

Appendix 1 – Children and Young People Directorate Forecasts

- 1.1. The table below shows the full forecast across the Children's Directorates followed by more detailed explanations for any under or overspends that are forecast for the year.

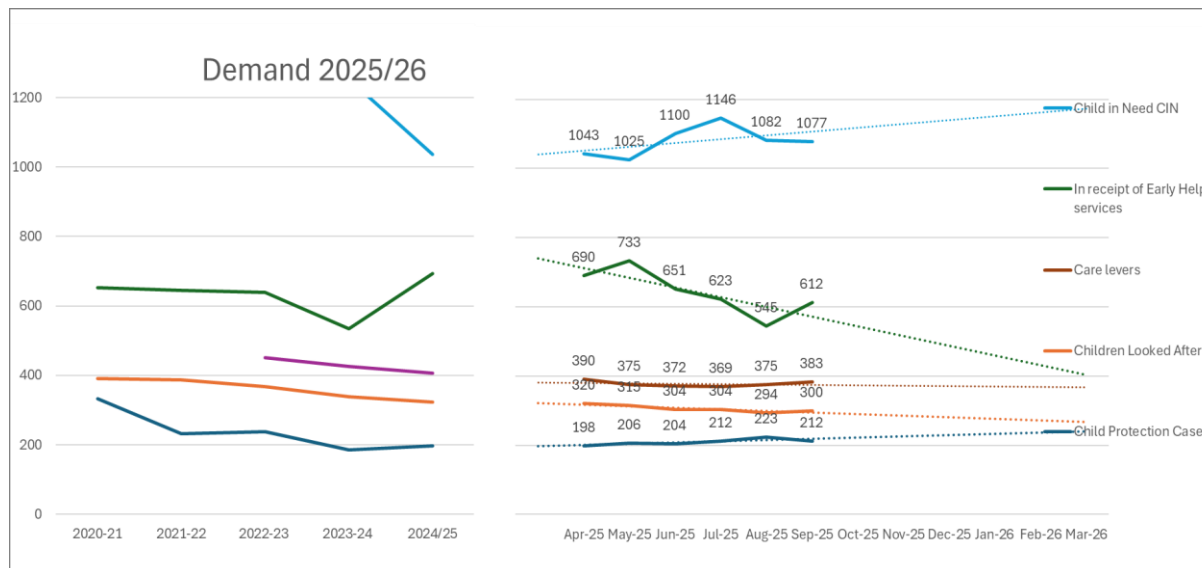
Management Area	Revised 2025/26 Budget	Total Full Year Forecast	Base Budget (over/under -spend)	Non Delivery of Savings	Q2 Total Variance	Q1 Total Variance	Movem ent Q1 to Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	78,673	81,659	466	2,521	2,987	4,094	(1,107)
Director of Children Services	541	2,365	1,824	0	1,824	1,982	(158)
Commissioning	2,443	2,311	(131)	0	(131)	(120)	(12)
Prevention & Early Intervention	19,523	20,043	(2,001)	2,521	520	801	(281)
Children & Families	52,270	52,879	609	0	609	1,302	(694)
Assistant Director for Schools	3,897	4,062	165	0	165	128	37

- 1.2. The Children and Young People Service is forecasting a pressure of £2.98 in period Q2. This reflects a positive movement of £1.11m since Q1.
- 1.3. The current forecast pressure of £2.98m continues to relate to undeliverable savings. Although we are on track to deliver £544K of our MTFS savings, there remain two significant unachievable savings. These are the 5% staff saving (£1.87m) and the digital savings (£540K and £232K in 24/25). Also contributing to the forecast pressure is the allocation of the social care prevention grant (£1.43m) in the budget process to offset placement pressures. This is however a ring-fenced grant for implementing the social care reforms and this was not known at the time. For these reasons it is currently being forecast as a pressure.
- 1.4. Mitigating these known pressures of around £4.1m, is the positive movement of £1.11m between Q1 and Q2. This relates in the main to the following:
- offsetting staffing costs for those who are delivering the government Families First reforms, using the social care prevention grant (£315K)

- our continued success in reducing agency staff. Between January and September 2025 the service is spending £1.1M below our financial target and over the last year we have reduced the headcount from 99 to 72 - this is 18 below our target of 90.
- additional budget received to support increased NI contributions and a number of non-material movements across multiple service lines
- a forecast reduction in placement costs (£600K) because of ongoing stability in the numbers of children in care and the reduction in unit costs over the last six months, particularly for high-cost placements.

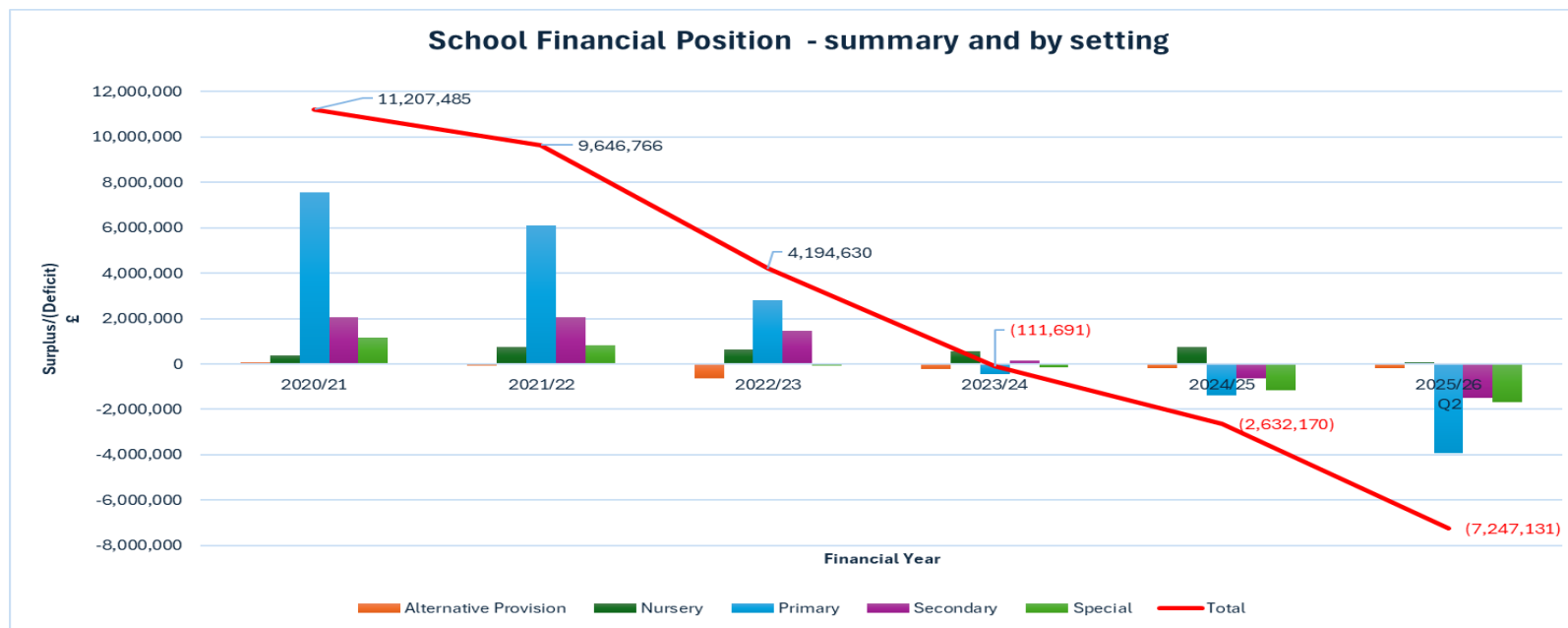
1.5. Our monitoring of demand data for social care and early help (see graph 1 below) shows that at the end of Q2 the numbers of children in care remain at around 300 (304 in Q1). Child protection numbers continue to be low but show an increasing trend from 198 at the start of the year, to 212 at the end of September, alongside a rising trend in children in need numbers. The numbers in receipt of Early help are now showing a decreasing trend (651 in Q2 to 612 in Q2), however we know this service does have peaks and troughs.

Graph 1 – open cases tracking demand over time



- 1.6. Managing falling school rolls, arising from the decline in demand for reception places, has been the trend for many years now and it remains a London wide challenge. This significant fall in demand has implications for school budgets and their sustainability. We work closely with schools on their budget deficits however we know that where a school has had to close as a result of falling roles, the deficit becomes a pressure for the council.
- 1.7. The table below shows the current outturn projection for school deficits which is currently £7.247m. At the time of reporting, four schools had yet to submit a Q2 forecast, we have used the reported position at Q1 instead.

Outturn 2024/25 £	Setting	25/26 Budget £	25/26 Q2 Outturn Projection £	Number in Surplus @ Q2	Forecast Surplus £	Number in deficit @ Q2	Forecast Deficits £
748,995	Nursery	93,778	67,414	1	284,202	2	(216,788)
(1,382,094)	Primary	(3,993,047)	(3,931,788)	26	2,553,989	25	(6,485,777)
(641,191)	Secondary	(1,064,943)	(1,508,068)	2	495,170	3	(2,003,238)
(1,160,285)	Special	(1,716,452)	(1,677,653)	1	153,149	3	(1,830,802)
(197,593)	AP	(128,028)	(197,037)	0	0	1	(197,037)
(2,632,170)	Total	(6,808,692)	(7,247,131)	30	3,486,511	34	(10,733,642)



- 1.8. Of the 25 Primary Schools in deficit, 21 have a licensed deficit recovery plan, where plans are submitted to bring the school back into surplus over a three-year period. For all schools, support is provided by the council, primarily through Finance and HR, and through the DfE School Resource Management Advisers Programme, to develop improvement plans. The recovery plans recognise that school rolls will continue to fall over the short term and reflect the significant challenges to return to surplus. In setting budget for 2025/26, it will be part of a three plan, to break even in year then reduce any accumulated deficit over the three period. Recovery plans are likely to result in a staff restructure reflecting reduced pupil numbers as well as scrutiny of non-staffing costs. Where redundancy costs arise from any staff restructure these costs are met by the council, any capital costs of staff accessing their pension will be met by the school.

Dedicated Schools Grant (DSG)

- 1.9. We are forecasting an overspend position of £3.07M and an adverse movement of £93K which is largely because of increased placement costs.
- 1.10. Our Safety Valve programme continues to be a focus to deliver savings and efficiencies to bring our DSG spend back to budget over the next 5 years. The main pressure remains in the High Needs Block where the budget is £61.051M and we are projecting

to spend £64.12M. Our in-year target is to be £1.75M overspent and we are currently projecting a pressure of £3.067M. This is £1.3M off the target as set out in our Safety Valve agreement.

- 1.11. In addition, we are aware that there are historical invoices totalling £442k to be paid from the HNB to the ICB dating back to 2018. When applied, this will take us £1.7m above target. Work is underway to review the accruals of placements in P7 which should release some capacity to reduce the projected overspend. The work to reflect these two movements will take place in the next period.

2025/26 Savings

- 1.12. Against a full year savings target of £3.1m, the directorate are forecasting 18% delivery of their savings. The table below sets out the full details of the savings and delivery forecast.

Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
John La Rose Bursary	-15	0	-15	Red	Working to identify sponsors but envisage that this will take longer to implement.
Maya Angelou Package of Services	-75	-75	0	Green	On track to deliver.
Youth Services reduction Option 1	-50	-50	0	Green	Delivered and deducted from budget.
Expand the provision at Stonecroft through the development of the site to enable taking of more children	-100	-50	-50	Amber	No capital bid has been made by lead to facilitate this. Savings from other nurseries now impacted by temporary Triangle closure and staff absence. This is in some part being delivered by efficiencies across the other nurseries.
Remove the balance of the John La Rose funding and run the scheme on sponsorship only whilst allowing for some administration support to administer the scheme	-80	-34	-46	Red	Working to identify sponsors but envisage that this will take longer to implement.
Pendarren House - This proposal is for Pendarren Activity Centre to become fully self-funded and therefore reduce the Council's contribution.	-25	-25	0	Green	Outturn resulted in a pressure. Business case needs to be drafted by the centre manager to explain methodology for making the centre self funding.

Saving proposal	2025/26 £'000s	2025/26 Projected Full Year Savings £'000s	2025/26 Savings (surplus)/ shortfall £'000s	RAG Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
Digital Transformation Savings - Digital Savings - Directorate Allocation	-540	0	-540	Red	Working with Digital colleagues to identify how this can be achieved. Initial discussions in relation to business cases that are in development indicate some savings and efficiencies are likely but identifying £772K to meet the budget reduction is now very unlikely (£540K of digital savings in the current year and £232K in 24/25).
CS 5% Staff saving	-2,180	-310	-1,870	Red	We have reviewed all of our structures and identified £529k over 2 years, £301k of this in 25-26.
	-3,065	-544	-2,521	Red	

Capital Forecasts

SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budge t	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
101	Primary Sch - repairs & maintenance	3,723	0	3,723	3,723	0	Green	Green	Green	147	Scheme 101 is on track to deliver all programmed projects within budget and timeframe. There is also sufficient contingency budget remaining to cope with reactive repairs over the winter period.

SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
102	Primary Sch - mod & enhance (Inc SEN)	3,496	0	3,496	3,134	(362)	Green	Green	Amber	(362)	The programme for 25/26 and 26/27 is now resolved by dividing it into two phases. The first includes existing projects and those from the feasibility studies undertaken in FY 24/25 that have been prioritised (Coleridge Primary, Crowland Primary, and phase 1 of works at Earlsmead and Mulberry Primary Schools). The other projects (Tetherdown, Bounds Green, and phase 2 of the Earlsmead and Mulberry Primary School projects) will be taken forward if a bid for additional funding is successful. A further five projects are in the future pipeline.
104	Early years	25	0	25	25	(0)	Green	Green	Green	(0)	Project on track. This budget is in relation to the Department for Education - Childcare Expansion Capital Grant
105	RAAC Schools	251	0	251	387	136	Red	Green	Green	8	The identified spend for RAAC is for temporary classroom hire Reinforced Aerated Autoclaved Concrete at Park View and the estimated costs of taking the remediation scheme to Royal Institute of British Architects stage 2 in this FY to enable the Department for Education to confirm the funding for the roof replacement scheme on that site. The budget has a red RAG status as it exceeds that originally allocated.
110	Devolved Sch Capital	504	0	504	504	0	Green	Green	Green	0	Transferred directly to schools
114	Secondary Sch - mod & enhance (Inc SEN)	2,210	0	2,210	852	(1,358)	Green	Green	Green	(1,426)	The only scheme that is currently active within scheme 114 is the completion of condition works on the Fortismere site which could not be delayed pending the commencement of the DfE School Rebuilding Programme project. The high priority works on the Hornsey School for Girls site are being delivered by the Corporate Landlord team. The remaining works will be delivered in financial year 26/27.

SCHEME REF	SCHEME NAME	2025/26 Revised Budget @ QTR. 1 (£'000)	2025/26 QTR. 2 Adjustments (£'000)	2025/26 QTR. 2 Revised Budget (£'000)	2025/26 QTR.2 Full year Forecast Outturn (£'000)	Budget Variance (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 2 & Qtr. 1 Forecast (£'000)	Scheme Progress Comments
121	Pendarren House	229	0	229	123	(106)	Amber	Amber	Green	(2)	The Royal Institute of British Architects stage 1 Feasibility has been signed off and the works programme confirmed. This is focussed on the most urgent roof repairs only. Additional funding would be required to meet other urgent condition needs on this site.
124	In-Borough Residential Care Facility	381	0	381	381	(0)	Green	Green	Green	(0)	Overnight Short Breaks project: the programme team have projected that the agreed project envelope of £330k will be spent in financial year 25/26 as reconfiguration works are scheduled to start in November 2025, The Care Leavers Supported Accommodation project: Business case will be considered shortly.
125	Safety Valve	3,446	0	3,446	2,677	(769)	Green	Green	Green	(768)	The Brook is projected to spend by March 2026. This scheme is projected to be delivered within the overall Safety Valve funding envelope. The St Mary's (Diocese) project will draw down £100,000 in November as part of the first instalment of the funding agreement, with another £600,000 proportioned over the remaining months of the agreement. The overall scheme is costed to be 1.8m. Fortismere - no funding due to be drawn down in this period as the build has not started and no costings have been provided by the Department for Education.
126	Children's Services LiquidLogic Implementation	220	0	220	216	(4)	Green	Green	Green	(4)	Digital services are now leading on the implementation of a new Group Work System, which is anticipated to be completed by March 2026
127	Art Council Music Hub	579	0	579	430	(149)	Green	Amber	Green	(149)	Spend profile behind schedule, the grant funding will need to be carried forward into next financial year.
Children's Services		15,064	0	15,064	12,452	(2,612)				(2,556)	

REVISED 2025/26 - 29/30 (GF) CAPITAL MTFS AS AT QUARTER 2

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (after Virement) (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 - 29/30 Total (£'000)
101	Primary Sch - repairs & maintenance	3,723	2,115	2,000	2,000	2,000	11,838
102	Primary Sch - mod & enhance (Inc SEN)	3,496	10,330	2,500	2,500	2,500	21,326
104	Early years	25	0	0	0	0	25
105	RAAC Schools	251	0	0	0	0	251
110	Devolved Sch Capital	504	531	531	531	531	2,628
114	Secondary Sch - mod & enhance (Inc SEN)	2,210	0	0	0	0	2,210
121	Pendarren House	229	228	0	0	0	457
124	In-Borough Residential Care Facility	381	3,102	2,647	0	0	6,130
125	Safety Valve	3,446	2,937	4,640	0	0	11,023
126	Childrens Services LiquidLogic Implementation	220	250	1,780	0	0	2,250
127	Art Council Music Hub	579	0	0	0	0	579
Children's Services		15,064	19,493	14,098	5,031	5,031	58,716