

Revenue Budget 2025/26 – forecast main variances (Period 10)**Children and Family Services****Dedicated Schools Grant**

A net overspend of £37.2m 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 | 27,350 | 23% |
| Due to sustained year-on-year growth in demand for funded Education, Health and Care Plans (EHCPs) since they were introduced in 2014, a £15m overspend on the HNB budget was anticipated after mitigations for the 2025/26 financial year based on a 7% increase in EHCPs from the previous year. The current High Needs Block projected overspend is circa £28m more than the budgeted £15m nominal drawdown as the planned in year overspend. This is largely due to increased volume/demand on the placement budget vs budgeted assumptions based and set on Autumn 24 data/intelligence. | | |
| Since that position – overall demand through the front door has continued to rise. Currently there are 8834 EHCP's at the end of Feb-26, a 23% increase since the previous year, and 195% increase in EHCPs since 2016. It is anticipated that demand for funded packages will reach circa 9000 EHCP's by March 26 (c.20% increase vs budgeted position post mitigations). Recent increases in demand are being seen nationally and are likely a result of uncertainty on the government's future SEND reforms. | | |
| Specialist Teaching Service (STS) | 505 | 21% |
| 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 | -5,860 | -5% |
| Currently projecting a net underspend of circa £5.86m 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. | | |
| However, £4.6m of this balance is expected to be adjusted through the July 2026 funding reconciliation, reflecting the finalisation of participation data used to calculate entitlement allocations. As a result, the majority of the current projected position is considered timing related rather than recurrent, and the final outturn for 2025/26 is subject to this adjustment. | | |
| Other variances | -50 | n/a |
| TOTAL | 37,200 | n/a |

Local Authority Budget

The Local authority budget is forecast to overspend by £5.6m (3.9%). The main variances are:

| | £000 | % of Budget |
|---|---------------|-------------|
| Children's Social Care Placements | 6,270 | 9% |
| <p>The projected net overspend 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 till end of qtr.4 of financial year 2024/25, showed demand remaining relatively stable.</p> <p>However, numbers during the e first half of 2025/26 have risen sharply. As at end of Qrt3 2025/26 numbers in residential provision stood at 124, and current projections assume by the end of the financial year this number could rise to 126 (5% increase vs budgeted mitigated position in terms of overall volume). This is an improved position versus what had previously been projected earlier this financial year, and the current position and stabilisation of numbers is a key contributing factor for the reduced overspend position that had previously been forecasted in prior months.</p> <p>Of this overall increase in numbers, a small but financially significant increase during the financial year in the number of unregistered and activity placements can be seen from May 2025. Unregistered placements are used when no other option is available and are more costly than registered residential placements, with the average weekly cost of such provision ranging from between £13k to £17k over the last 12 months.</p> <p>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 £37k 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.</p> | | |
| Disabled Children Service | 1,300 | 34% |
| <p>Increased demand for support across both direct payments and commissioned services. The Children's Innovation Partnership with Barnardo's and the creation and opening of an overnight short break unit, to support children with a disability will have a positive effect to ensure demands in this area can be managed in the most appropriate and cost effective manner.</p> | | |
| Educational Psychology Service and SENA Service | 940 | 22% |
| <p>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.</p> | | |
| Children Social Care - Family Safeguarding & First Response Services | 570 | 5% |
| <p>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.</p> | | |
| Departmental Financial Controls / Vacancy Control Management | -2,790 | n/a |
| <p>As a direct response to the financial pressures which were 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. This has contributed to the early achievement of on-going MTFs savings of £0.68m.</p> <p>Natural turnover of staff, together 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.</p> | | |
| Education Quality & Inclusion | -690 | -16% |
| <p>Staff turnover and in year vacancies which have been unfilled for large parts of the year.</p> | | |
| TOTAL | 5,600 | n/a |

Adults & Communities

The Department has a net forecast underspend of £1.7m (0.7%). The main variances are:

| | £000 | % of Budget |
|--|------|-------------|
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|---|---------------|-------------|
| Supported Living | 1,335 | 3% |
| 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 around 540 service users at £1,780 per week with another 12 people forecasted to move into Supported Living properties by the end of this financial year. | | |
| Direct Cash Payments | 1,200 | 3% |
| The clawback of unspent funds which is conducted as an ongoing process over the course of the year was disrupted by issues with our Direct Payment Card Provider. Normal service has now been resumed but this had an impact on delaying claw backs. This is a timing difference and is expected to be recovered. Despite an increase in 40 service users over Period 1-10, average costs per service user (SU) have broadly remained flat for this period. The forecast has an average of 1,683 SU with an average cost per week of £526 and Carers averaging at 1,355 SU with an average cost per week of £55. | | |
| Mental Health & Safeguarding (MH&S) | 415 | 5% |
| Staffing overspend primarily from using agency staff (£300k) in order to reduce the await care list in line with the CQC Improvement Plan and also to cover several vacancies within Mental Health locality teams to ensure that statutory duties are maintained. In addition there is a £97k overspend relating to the Emergency Duty Team driven by volume of work. | | |
| Adult Learning | 360 | n/a |
| Forecast overspend due to reduction in grant funding announced in April 25 of £197k. HR action plans prepared to deliver savings 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. | | |
| Residential and Nursing Care | 115 | 0% |
| There is an overall forecast overspend for residential care of £0.1m. 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 £1.8m in expenditure. The overall average for the year is forecast to be 2,447 service users per week costing an average of £1,175 per week. Offsetting the overspend is a surplus in the service user income budget of £1m primarily from recent charging runs showing a 7% increase in weekly chargeable income from service users. Health income is forecast to be £650k above budget due to an increasing number of residential health funded service users together with the department working to improve the collection of historic health funding. | | |
| Home First | -1,475 | -14% |
| 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. | | |
| Non Residential Income | -1,245 | 3% |
| Additional health income relating to Supported Living service users is forecast to be £650k over budget due to a higher number of service users observed since budget setting. Health Income relating to Home Care are generating an additional £350k which is mainly due to a higher level of average funding per service user. An additional over-recovery of £350k of health income relates to Direct Payments and Community Life Choices, some of which relates to previous years. A shortfall in Non-Residential Client Income of £100k is expected primarily from a higher contribution to the Bad Debt Provision at year end. | | |
| Cognitive and Physical Disability | -640 | -8% |
| There is a £304k underspend on staffing primarily in Occupational Therapy Teams (£237k) which are difficult to recruit to posts and Harborough Care Pathway Team (£81k) and Blaby, Oadby and Wigston Care Pathway Team (£14k). Also £334k underspend on Aids and Adaptations primarily from the Integrated Community Equipment Service, as a result of LCC's contribution to the pool decreasing in 25/26. | | |
| Better Care Fund (Balance) | -595 | 2% |
| Discharge to Assess income of £1.6m 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. | | |
| Homecare | -535 | -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 2,709 service users with the same average hours of 10.8. The winter period may increase service user numbers towards the end of the financial year reducing any underspend. | | |
| Learning Disability and Autism | -250 | -5% |

There is an underspend in NWL Care Pathway Team (£353k) due to vacancies and difficulties in recruiting staff. This is offset by £101k overspend in Hinckley Care Pathway Team where agency staff are required to cover sickness and vacancies.

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|--------------------------------------|---------------|------------|
| Other variances (under £100k) | -435 | n/a |
| TOTAL | -1,750 | n/a |

Public Health

The Department has a projected balanced position. There are some variances:

| | £000 | % of Budget |
|---|-------------|--------------------|
| Public Health Leadership | 200 | -1% |
| Variance largely due to reduced income being drawn down from reserve. | | |
| Health Protection | -90 | -15% |
| Underspend on Community Infection Prevention and Control (CIP&C) due to impact of Action Plan. | | |
| NHS Health Check programme | -70 | -12% |
| Quarter 3 data indicates that fewer Health Checks have been undertaken than originally forecast. | | |
| Weight Management Service | -55 | -16% |
| Variance mainly due to staffing vacancies (-£41k) and an underspend on general running costs of -£15k). | | |
| Other variances (under £50k) | 15 | n/a |
| TOTAL | 0 | n/a |

Environment and Transport

The Department is forecasting a net underspend of £5.3m (4.3%). The main variances are:

| | £000 | % of Budget |
|--|-------------|--------------------|
| Social Care Transport | 980 | 15% |
| Overspend due to additional taxi costs that are largely met by an underspend on Passenger Fleet. | | |
| Environmental Maintenance | 305 | 6% |
| Overspend due to additional works required keeping gulleys clear following named storm events. | | |
| Reactive Maintenance | 230 | 17% |
| Policy led safety and network resilience works following inspections and the May 2025 coroner inquiry are driving the pressure - includes £100k to rectify non-illuminated sign defects identified post-coroner, £18k for extreme-weather response (Long Clawson culvert cleansing following the Jan-2025 storms, with further works required) and £27k for reactive repairs to safety barriers; the overspend is unavoidable and compliance-driven. | | |
| SEN Transport | -950 | 300% |
| Underspend due to higher than budgeted contract savings arising from the summer transport reviews (£1.5m) and a release of prior year over accruals (£0.2m) partly offset by an increase in users. There has been a recent increase in the number of active EHCPs, with some users coming through into Transport. Issues with sufficiency remain. The P10 forecast includes provision for an additional 136 new users expected to need transport between February and March. | | |
| H & T Network Staffing & Admin | -880 | -33% |
| Underspend largely due to increased Section 38 and Section 278 developer income in Infrastructure. | | |
| Dry Recycling | -730 | -29% |
| Underspend mainly due to better material prices. In addition small net underspend due to slightly lower tonnage forecast by 2,463 tonnes. | | |
| Passenger Fleet | -680 | n/a |
| Overall underspend on Passenger Fleet due to vacant driver and escort posts (£992k) partially offset by higher running costs (£90k) and lower income forecasts (£222k). | | |
| Staffing, Admin & Depot Overheads | -570 | -12% |
| Additional income from greater temporary traffic regulation orders (TTRO) and permitting activity under network management, increased vehicle access income partly offset by increased Highway depot costs. | | |
| Landfill | -415 | -16% |
| Underspend due to waste being diverted out of Landfill into Treatment. | | |
| Composting Contracts | -370 | -17% |

| | | |
|---|---------------|-------------|
| Underspend mainly due to reduced tonnage forecast of Composting as a result of dry weather in the summer, approximately 10,191 reduced tonnage at a rate of £32 per tonne. The remaining underspend is due to lower prices than budgeted. | | |
| Haulage & Waste Transfer | -340 | -13% |
| Lower bulk haulage due to operational changes moving waste to different destinations, and slightly lower tonnages. | | |
| Street Lighting Maintenance | -335 | -12% |
| Underspend due to structural testing change from more expensive deflection testing to ultrasonic testing, fewer streetlight column knockdowns, less electrical testing and network cabling and less energy kWh's used due to better weather over the summer period. | | |
| Management & Admin (Environment & Waste) | -280 | -10% |
| Underspend due to vacancies and timing of recruitment across the team. | | |
| Staffing & Admin (E&W) | -265 | -15% |
| Underspend due to vacancies across E&W management commissioning teams. | | |
| Staffing & Admin Delivery | -225 | -5% |
| Underspend driven by staffing vacancies in Highway Control and additional capital recharge income. | | |
| Road Safety | -210 | -28% |
| Underspend mostly due to vacant posts savings in school crossing patrols (95%) and road safety tutors (5%). | | |
| Development & Growth | -200 | -12% |
| Underspend due to staffing vacancies across teams. | | |
| Mainstream School Transport | -195 | -3% |
| Underspend includes £521k of contract savings, partly offset by ongoing increased costs and reduced competition. | | |
| H & T Staffing & Admin | -135 | -4% |
| Underspend due to staffing vacancies and reduced agency expenditure which is partly offset by a shortfall in capital recharge income. | | |
| Income | -105 | 7% |
| Increased trade waste income at Whetstone Waste Transfer Station. | | |
| Other variances (under £100k) | 60 | n/a |
| TOTAL | -5,310 | n/a |

Chief Executive's

The Department is forecasting a net underspend of £0.5m (2.7%). The main variances are:

| | £000 | % of Budget |
|---|-------------|--------------------|
| Legal Services | 230 | 4% |
| Variance caused by overspend on staffing due to the use of Locums to temporarily fill vacancies (+£37k) and reduced income (+£287k), offset by an underspend on demand led costs (-£91k) through the utilisation of the in-house advocate role. | | |
| 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 | -355 | -31% |
| Underspend largely due to current vacancies which are subject to ongoing recruitment activity. | | |
| Registrars | -170 | n/a |
| Underspend largely due to additional income (-£74k) as wedding income continues to be buoyant and a reduction in staff costs through the reduction in the use of casual staff (-£130k), offset by additional premises costs (+£34k), including those incurred during Beaumanor closure. | | |
| Management and Administration | -145 | -18% |
| Underspend due to staffing vacancies that will not be filled by the end of the financial year. | | |
| Democratic Services and Administration | -140 | -10% |
| Underspend mainly due to staffing vacancies. | | |
| Policy and Communities | -70 | -5% |
| Underspend largely due to current vacancies which are subject to ongoing recruitment activity. | | |
| Other variances (under £50k) | 30 | n/a |
| TOTAL | -470 | n/a |

Corporate Resources

The Department has a net forecast underspend of £0.9m (2.3%). The main variances are:

| | £000 | % of Budget |
|--|-------------|--------------|
| Commercial Services | 795 | -198% |
| 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 £0.2m overspend but also Beaumanor Outdoor Activities (£0.1m) and Professional Services (£0.2m). In addition, the impact of the temporary closure of Beaumanor Hall (£0.1m) related to required chimney repair and maintenance works has impacted income. A stretch target of £0.2m will not be met in 2025/26. | | |
| Corporate Human Resources | 185 | 7% |
| Additional posts to support management of staff absences and recruitment (LCC wide). | | |
| Business Support | 70 | 6% |
| Overspend relates to implementation of records management system. | | |
| Commissioning Support | 70 | 5% |
| Staffing overspend due to covering long term sickness through agency (£50k), and one off costs relating to the implementation of new procurement software £20k). | | |
| ICT | -890 | -7% |
| Underspend on staffing across multiple teams (£0.3m). Early delivery of MTFS Savings (£0.4m). Other IT underspends related to reduced running costs across multiple areas and increased income. | | |
| Building Running Costs | -330 | -7% |
| Early delivery of MTFS savings (£85k) related to disposal of Roman Way and energy cost savings (£50k), reduced building costs across the corporate estate (£145k) and increase in government grants (£50k). | | |
| Strategic Finance | -225 | -5% |
| Underspend on staffing and vacant posts. | | |
| Strategic Property | -225 | -7% |
| Staffing underspend (£0.2m) as vacancies held across all teams pending a major review and early delivery of MTFS savings (£90k) relating to early exit of Romulus Court, offset by Property Disposal costs (£70k). | | |
| East Midlands Shared Services | -225 | -6% |
| Reduction in LCC contribution towards partnership (underspend split 50:50 with Nottingham City Council). Staffing vacancies offset by increased debt management costs and reduced income | | |
| Audit & Insurance | -65 | -3% |
| Staffing underspend in Audit (£88k) offset by slightly higher insurance premium costs (£23k). | | |
| Learning and Development | -55 | -4% |
| Underspend due to staffing vacancies, additional income for student placements and a lower than anticipated training requirement based on current requests. | | |
| Other variances | -45 | n/a |
| TOTAL | -940 | n/a |