

**Revenue Budget 2025/26 – forecast main variances (Period 4)****Children and Family Services****Dedicated Schools Grant**

A net overspend of £41.8m is forecast. The main variances are:

	£000	% of Budget
<b>DSG High Needs Block (HNB) earmarked reserve drawdown</b>	<b>15,255</b>	<b>n/a</b>
The DSG budget in the original MTFS includes an estimated HNB drawdown of £15.3m as the forecast in year overspend.		
<b>Special Educational Needs</b>	<b>29,065</b>	<b>23%</b>
This is largely due to increased volume/demand vs budgeted assumptions based and set on Autumn 2024 data/intelligence. Since that position, overall demand through the front door has continued to rise. Currently there are 8,176 Education Health Care Plans (EHCP's), a 25% increase on numbers vs 2024, with still a third of this calendar year to run. Whilst further analysis of both demand and costs are planned over the coming months as part of MTFS planning, which will include a greater understanding of the number of EHCP'S and children on a funded package, it is anticipated demand of funded packages will reach a weighted average over the financial year of 8,500 funded packages by March 26. (22% increase vs budgeted position post mitigations).		
<b>Specialist Teaching Service (STS)</b>	<b>770</b>	<b>32%</b>
The STS 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.		
<b>Early Years / Nursery Education Funding</b>	<b>-3,250</b>	<b>-3%</b>
This is due to Early Years entitlement typically funded for 38 weeks for the financial year, but due to how the calendar aligns in 2025/26 only 37 weeks fall within this financial year. The overall underspend position includes the budgeted planned underspend of £1.1m as part of the payback of previous years' Early Years deficits.		
<b>TOTAL</b>	<b>41,840</b>	<b>n/a</b>

**Local Authority Budget**

The Local authority budget is forecast to overspend by £11.3m (7.9%). The main variances are:

	£000	% of Budget
<b>Children's Social Care Placements</b>	<b>9,910</b>	<b>14%</b>
The projected overspend on the Children's Social Care Placement budget (£9.9m) is largely due to a small but financially significant change in demand / numbers in relation to children in residential provision, in comparison to budgeted assumptions. The MTFS for this financial year assumes budgeted residential numbers by March 2026 to be at 120 children (includes parent and child placements). Trend and demand analysis at the time of budget setting, and then subsequently until the end of qtr.4 of financial year 2024/25, showed demand remaining relatively stable.		
However, numbers to date during the financial year 2025/26 have risen sharply. As at mid- August 2025 numbers in residential provision stand at 129, and current projections for the financial year assume by the end of the financial year this number could rise to 133 (11% increase vs budgeted mitigated position in terms of overall volume) . Of this overall increase in numbers, a small but financially significant increase in the number of unregistered and activity placements can be seen from May 2025 which are often the most expensive due to complexity of need. As at mid-August 2025, the Council has 14 children in unregistered/ activity placements, the highest number it has ever had (180% increase vs budgeted assumed position for this provision type).		

<b>Disabled Children Service</b>	<b>1,100</b>	<b>29%</b>
Increased demand of support across both direct payments and commissioned services. The Children's Innovation Partnership with Barnardo's will see the creation and opening of an overnight short break unit by the end of 2025, to support children with a disability, and ensure such demands in this area can be managed in the most appropriate and cost effective manner.		
<b>Educational Psychology Service and SENA Service</b>	<b>1,100</b>	<b>25%</b>
Continued increased demand due to an increase in the number of EHCPs (Education Health Care Plans) and EHCNAs (Education Health Care Needs Assessments) has further impacted the overspend position within these service areas due to increased caseloads. The assessment of the medium to long term impact of current demand on this service is currently underway for the purpose of MTFS future planning.		
<b>Departmental Financial Controls / Vacancy Control Management</b>	<b>-820</b>	<b>n/a</b>
As a direct response to the financial pressures which are being seen in year across the different service areas, the departmental management team took and continue to lead on a review of non-statutory services supported by the introduction of corporate led financial controls. Together and with continued robust management and review of vacancies within the department the output of this work has delivered some net one-off in year efficiencies, and budget opportunities of £0.8m, which includes delaying recruitment to non-essential posts where appropriate, as well as maximising any grant funding to ensure such prescribed outcomes can be met in the most efficient, effective and compliant way possible. Further work is being undertaken to explore the feasibility of this work and its scope to deliver on-going future budget efficiencies.		
<b>TOTAL</b>	<b>11,290</b>	<b>n/a</b>

### **Adults & Communities**

The Department has a net forecast underspend of £1.0m (0.4%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Supported Living</b>	<b>2,385</b>	<b>5%</b>
There are estimated to be between 30-35 new service users over the course of the year. Higher service user numbers were incurred after budget setting for 25/26. The budget is based on total of 530 service users over the course of the year and currently there are 534 service users at £1,780 per week.		
<b>Residential and Nursing Care</b>	<b>1,300</b>	<b>-1%</b>
There is a forecast overspend for residential care of £1.3m. Health income is forecast to be £300k below budget due to numbers of funded service users being lower than budgeted. Service user numbers peaked in October 2024 before decreasing back to levels similar to a year ago. However, in recent weeks the service user numbers have started to increase again. The overall average for the year is forecast to be 2,450 service users per week costing an average of £1,157 per week.		
<b>Adult Learning</b>	<b>655</b>	<b>n/a</b>
Forecast overspend due to reduction in grant funding announced in April 25 of £299k. HR action plans prepared to deliver savings that have been delayed, therefore expecting overspend in operational costs and £356k for exit costs from restructure. Potential additional income through NI rebate currently being investigated, not included in forecast.		
<b>Access &amp; Digital Services</b>	<b>210</b>	<b>6%</b>
There is a £211k overspend in Adult Social Care Finance - £111k due to additional temporary staff employed to address the wait list in both the Benefits Team and Appointeeship & Deputyship Team and to reduce the held debt linked to the appointee and Deputyship team, plus £100k relating to a historical unachieved saving.		
<b>Better Care Fund (Balance)</b>	<b>-1,405</b>	<b>5%</b>
Better Care Fund income from minimum contribution to LCC is £1.8m above the budgeted amount. Discharge to Assess income of £2.4m of funds are expected against a budget of £2.8m.		
<b>Home First</b>	<b>-1,020</b>	<b>-10%</b>
The underspend is primarily from vacant Support Worker posts within the HART Service. Recruitment is ongoing as part of the Department's plan to increase the HART workforce to enable more cases to be retained by the service requiring fewer referrals to the Independent Homecare sector which should generate a saving to the department. Recruitment however remains difficult within the social care market.		

<b>Supported Living, Residential and Short Breaks</b>	<b>-840</b>	<b>-16%</b>
It is difficult to recruit staff in the current social care market across the Councils Short Break sites leading to vacancies. A recruitment campaign is ongoing to fill vacancies which will allow the Short Breaks sites to increase their capacity which is linked to an MTFS saving. A plan for continuous improvement is in place focused on driving up quality taking into consideration learning from CQC across all service areas.		
<b>Non Residential Income</b>	<b>-605</b>	<b>2%</b>
Additional Health income of £140k is expected from existing Supported Living service users, attracting health funding income over and above what was budgeted. In addition there is a further £290k of health income expected as a result of the growth that is expected within Supported Living to the end of the year. Non-Residential Client Income is expected to over-recover by an additional £175k overall.		
<b>Homecare</b>	<b>-550</b>	<b>-1%</b>
Service user numbers have fluctuated around levels observed since the beginning of the financial year. At the start of the year service user numbers were 2,705 and average hours commissioned were 10.8 hours per person. Currently there are 2,690 service users with the same average hours of 10.8. The winter period may increase service user numbers reducing any underspend.		
<b>Cognitive and Physical Disability</b>	<b>-520</b>	<b>-6%</b>
There is a £322k underspend on staffing primarily in Occupational Therapy Teams (£201k) which are difficult to recruit to posts and Harborough Care Pathway Team (£76k) and Blaby, Oadby and Wigston Care Pathway Team (£36k). Also £200k underspend on Integrated Community Equipment Service, as a result of LCC's contribution to the pool decreasing in 25/26.		
<b>Learning Disability and Autism</b>	<b>-145</b>	<b>-3%</b>
There is a underspend in NWL Care Pathway Team (£169k) due to vacancies and difficulties in recruiting staff. This is offset by £22k overspend in Hinckley Care Pathway Team where agency staff are required to cover sickness and vacancies.		
<b>Community Life Choices</b>	<b>-110</b>	<b>-1%</b>
A small underspend is forecast at this point from a slight decrease in the average amount of sessions commissioned per service user compared with the budget for the first 4 months of the year. This has helped to offset rising service user numbers. Currently there are 675 service users with an average cost of £281.		
<b>Direct Cash Payments</b>	<b>-50</b>	<b>0%</b>
Despite an increase in 50 service users over Period 1-4, average costs per service user have broadly remained flat for this period, leading to a small underspend of £50k. The clawback of unspent funds which is conducted as an ongoing process over the course of the year has been disrupted by issues with the Councils Direct Payment Card Provider. In the interim the Council is currently unable to access statements with reliable transaction histories or balances. Finance Operations are liaising closely with the provider and are hopeful that the issues will be resolved soon, but this could impact on the overall monies clawed back and the final position for the year.		
<b>Other variances (under £100k)</b>	<b>-345</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-1,040</b>	<b>n/a</b>

### Public Health

The Department has a projected balanced position, with no significant variances.

### Environment and Transport

The Department is forecasting a net underspend of £1.1m (0.9%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Social Care Transport</b>	<b>850</b>	<b>13%</b>
Overspend due to additional taxi costs that are largely met by an underspend on Passenger Fleet.		
<b>Reactive Maintenance</b>	<b>415</b>	<b>12%</b>
Additional costs to meet policy from continued deterioration of highway assets (particularly non-illuminated signs & road markings) has led to an increase in reactive critical repairs to keep the network safe.		
<b>Mainstream School Transport</b>	<b>290</b>	<b>4%</b>
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. In 2025/26 the overspend is significantly lower than reported in 2024/25 due to allocation of growth.		

<b>Treatment &amp; Contracts</b>	<b>260</b>	<b>1%</b>
Overspend in Treatment due to continued trend of waste being diverted out of Landfill into Treatment, slightly offset by reduction in tonnage.		
<b>Passenger Fleet</b>	<b>-550</b>	<b>n/a</b>
Overall underspend on passenger fleet due to vacant driver and escort posts (£730k), partially offset by lower income forecasts (-£180k).		
<b>Dry Recycling</b>	<b>-450</b>	<b>-20%</b>
Underspend due mainly to higher income rates which are expected to continue. In addition small net underspend due to slightly lower tonnage forecast.		
<b>Landfill</b>	<b>-375</b>	<b>-17%</b>
Underspend in Landfill due to continued trend of waste being diverted out of Landfill into Treatment.		
<b>Staffing, Admin &amp; Depot Overheads</b>	<b>-285</b>	<b>-66%</b>
Additional income from increased permitting activity under network management and sale of grass verges.		
<b>Composting Contracts</b>	<b>-285</b>	<b>-14%</b>
Underspend mainly due to reduced tonnage forecast of Composting as a result of recent dry weather, roughly 7,130 reduced tonnage at a rate of £32 per tonne. The remaining underspend is due to lower prices than budgeted.		
<b>H&amp;T Staffing &amp; Admin (Development and Growth service)</b>	<b>-265</b>	<b>-8%</b>
Underspend due to staffing vacancies and reduced agency expenditure which is partly offset by a shortfall in capital recharge income.		
<b>Management &amp; Admin</b>	<b>-195</b>	<b>-7%</b>
Underspend due to vacancies and timing of recruitment across the team.		
<b>Road Safety (Development and Growth service)</b>	<b>-170</b>	<b>-24%</b>
Underspend mostly due to vacant posts savings in school crossing patrol (75% of variance) and road safety tutors thereafter (25% of variance).		
<b>Development &amp; Growth</b>	<b>-100</b>	<b>-6%</b>
Underspend due to vacancies across teams.		
<b>Other variances (under £100k)</b>	<b>-230</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-1,090</b>	<b>n/a</b>

### Chief Executive's

The Department is forecasting a net underspend of £0.3m (1.9%). The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Departmental Items</b>	<b>150</b>	<b>n/a</b>
Department-wide saving for staffing vacancy held in this budget. Overspend here is offset by underspends elsewhere in the department.		
<b>Legal Services</b>	<b>80</b>	<b>2%</b>
Overspend largely due to vacant positions being filled with Locums (+£56k), plus a forecast overspend on childcare cases (+£17k).		
<b>Registrars</b>	<b>-170</b>	<b>n/a</b>
Underspend largely due to additional income (-£99k) and a reduction in staff costs by reducing the use of casual staff (-£70k).		
<b>Growth Service</b>	<b>-165</b>	<b>-15%</b>
Underspend due to current vacancies which are subject to ongoing recruitment activity.		
<b>Democratic Services and Administration</b>	<b>-115</b>	<b>-8%</b>
Underspend mainly due to staffing vacancies		
<b>Management and Administration</b>	<b>-60</b>	<b>-7%</b>
Underspend due to staffing vacancies.		
<b>Other variances (under £50k)</b>	<b>-30</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-310</b>	<b>n/a</b>

**Corporate Resources**

The Department has a net forecast overspend of £0.2m (0.6%). The main variances are:

	£000	% of Budget
<b>Commercial Services</b>	<b>765</b>	<b>-160%</b>
Challenging commercial environment particularly related to school food. In addition, the impact of the temporary closure of Beaumanor Hall related to required chimney repair and maintenance works has impacted spend. Loss of car parking income due to delays to implementation of new systems and repairs has had an impact on Country Parks performance.		
<b>Corporate Human Resources</b>	<b>265</b>	<b>10%</b>
Staff overspends.		
<b>Corporate Projects</b>	<b>115</b>	<b>-25%</b>
Unachieved Customer Programme saving in 2025/26.		
<b>ICT</b>	<b>-435</b>	<b>-3%</b>
Underspend on staffing across multiple teams including early delivery of MTFS Savings offset by additional expenditure for external review of current software infrastructure (Social Care systems) and implementation of website firewall functionality to prevent cyber attacks.		
<b>Building Running Costs</b>	<b>-290</b>	<b>-6%</b>
Early delivery of MTFS Savings as well as reduced utility bills.		
<b>Strategic Finance</b>	<b>-105</b>	<b>-2%</b>
Underspend on staffing and vacant posts.		
<b>Operational Property</b>	<b>-75</b>	<b>-3%</b>
Early delivery of MTFS savings and vacancies across a number of service areas.		
<b>Other variances</b>	<b>-10</b>	<b>n/a</b>
<b>TOTAL</b>	<b>230</b>	<b>n/a</b>

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