

Revenue Budget 2024/25 – forecast main variances (Period 6)**Children and Family Services****Dedicated Schools Grant**

A net overspend of £19.6m is forecast. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked reserve drawdown	17,025	n/a
The DSG budget in the original MTFS includes an estimated HNB drawdown of £17.0m as the forecast in year overspend.		
Special Educational Needs	5,040	4.0%
Higher than budgeted numbers of High Needs students in both independent schools and mainstream schools is resulting in a forecast overspend for the year. This is partially offset by vacant places at ASD (autistic spectrum disorder) and SEMH (social emotional and mental health) units.		
Secondary Education Inclusion Partnerships	480	15%
Secondary Education Inclusion Partnerships are supporting a growing number of secondary students.		
Specialist Teaching Service	350	15%
The STS Service is a fully HNB funded service, with a fixed budget envelope, and does not receive inflation in response to pay awards. It also has a built-in annual savings target which is usually achieved through in-year vacancy savings. This year due to the significant, unfunded pay award, this target is forecast not to be met.		
High Needs Dedicated Schools Grant	205	n/a
The budget includes estimated 24/25 High Needs Grant of £108.456m as published by the DfE in December 2023. This has been updated in July 2024 and includes a reduction in grant value of £207k due to an increase in students placed in provisions outside of Leicestershire as at Spring census date than the same point the previous year.		
Early Years /Nursery Education Funding	-2,740	-4%
<p>The Early Years budget is showing an overall underspend of £2.7m. The budget is based on the number of hours used to calculate the original 2024/25 Early Years DSG income in December 2023. The forecast hours paid to providers for 2024/25 are £11.8m more than the budget. £1.2m of this is due to there being 39 paid weeks in the financial year April to March, a period covering two academic years. The funding is based on 38 weeks. It is expected that this will balance out in a future year. Payment forecast is also expected to increase by £10.6m due to an increased number of children compared to the budget. This is due to a higher number of 2-year-olds with working parents than originally forecasted by the DfE and a higher number of under 2s now being forecasted by DfE.</p> <p>The DSG grant has been increased to allow for the difference between the Spring 2024 census and the Spring 2023 census. There will be additional DSG income to fund the increase of 2-year-olds with working parents and the additional forecast for under 2-year-olds. The estimated increase to DSG Grant is £5.2m for the 2-year-olds with working parents, £555k for Spring 2024 census, £6.9m for under 2's and £370k relation to prior year adjustment which we are receiving this year. This gives a total increase of £13.0m for the DSG Grant.</p> <p>There is also a planned underspend of £1.1m as part of the payback of previous years' Early Years deficits, and centrally managed budgets are forecast to underspend by £0.4m. The Early Years DSG deficit as at 31 March 2024 was £3.1m. The plan is to clear this deficit over 4 years. The DfE will recalculate the 2024/25 Early Years DSG income to allow for the Summer and Autumn Censuses which will count the additional 2-year-olds and under 2s, entitled to funding as part of the Early Years expansion.</p>		
Schools Growth / Budget Allocations	-440	-16%
This funding has been earmarked to help meet the revenue costs associated with new schools. The underspend will be transferred to the DSG earmarked reserve to fund pupil growth in future years.		
Education - Medical Grounds	-115	-21%
This is due to vacant posts in year.		
Other variances	-175	n/a
TOTAL	19,630	n/a

Local Authority Budget

The Local authority budget is forecast to overspend by £8.9m (7.4%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	4,220	7%
Change in demand/numbers in relation to children in residential provision, in comparison to budgeted assumptions is showing a projected significant overspend position for this financial year. The MTFs for this financial year assumes budgeted residential numbers by March 25 to be at 86 children (includes Parent and Child placements). Trend and demand analysis at the time of budget setting looking back from April 21 to Jan 24 would suggest budgeted assumption of net demand of residential numbers growing to 86 by March 25 to be reasonable and reflective of data-driven demand analysis. However, between the period of Jan-24 and now, residential numbers increased rapidly, and the financial impact of this change is significant. Current projection based on child trajectory plans, plus new demand suggest could end financial year with 108 children in either residential or Parent and Child Placements. This represents a 26% increase in projected placements vs budgeted position. The projected overspend has reduced since last reporting period due to the ending and stepping down of the highest cost placement this financial year (£20k plus per week).		
Unaccompanied Asylum Seeking Children (UASC)	2,070	42%
The continued increase in UASC in care and care leavers has required a greater resource requirement to meet their needs. The different entry routes include both the National Transfer scheme, as well as spontaneous arrivals, but more recently through the hotel dispersal scheme where requests to accommodate people placed in Asylum Dispersal Hotels in Leicestershire are made, and whilst they have been deemed adults by the Home Office, subsequently claim to be children, and creates an additional pressure for the service to manage which is not fully funded. In addition, delays in asylum claim processes mean that the Council is often accommodating young people well past 18 and the Home Office funding drops significantly at 18 but the costs do not.		
Educational Psychology Service	1,015	77%
Difficulties recruiting into vacancies in this area has resulted in an increased reliance on locums at a significantly higher cost. Increased demand due to an increase in the number of EHCP needs assessments has further impacted the projected overspend position.		
SEN Service Budget	745	29%
Increased service demand and complexity has resulted in the need for additional service resource to ensure demand can be managed in the most efficient and effective manner. Although some growth funding was approved for 24/25, this was insufficient to meet statutory responsibilities. A heavy reliance on agency workers to undertake Education, Health and Care Plan (EHCP) writing and tribunal work has resulted in a significant forecast overspend in this area. Meanwhile mediation costs remain high, adding to the forecast overspend.		
Social Care Children in Need - Section 17/23 support	730	169%
Increased demand, including for support at home for children with challenging behaviour which is more costly for some children with high needs and 'on the edge of care'.		
Frontline Social Care Service Budgets	460	4%
There are further projected budget pressures linked to frontline social care service budgets – mainly within Family Safeguarding and First Response due to some recent challenges with caseload management linked to incoming service demand. Firstly, key staff in First Response have been absent and due to demand additional agency were agreed for a period of time. This has enabled a review of longer-term need in staffing for the service. In respect of Family Safeguarding, continued struggles to recruit experienced social workers has led to recruiting more newly qualified social workers needing agency staff working alongside them for the first 12 months. This will enable the service in 12 months' time to have a suitably experienced and skilled permanent workforce. The reliance on agency will reduce after 6 months with a significant reduction in 12 months. Agency usage and appropriateness is reviewed on a monthly basis as part of business-as-usual practice.		
Departmental Financial Controls / Vacancy Control Management	-320	n/a
As a direct response to the projected overspends as described above, CFS's departmental management team have led a of review non statutory services, supported with the recent introduction of corporate led financial controls, and together with a robust management and review of vacancies within the department, with the output of this work projecting to deliver some one-off in year efficiencies, and budget opportunities, which included delaying recruitment to non-essential posts where appropriate. Further work is being undertaken to explore the feasibility of this work and its scope to deliver on-going future budget efficiencies.		
TOTAL	8,920	n/a

Adults & Communities

The Department has a net forecast underspend of £14.2m (5.9%). The main variances are:

	£000	% of Budget
Extra Care	220	60%
Overspend due to additional changes made to the service (including floating support) after the budget was set. Additional spend is intended to assist in making progress on the savings target for service users having more higher needs by supporting through extra care.		
Residential Care and Nursing	-3,420	-4%
There is a relatively small underspend forecast for residential care (£0.2m). The forecast is based on 2,453 service users per week costing an average of £1,073 per week. There are also fewer service users in shared lives residential placements creating an underspend (£0.4m). Residential service user income is currently forecasting a significant increase in income this is mainly due to clearing a backlog of financial assessments which has generated an additional (£1.7m) one off income and there is additional of health income (£1.0m) due to increasing numbers of service users with funding.		
Homecare	-2,745	-5%
The number of home care service users (SU) and average hours has been falling since the introduction of the Fair Outcomes Panel (FOP) in September 2023. The budget is based on an average of 2,690 SU per week. The forecast has an average 2630 SU per week and an average cost per SU of £338 per week. Invoices from suppliers from 2023/24 have been estimated to be £900k which is in line with previous years.		
Direct Cash Payments	-2,150	-5%
Underspend due to 11% reduction in service users (SU) offset by a 14% increase in SU package cost. SU numbers have decreased since budget setting and level of new SU have halved, which is likely due to the effects of the Fair Outcomes Panel. Averaging at 1735 SU with an average weekly cost of £478 and Carers averaging at 1254 SU with an average weekly cost of £52. MSIF Grant received towards new SU's with increased Personal Assistant rates. This was implemented in August 2023 but has had a slow start with costs assumed to increase over the year.		
Supported Living	-1,815	-4%
Estimated to be an increase of approximately 30 service users over the course of the year which is lower than anticipated. Two schemes are coming online with places of 16 and 15 respectively which should be allocated by the end of October. Thereafter normal growth in placements would be expected. The forecast is lower than budget as there are less referrals coming via Care Pathway staff into the Pathway to Supported Living team, partly due to the level of vacancies within the Care Pathway but also alternative ways to commission are being pursued from the Fair Outcomes Panel and in Group Supervisory Meetings.		
ASC Discharge Funding	-800	n/a
Additional income for reablement packages from Health element to support discharges from hospital.		
Community Life Choices (CLC) Commissioned Services (Day Services)	-710	-8%
Currently service user numbers peaked in October 2023 and since then numbers have been decreasing rather than increasing which has been the historical trend. This is likely due to the effects of the Fair Outcomes Panel.		
Community Commissioned Services Client Income	-600	-2%
Currently forecasting overachievement for the Non-Residential Client Income budget £0.5m. This is mainly from the one-off processing of the backlog of financial assessments. This income may not be fully guaranteed due to charges being raised relating to the past. In addition the increase in the number of residential service users is generating an increasing level of income estimated at £0.3m. This is offset by a reduction in the forecast health income of £0.2m mainly due to lower supported living charges.		
Home First	-580	-6%
Underspend relates to approximately 15 FTE staffing vacancies. Recruitment is ongoing to ensure that the new HART delivery model (intake model) is fully staffed.		
Care Pathway - Cognitive & Physical Disability	-530	-7%
Various staffing underspends due to vacant posts across which are in the process of being recruited to.		

Supported Living, Residential and Short Breaks Team	-460	-9%
Difficulties in recruiting staff in the current social care market across the Short Break sites leading to vacancies. Agency usage has been limited under new financial controls. Operational improvements are in progress and upon completion, a wider action plan at the site will be expected to take place.		
Care Pathway- Heads of Service (Integration, Access and Prevention) & Strategic Service Managers	-140	-2%
Additional Better Care Fund (BCF) funding for Care Act implementation £30k and £110k underspend on staffing costs.		
Communities and Wellbeing	-110	-2%
Various staffing and other minor underspends due to vacant posts across which are in the process of being recruited to.		
Other variances (under £100k)	-310	n/a
TOTAL	-14,150	n/a

Public Health

The Department has a projected balanced position, with no significant variances (above £50k).

Environment and Transport

The Department is forecasting a net underspend of £0.1m (0.1%). The main variances are:

	£000	% of Budget
Mainstream School Transport	1,410	34%
Overspend continues to reflect increased costs and reduced competition which have meant that contract prices have remained high and not been able to recover from the fuel crisis. This position reflects that of authorities across the country. Forecast includes anticipated additional cost of policy change from September 2024 to meet new DfE requirements (£120k). Forecast overspend position includes £610k relating to growth that has been experienced over recent years due to an increased number of service users and also an increased proportion of pupils requiring taxi transport to accommodate both the increase and disparity of routes. A bid to meet these costs has been submitted as part of the 2025 MTFS budget setting process.		
SEN Transport	895	4%
Forecast overspend reflects the impact of additional growth in service users during 2023/24 and 2024/25, over and above predicted growth. Original forecast growth in taxi / PTB service users was 5.54% in 2023/24 and 8.64% in 2024/25. Actual growth was 8.28% in 2023/24 and is predicted to be 9.57% in 2024/25. The budget allocation for growth was therefore too low in both 2023/24 and 2024/25. A bid for additional growth of £1.05m has been submitted as part of the 2025 MTFS budget setting process to meet this shortfall. The additional demand being experienced by LCC reflects the position of authorities across the country.		
Reactive Maintenance	855	36%
Overspend in reactive repairs to meet demands, network deterioration and comply with policy.		
Highways & Transport - Staffing & Admin	190	6%
Overspend due to capital recharge income shortfall partly offset by vacancies across the service area.		
Environmental Maintenance	110	2%
Overspend due to additional resource required to deal with increased number of vegetation obstruction reports and to meet contract costs and policy of 2 countywide weed treatments.		
Staffing , Admin & Depot Overheads	-1,365	-118%
Underspend due to additional capital recharge income, increased Highways Network Management permitting and Temporary Traffic Regulation Orders (TTRO) income, staffing vacancies and vehicle access income.		
Dry Recycling	-860	-32%
Mainly due to higher dry recycling materials income, prices higher than expected.		
Passenger Fleet	-665	n/a
Overall underspend on passenger fleet due to vacant driver and escort posts, net of additional vehicle hire and maintenance costs.		
Landfill	-200	-5%
Underspend due to diversion from landfill into Energy from Waste (EfW) and Refuse Derived Fuel (RDF) Treatment.		
Highways & Transport Network -Staffing & Admin	-180	-11%

Underspend due to vacancies across the service area which is partly offset by a shortfall in developer income. Developer income shortfall due to the culmination of several factors; interest rate rises slowing down the market and therefore developers delaying entering new s38 agreements, very wet weather during winter 23/24 slowing progress on sites already under construction.		
Haulage and Waste Transfer	-110	-4%
Lower bulk haulage than budgeted due to operational changes.		
Other variances (under £100k)	-160	n/a
TOTAL	-80	n/a

Chief Executive's

The Department is forecasting a net overspend of £0.2m (1.2%). The main variances are:

	£000	% of Budget
Planning Services	160	24%
Variance due to the continuing reduced planning fee income.		
Departmental Items	150	n/a
Departmental-wide saving for staffing vacancy held in this budget. Overspend here is offset by underspends elsewhere in the department.		
Growth Service	-235	-19%
Underspend due to forecast staffing vacancies.		
Registrars	-115	n/a
Variance due to reduced staffing costs (-£42k) and extra income (-£73k).		
Democratic Services and Administration	-70	-5%
Variance due to staffing vacancies.		
Other variances (under £50k)	-80	n/a
TOTAL	-190	n/a

Corporate Resources

The Department has a net forecast underspend of £0.4m (1.1%). The main variances are:

	£000	% of Budget
Corporate Resources Schemes	500	n/a
This £500k contribution will help offset a forecast loss of £1.8m that will be funded from the sinking fund relating to the divestment of certain Pooled Property investments.		
ICT	-350	-3%
The underspend mainly relates to vacancies within the different teams (£757k). Additional income forecast for Project, Visio usage and recharges (£67k) across the organisation. Overspends forecast for software licences £220k, hardware £107k, consultants/specialists £65k and other IT services £81k.		
Audit & Insurance	-110	-5%
Additional Audit income as City audit contract extended by 2 months plus increased income from ESPO and Pensions.		
Learning and Development	-100	-7%
Underspend forecast mainly on training budget; this will continue to be reviewed as part of financial controls.		
Strategic Finance	-95	-2%
Accounting - staffing income from recharges. Finance Operations funding of posts from A&C.		
Human Resources	-70	-3%
Underspend due to staffing vacancies.		
East Midlands Shared Services (EMSS)	-65	-3%
Underspend due to vacancies.		

Business Support Services	-55	-5%
Underspend due to recruitment turnover and flexible retirement.		
Other variances	-75	n/a
TOTAL	-420	n/a