

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	Q3 Total Variance	Q2 Total Variance	Movement Q2 to Q3
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children’s Services	78,676	81,613	406	2,531	2,937	2,987	(50)
Director of Children Services	584	2,400	1,816	0	1,816	1,824	(8)
Commissioning	2,443	2,267	(175)	0	(175)	(131)	(44)
Prevention & Early Intervention	19,469	19,947	478	0	478	520	(42)
Children & Families	52,280	52,818	(1,994)	2,531	537	609	(72)
Assistant Director for Schools	3,901	4,181	281	0	281	165	116

1.2. The Children and Young People Service is forecasting a pressure of £2.9m in period Q3. This reflects a positive movement of £50,000 since Q2.

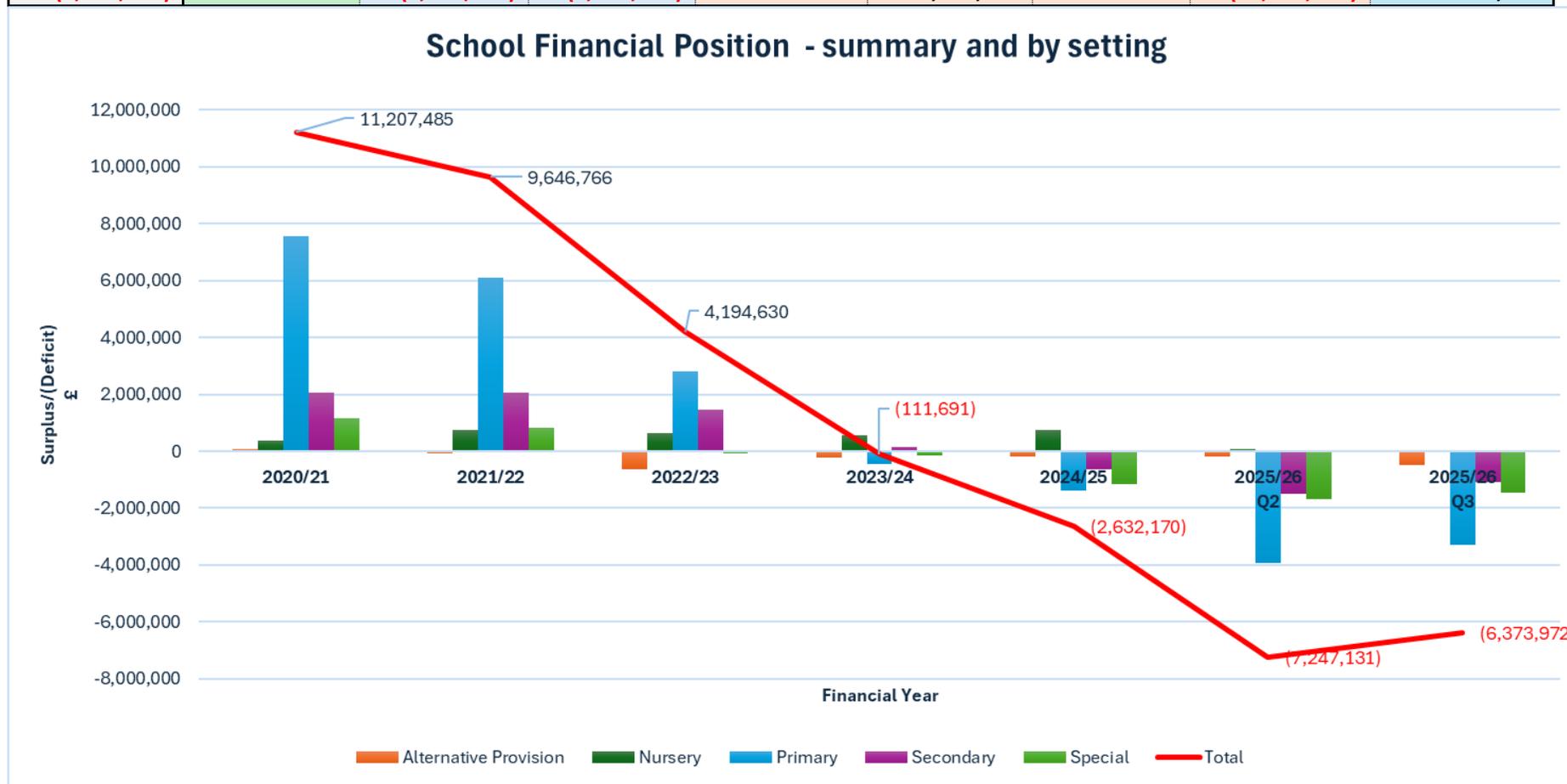
1.3. This positive movement reflects several small positive movements across budgets that are offsetting an adverse movement of £116,000 in Schools and Learning. This adverse movement relates to the costs of the closure of a nursery for a short period and reflects the loss of income and additional staffing costs incurred.

1.4. The current forecast pressure of £2.9m continues to relate to undeliverable savings. Although we are on track to deliver £534,000 of our MTFs savings, there remain two significant unachievable savings relating to the 5% staff saving (£1,87m) and the digital savings (£540,000 and £232,000 in 24/25). The treatment of the social care prevent grant (£1,43m) which was originally passported to the Council as a Section 31 Grant in the 2025/26 settlement, but subsequent guidance has been issued by DfE confirming grant conditions and new service requirements, continues to be reflected as a pressure.

- 1.5. The service continues to focus on mitigating pressures in the following ways:
- offsetting staffing costs against the social care prevention grant where staff are supporting the delivery of the government Families First reforms
 - ongoing work to track and monitor high placement costs and where appropriate following support move children into family settings such as foster care
 - reducing costs related to agency staff – we currently have around 12% agency social workers which is 21 fewer compared to last year
- 1.6 Our monitoring of demand data for social care and early help shows that at the end of Q3 the numbers of children in care remain at around 300 which is lower than at the start of the year when we had 320 children in our care. Child protection numbers remain stable at around 200. The numbers in receipt of Early help continues to show a decreasing trend, 566 compared to 690 at the start of the year, and this is because of our improved offer through Family Hubs and our Early Help panel.
- 1.7 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.
- 1.8 The table below shows the current outturn projection for school deficits which is currently £6.374m. This is an improvement of £0.873m over Q2 with the number of schools in deficit remaining the same at 34.

Outturn 2024/25 £	Setting	25/26 Budget £	25/26 Q3 Outturn Projection £	Number in Surplus @ Q3	Forecast Surplus £	Number in deficit @ Q3	Forecast Deficits £	Movement Q2 to Q3 £
748,995	Nursery	93,778	(26,250)	1	565,100	2	(591,350)	(93,664)
(1,382,094)	Primary	(3,993,047)	(3,297,959)	26	3,270,739	25	(6,568,698)	633,828
(641,191)	Secondary	(1,064,943)	(1,099,454)	2	834,545	3	(1,933,999)	408,614
(1,160,285)	Special	(1,716,452)	(1,447,750)	1	217,826	3	(1,665,576)	229,903

(197,593)	AP	(128,028)	(502,559)	0	0	1	(502,559)	(305,522)
(2,632,170)	Total	(6,808,692)	(6,373,972)	30	4,888,210	34	(11,262,182)	873,159



1.9 The improvement between Q2 and Q3 reflects completion of forecasts for all schools and detailed work with school to improve forecasting. The figures at Q3 reflects the final position for the three schools which have closed in the current financial year. 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.

1.10 Dedicated Schools Grant (DSG)

- 1.11 We are forecasting an overspend position of £3.218m and an adverse movement of £151,000 which is largely as a result of increased placement costs.
- 1.12 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 we are forecasting the pressure of £3.218m. This reflects increased placement costs and an historical debt of £450k to ICB from 2018. Some of these costs have been offset by a review of historic accruals.
- 1.13 Our in-year target is to be £1.75m overspent and as we are currently projecting a pressure of £3.218m this means we £1.68m off the target as set out in our Safety Valve agreement.

2025/26 Savings

1.14 Against a full year savings target of £3.1m, the directorate are forecasting 17% delivery of their savings. The table below sets out the full details of the savings and delivery forecast.

Description	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
John La Rose Bursary	-15	0	-15	Green	Some new sponsors have been identified but envisage that full savings will take longer to implement and impact on the line below

Description	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery £'000s	2025/26 Shortfall	RAG Service Saving Status (Delivery of 2025/26 Saving)	Comment on Delivery RAG Status
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 available to facilitate this. Savings from other nurseries now impacted on by Triangle temporary 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	-15	-10	Amber	Outturn resulted in a pressure. Centre manager working on business case to ensure the centre is self-funding
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.
TOTAL	-3,065	-534	-2,531	Red	

Capital Forecasts

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
101	Primary Sch - repairs & maintenance	3,723	0	3,723	3,607	(116)	Amber	Amber	Green	(113)	Scheme 101 is on track to deliver all programmed projects within budget and timeframe. Whilst there has been an expected increase in reactive works due to the winter weather, there is sufficient contingency budget remaining to cope with the remaining the winter period. Increased slippage reflects the recent instruction of these reactive works.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
102	Primary Sch - mod & enhance (Inc SEN)	3,496	0	3,496	3,199	(297)	Amber	Amber	Amber	65	The first phase of schemes in the FY 25/26 programme is proceeding to RIBA 4. The delayed second phase is subject to the Cabinet decision in March on the FY 26/27 budget, as this includes the bid submitted in June 2025. The slippage figure shown relates to the existing recorded spend, so does not show the additional funding that will be available in scheme 102 once adjusted for this miscoding.
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	251	0	Green	Green	Green	(136)	The only active spend on scheme 105 is for works on the Park View site, representing a combination of temporary accommodation hire and fees for taking the roof replacement project to RIBA 2. At risk of an overspend however expected to be recouped from DfE.
110	Devolved Sch Capital	504	0	504	504	0	Green	Green	Green		Transferred directly to schools

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
114	Secondary Sch - mod & enhance (Inc SEN)	2,210	0	2,210	209	(2,001)	Amber	Green	Amber	(643)	The only active project in scheme 114 in this FY was urgent condition improvement works at Fortismere. These have been completed. The spend for this project was allocated to scheme 102, so spend needs to be transferred to scheme 114. The capital slippage figure reflects the current costs allocated to 114..
121	Pendarren House	229	0	229	86	(143)	Amber	Amber	Amber	(37)	There was a delay to the consultants RIBA Stage 2-3 report therefore there has been slight programme slippage on this scheme. There is a projected spend of £44,823.91 for additional surveys, design fees and internal project team recharges. The remaining budget, £369,000 should be reallocated to FY 26/27. The works are projected to be completed in FY 26/27.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
124	In-Borough Residential Care Facility	381	0	381	90	(291)	Green	Green	Green	(291)	The overnight respite DAR is set to be approved with the overall budget for the scheme remaining at 330k. The outturn for the rest of the financial year, includes upfront contract costs and also design and planning costs. The bulk of the contract will be paid in FY 26/27. Capital slippage to be carried over for contingency and may also be allocated to Hornsey Town Hall for minor capital works. Both schemes are due for completion by the end of March.

SCHEME REF	SCHEME NAME	2025/26 Full year Revised Budget @ Qtr. 2 (£'000)	2025/26 QTR. 3 Budget Adjustment (£'000)	2025/26 Full year Revised Budget @ Qtr. 3 (£'000)	2025/26 Qtr. 3 Forecast Outturn (£'000)	Budget Variance (Underspend) / Overspend (£'000)	RAG Status on: Budget	RAG Status on: Time	RAG Status on: Scope	Variance Btw. Qtr. 3 & Qtr. 2 Forecast (£'000)	Scheme Progress Comments
125	Safety Valve	3,446	0	3,446	3,567	121	Green	Green	Green	889	Projected spend for Alexandra Primary has been included. These additional costs for the adaptations to Pulford House, rental costs and Variation costs have also been added. Completion date is end of Jan 26. £100k overspend, however 100k has been saved on The Brook project which offsets this loss. Projected draw down of 100k before the end of the FY by the London Diocesan Board of Schools. With the majority £1.6m to be drawn down in 26/27.
126	Childrens Services LiquidLogic Implementation	220	0	220	20	(200)	Amber	Amber	Green	(196)	Estimated 2025/26 forecast spend of £20k pending procurement approval with the remaining £200k being required for 2026/27
127	Art Council Music Hub	579	0	579	347	(232)	0	0	0	(83)	Funds provided by DfE via Arts Council England. Revised drawdown dates agreed with grant provider. Balance of £232,000 to be drawn down in 2026/27.
Children's Services		15,064	0	15,064	11,904	(3,160)				(545)	

REVISED 2025/26 - 29/30 (GF) CAPITAL MTFS AS AT QUARTER 3

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 (Revised Budget) - 29/30 (£'000) Total
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	472	17	0	0	870

SCHEME REF	SCHEME NAME	2025/26 Revised Budget (£'000)	2026/27 Budget (£'000)	2027/28 Budget (£'000)	2028/29 Budget (£'000)	2029/30 Budget (£'000)	2025/26 (Revised Budget) - 29/30 (£'000) Total
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	16,863	11,468	5,031	5,031	53,456