children's Social Care: The Q2 forecast overspend stands at £83,000 (Q1: £174,000), a reduction of £91,000, primarily reflecting the use of available grant funding to offset expenditure and reduce the overall financial pressure. However, high-cost statutory placements continue to present a financial risk to the service.

4. Special Educational Needs and Disabilities (SEND) and Early Years: The Q2 central risk budgets are forecast to have a combined overspend of £664,000 (Q1: £670,000), representing a slight improvement of £6,000. Discussions with the Department for Education regarding the City's funding arrangements remain ongoing, with a more definitive response expected in the coming weeks. The outcome of these discussions will help inform the longer-term financial position, and the forecast will be reviewed accordingly.

5. Asylum Seekers: The Q2 forecast underspend of £83,000 (Q1: £82,000) remains broadly unchanged. The forecast reflects savings arising from one client moving into social housing.

6. The Housing Benefit Administration central risk budget is forecasting an overspend of £300,000 at the end of Q2 (Q1: £300,000). 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.

   The DCCS is exploring opportunities to mitigate this pressure through increased provision of longer-term leased accommodation, reducing reliance on more expensive nightly-rate temporary accommodation and the associated Housing Benefit subsidy shortfall. This is expected to provide longer-term cost avoidance benefits rather than immediate cashable savings.

   In addition, the City has been allocated £1.384 million of new Rough Sleeping Programme funding for 2026/27. This funding will require additional service commitments, and Finance is working with the service to assess the associated financial implications. The grant conditions and payment are still awaited, and the impact on the projected outturn will be assessed and reflected in future monitoring reports once confirmed.

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 DCCS 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 City is working with other North East London local authorities to review health funding for Continuing Healthcare and Section 117 mental health cases. Although the City has relatively few cases, individual costs can have a significant impact on the budget. Existing cases are being reviewed to identify opportunities to recover costs from health partners where shared funding is 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 £48,000 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.

Further analysis of six-year trends in Adult Social Care and Older People client numbers, budgets and expenditure is provided at Appendix B.

Appendices

- Appendix A - Internal Audit Recommendations – Progress Update
- Appendix B - Adult Social Care and Older People – Six-Year Trend Graphs

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