APPENDIX B

Revenue Budget 2025/26 – forecast main variances (Period 6)

Children and Family Services

Dedicated Schools Grant

A net overspend of £45.7m is forecast. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked reserve drawdown	**15,255**	**n/a**
The DSG budget in the original MTFS includes an estimated HNB drawdown of £15.3m as the forecast in year overspend.		
Special Educational Needs	**30,065**	**25%**
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 8,311 Education Health Care Plans (EHCP's), a 15% increase on numbers since January 2025, with still a quarter 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 2026. (c20% increase vs budgeted position post mitigations).		
Specialist Teaching Service (STS)	**735**	**30%**
Combination of increased demand on services and financial impact of staffing pay awards not being fully funded for these fully High Needs Block funded services.		
Early Years / Nursery Education Funding	**-350**	**-0.3%**
Currently projecting a net overall underspend across all age group entitlements. It is estimated that pupil numbers on the January census and termly headcounts will be higher than the annual average uptake, which will benefit Leicestershire resulting in more funding being received than being paid out. From 1st September 2025 the entitlement of 9 month olds and older children of working parents has been extended to 30 hours. The expansion of working parent entitlements, having different approaches to calculating entitlement allocations and funding allocations being determined by future counts adds complexity to forecasting and thus current forecasted financial position is subject to change.		
Other variances	**35**	**n/a**
TOTAL	**45,740**	**n/a**

Local Authority Budget

The Local authority budget is forecast to overspend by £11.6m (8.0%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	**9,720**	**13%**
The projected net overspend of £9.7m 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 end of qtr.4 of financial year 2024/25, showed demand remaining relatively stable. However – numbers to date during 2025/26 have risen sharply. As at end of qtr2. numbers in residential provision stand at 129, and current projections 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. They are often the most expensive due to them taking children with complex mental health, absconding and criminal exploitation risks and the emergency nature in which the child is placed. As at end of qrt2 2025, we have 15 live children in unregistered/ activity placements, the highest number we have ever had (200% increase vs budgeted assumed position for this provision type). Also, of note and of financial significance due to a very unique set of challenges and issues (sufficiency & need), is the need to place a small number of children in secure provision this year, which is determined by the court. This provision has a very high weekly cost, in the region of £30k per week (historically the upper limit of costs of such provision type has been no more than £15k per week). Whilst this is a small number of cases it contributes disproportionately to the overall projected in year overspend position. In conjunction with CFS's smarter commissioning MTFS programme of actions, this is showing a positive trajectory in terms of current weekly unit costs vs budgeted position. This can be evidenced through what is a 15% reduction in average unit cost for UASC care leaver placement costs over the last 12-18 months, and is supporting as an in year additional mitigation vs the overall increased financial pressures on the social care placement budget.		
Educational Psychology Service and SENA Service	**1,220**	**28%**
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.		
Disabled Children Service	**1,200**	**31%**
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.		
Children Social Care - Family Safeguarding & First Response Services	**410**	**4%**
Increased complexity of cases and increased demand overall on services, which is partly being supported through agency workers, adding to the financial burden on this budget.		
Departmental Financial Controls / Vacancy Control Management	**-900**	**n/a**
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, 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.		
TOTAL	**11,650**	**n/a**

Adults & Communities

The Department has a net forecast underspend of £2.1m (0.8%). The main variances are:

	£000	% of Budget
Residential and Nursing Care	**1,045**	**-1%**
There is an overall forecast overspend for residential care of £1.0m. Service user numbers were broadly flat for the first quarter of the financial year. However, since July the service user numbers have risen by approximately 30 causing a forecast overspend of £1.6m in expenditure. The overall average for the year is forecast to be 2,465 service users per week costing an average of £1,165 per week. Offsetting the overspend is a surplus in the service user income budget of £0.75m primarily from recent charging runs showing a 7% increase in weekly chargeable income from service users. Health income is forecast to be £200k below budget due to numbers of funded service users being lower than budgeted.		
Supported Living	**840**	**5%**
There are estimated to be between 20 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 540 service users at £1,780 per week.		
Direct Cash Payments	**485**	**0%**
The clawback of unspent funds which is conducted as an ongoing process over the course of the year has been disrupted by issues with our Direct Payment Card Provider. It is hoped that normal service will be resumed shortly but the issue has impacted on the overall monies which have been clawed back to date and it is expected that there will be a shortfall for the financial year causing an overspend within the Direct Cash Payments budget. Despite an increase in 40 service users over Period 1-6, average costs per service user have broadly remained flat for this period. The forecast has an average of 1,667 SU with an average cost per week of £526 and Carers averaging at 1,358 SU with an average cost per week of £54.		
Adult Learning	**395**	**n/a**
Forecast overspend due to reduction in grant funding announced in April 25 of £229k. HR action plans prepared to deliver savings that have been delayed, therefore expecting overspend in operational costs and £396k for exit costs from restructure. Additional income of (£186k) through NI rebate and (£45k) from Connect To Work offsetting overall overspend.		
Access & Digital Services	**185**	**6%**
There is a £300k overspend in Adult Social Care Finance - of this £200k 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 Appointeeship & Deputyship team, plus £100k relating to a historical unachieved saving. This is offset by staffing vacancies, primarily within the Customer Service Centre (£117k).		
Home First	**-1,040**	**-10%**
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.		
Homecare	**-980**	**-1%**
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 2,720 service users with the same average hours of 10.8. The winter period may increase service user numbers reducing any underspend.		
Better Care Fund (Balance)	**-670**	**5%**
Discharge to Assess income of £1.65m of funds are expected against a budget of £2.8m due to lower activity. Better Care Fund income from minimum contribution to LCC is £1.8m above the budgeted amount.		
Cognitive and Physical Disability	**-595**	**-6%**
There is a £375k underspend on staffing primarily in Occupational Therapy Teams (£217k) which are difficult to recruit to posts and Harborough Care Pathway Team (£110k) and Blaby, Oadby and Wigston Care Pathway Team (£48k). Also £200k underspend on Integrated Community Equipment Service, as a result of LCC's contribution to the pool decreasing in 25/26.		

Non Residential Income	**-500**	**2%**
Additional income from Health expected relating to Supported Living which is forecast to be £800k over budget due to higher numbers of clients since budget setting and an increase in average funding per client. Smaller variances in other demand led services are generating an over-recovery of £300k some of which relates to previous years. Approximately a shortfall of £600k expected from Non-Residential Client Income primarily from the number of chargeable service users being flat and not increasing like previous years.		
Supported Living, Residential and Short Breaks	**-445**	**-16%**
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.		
Learning Disability and Autism	**-270**	**-3%**
There is a underspend in NWL Care Pathway Team (£363k) due to vacancies and difficulties in recruiting staff. This is offset by £89k overspend in Hinckley Care Pathway Team where agency staff are required to cover sickness and vacancies.		
Community Life Choices	**-100**	**-1%**
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 observed in August. Currently there are 691 service users with an average cost of £280.		
Other variances (under £100k)	**-480**	**n/a**
TOTAL	**-2,130**	**n/a**

<u>Public Health</u>

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

<u>Environment and Transport</u>

The Department is forecasting a net underspend of £4.0m (3.2%). The main variances are:

	£000	% of Budget
Social Care Transport	**835**	**13%**
Overspend due to additional taxi costs that are largely met by an underspend on Passenger Fleet.		
Treatment & Contracts	**475**	**2%**
Overspend in Treatment due to continued trend of waste being diverted out of Landfill into Treatment, slightly offset by reduction in tonnage.		
Reactive Maintenance	**350**	**10%**
Policy-led safety and network resilience works following inspections and the May 2025 coroner enquiry are driving the pressure - comprising £200k for road-marking renewals to restore visibility standards, £96k to rectify non-illuminated sign defects identified post-coroner, £46k from an increase in Cat-2 maintenance required to meet policy compliance, and £17k for extreme-weather response (Long Clawson culvert cleansing following the January 2025 storms, with further works required), partly offset by a £10k underspend on safety barriers; the overspend is unavoidable and compliance-driven.		
Initiatives	**135**	**45%**
Includes a forecast transfer to reserves of £150k, using department underspends for Charnwood Geopark provision.		
SEN Transport	**-1,585**	**-6%**
Underspend as a result of contract savings arising from the summer transport reviews. Whilst there has been a recent increase in the number of active EHCPs, and therefore additional growth is suggested, there are issues with sufficiency. Therefore a large proportion of these additional children with EHCPs are not currently receiving transport and are not included in the forecast.		
Landfill	**-880**	**-33%**
Underspend due to continued trend of waste being diverted out of Landfill into Treatment.		
Passenger Fleet	**-635**	**n/a**
Overall underspend due to vacant driver and escort posts (c.£816k) and lower running costs (£25k) partially offset by lower income forecasts (£206k)		
Dry Recycling	**-450**	**-18%**

Underspend due mainly to higher income rates which are expected to continue. In addition small net underspend due to slightly lower tonnage forecast by 2,700 tonnes.		
Staffing, Admin & Depot Overheads	**-440**	**-49%**
Additional income from increased permitting activity under network management and sale of grass verges.		
Composting Contracts	**-315**	**-15%**
Underspend mainly due to reduced tonnage forecast of Composting as a result of recent dry weather, approximately 8,643 reduced tonnage at a rate of £34 per tonne. The remaining underspend is due to lower prices than budgeted.		
Management & Admin (Environment & Waste)	**-255**	**-9%**
Underspend due to vacancies and timing of recruitment across the team.		
Staffing & Admin (E&W)	**-205**	**-12%**
Underspend due to vacancies across E&W management commissioning teams.		
H&T Network Staffing & Admin	**-200**	**-7%**
Underspend mostly due to sustainable travel staffing budget: vacant posts.		
Road Safety	**-200**	**-27%**
Underspend mostly due to vacant posts savings in school crossing patrols (75%) and road safety tutors (25%).		
Haulage & Waste Transfer	**-195**	**-7%**
Lower bulk haulage due to operational changes and slightly lower tonnages.		
Development & Growth	**-145**	**-9%**
Underspend due to staffing vacancies across teams.		
Staffing & Admin Resourcing	**-105**	**-4%**
Underspend due to vacancies across teams and timing of recruitment.		
Other variances (under £100k)	**-135**	**n/a**
TOTAL	**-3,950**	**n/a**

Chief Executive's

The Department is forecasting a net underspend of £0.5m (3.0%). The main variances are:

	£000	**% of Budget**
Legal Services	**220**	**4%**
Overspend largely due to reduced income (+£117k) and a forecast overspend on childcare cases (+£90k).		
Departmental Items	**150**	**n/a**
Department-wide saving for staffing vacancy held in this budget. Overspend here is offset by underspends elsewhere in the department.		
Growth Service	**-315**	**-28%**
Underspend due to current vacancies which are subject to ongoing recruitment activity.		
Registrars	**-235**	**n/a**
Underspend largely due to additional income (-£105k) and a reduction in staff costs by reducing the use of casual staff (-£132k).		
Democratic Services and Administration	**-190**	**-13%**
Underspend mainly due to staffing vacancies		
Management and Administration	**-50**	**-6%**
Underspend due to staffing vacancies.		
Other variances (under £50k)	**-110**	**n/a**
TOTAL	**-530**	**n/a**

Corporate Resources

The Department has a net forecast underspend of £0.4m (0.9%). The main variances are:

	£000	% of Budget
Commercial Services	**665**	**-166%**
Challenging commercial environment as customers (especially schools) are facing their own financial challenges. This risk has particularly manifested itself in School Food which is forecasting a £0.3m overspend but also Beaumanor Outdoor Activities (£0.1m) and LEAMIS (£0.1m). In addition, the impact of the temporary closure of Beaumanor Hall (£0.1m) related to required chimney repair and maintenance works has impacted income as has delays to implementation of new systems and repairs for car parking within Country Parks (£0.1m).		
Corporate Human Resources	**205**	**8%**
Staff overspend due to removal of reserves, partly offset by staff vacancies.		
Corporate Projects	**60**	**-15%**
Unachieved Customer Programme saving in 2025/26.		
Business Support	**60**	**5%**
Variance due to system costs, cessation of reserve drawdown and reduced income. This is offset by staffing savings from maternity leave and vacancies.		
ICT	**-520**	**-4%**
Significant underspend on staffing across multiple teams (£250k). Early delivery of MTFS Savings (£240k). Other corporate IT underspend largely offset by additional expenditure for external review of current software infrastructure (Social Care systems) and implementation of website firewall functionality to prevent cyber attacks.		
Building Running Costs	**-315**	**-6%**
Early delivery of MTFS savings. In addition, building running costs across the corporate estate have reduced due to lower occupancy includes rates, energy and cleaning.		
Strategic Finance	**-110**	**-2%**
Underspend on staffing and vacant posts.		
Learning and Development	**-95**	**-6%**
Reduced training requirement for 2025/26 across the authority based on current requests and current knowledge of predicted spend to year end.		
East Midlands Shared Services	**-90**	**-2%**
Reduction in LCC contribution towards partnership (underspend split 50:50 with Nottingham City Council).		
Strategic Property	**-85**	**-3%**
Underspend on staffing as vacancies held across all teams pending a service review. Early exit from Romulus Court also contributing to the underspend. This is offset by reserve funding being switched off.		
Operational Property	**-70**	**-2%**
Underspend due to staff vacancies across a number of service areas.		
Other variances	**-65**	**n/a**
TOTAL	**-360**	**n/a**