

Revenue Budget 2025/26 – main variances (provisional outturn)**Children and Family Services****Dedicated Schools Grant**

There is a net overspend of £30.9m. 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 (charge to the reserve) of £15.3m as the forecast in year overspend.		
Special Educational Needs	18,962	16%
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 High Needs Block overspend is circa £20m more than the original budgeted £15m drawdown from the DSG reserve. 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 in regards to active EHCP's over time by calendar year. Currently there are 8983 EHCP's at the beginning of April-26. At January 26 there was 8786 active EHCP's, representing a 23% increase since the previous year, and 193% increase in EHCPs since 2016. Further on-going analysis of both demand and costs are actively underway as part of MTFS planning.		
Specialist Teaching Service (STS)	490	20%
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	-2,877	-3%
A net underspend of £2.9m across all Funded Early Education (FEE) entitlements within the Early Years DSG block. The position is largely driven by timing differences between funding and delivery. Funding is allocated by the DfE on a standard 38-week basis and paid in line with the FEE delivery timetable, which does not always align precisely with the April–March financial year. In 2025/26, fewer delivery weeks fell within the financial year than were funded and this is further exacerbated by stretched entitlements, where hours are delivered over a longer period. Given the scale of the expanded entitlement offer, small variations in the number of funded weeks recognised within the financial year can have a materially significant financial impact. From 2026/27, the move to a termly funding mechanism is expected to improve alignment between funding and delivery, simplifying year-end reporting and reducing the scale of timing-related variances.		
Schools Growth / Central Schools Services Block	-928	n/a
The underspend primarily reflects the combination of lower than anticipated costs in relation to schools copyright licences, alongside a reduced call on the Schools Growth Fund. The latter is due to revised forecasts for pupil growth and the timing of planned school expansions, resulting in lower revenue costs being incurred in year than originally assumed.		
Other variances	-8	n/a
TOTAL	30,894	n/a

Local Authority Budget

The Local authority budget is overspent by £2.6m (1.8%). The main variances are:

	£000	% of Budget
Children's Social Care Placements	5,107	7%
<p>The net overspend on the Children's Social Care Placement budget (£5.1m) – comprising both of Unaccompanied Asylum Seeking Children (UASC) and non-UASC placement costs 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>As at end of Qrt4 2025/26 numbers in residential provision stood at 122, (1.6% increase vs budgeted mitigated position in terms of overall volume, although for much of the financial year the demand being significantly higher vs profiled budget position). The end of year position is an improved position versus what had previously been projected earlier in the financial year. The year end 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 £13,000 to £17,000 over the last 12 months. The current placement budget allows funding for up to 5 children in this provision type over the financial year, however for the majority of the financial year actual numbers in this provision type have exceeded that, and its impact a key contributing factor for the overall overspend position on the budget, to keep them there.</p> <p>Also, of note and of financial significance due to a unique set of challenges and issues (sufficiency and 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, with average costs in excess of £35,000 per week (historically the upper limit of costs of such provision type has been no more than £15,000 per week). Whilst this is a small number of cases it contributes disproportionately to the overall end of year overspend position.</p> <p>The improved overall position has largely been driven by the progression of the C&FS Smarter Commissioning programme, including a marked reduction in activity within high cost and unregulated placement types.</p>		
Disabled Children Service	953	25%
<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>		
Children Social Care - Family Safeguarding (Child Protection) & First Response Services	808	8%
<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>		
Educational Psychology Service and SENA Service	774	18%
<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. The medium to long term impact of current demand on this service is currently underway for the purpose of MTFS future planning.</p>		
Departmental Financial Controls / Vacancy Control Management	-3,521	n/a
<p>In response to financial pressures identified at the start of the financial year, the departmental management team undertook a targeted review of primarily non-statutory services, alongside the introduction of strengthened corporate-led financial controls. This was complemented by continued robust management of vacancies across the department. Together, these actions resulted in a £3.5m reduction in the in-year spend position and supported the early delivery of £0.7m of ongoing MTFS savings. Measures included delaying recruitment to non-essential posts where appropriate and maximising the use of available in-year grant funding to ensure prescribed outcomes were met in an efficient, effective and compliant manner.</p>		
Children Social Care - Vulnerability Hub, Safeguarding & Children in Care Services	-927	-10%

The year-end underspend is primarily attributable to natural turnover and recruitment timescales which together has created temporary staffing gaps across services. In addition, challenges in recruiting to some specialist front-line roles meant vacancies were held for part of the year. The combined impact resulting in reduced in-year spend		
Education Quality & Inclusion	-321	-7%
Staff turnover and in year vacancies which have been unfilled for large parts of the year.		
CFS Operational Delivery Support Services	-248	-4%
Higher-than-anticipated staff turnover against budget assumptions, with financial controls further limiting recruitment to these vacancies, resulting in short-term savings.		
TOTAL	2,625	2%

Adults & Communities

The Department has a net underspend of £3.9m (1.5%). The main variances are:

	£000	% of Budget
Supported Living	1,725	4%
The overspend relates to a combination of both higher service user numbers (1%) and an increase in need in average package costs (2%). The budget was based on total of 530 service users over the course of the year and the average over the year was 1% higher than this (537). This was primarily from an increase in the mental health cohort. The budget was based on an average cost of £1,763 and the average cost over the course of the year was 2% higher than this (£1,797), primarily from an increase in the average hours of support. This resulted in an underlying overspend of £1.462m.		
In addition one off costs relating to Brookfields displacement costs were incurred (£117k), a £81k recharge from Leicester relating to service users that were the responsibility of the authority and a £65k recharge from the C&FS Dept relating to package costs they incurred until the A&C department could take over the package.		
Direct Cash Payments	1,262	3%
The clawback of unspent funds which is conducted as an ongoing process over the course of the year was disrupted by issues with the Councils Direct Payment Card Provider. Normal service have resumed but this had an impact on the overall monies clawed back and the final position for the year, £0.9m. A small increase in service user numbers and average package costs (<1%) from November onwards contributed to a £400k overspend. On average there are 1,684 cash payment service users with an average cost of £530 per week. There are also 1,347 carers cash payments with an average cost per week of £55.		
Mental Health & Safeguarding (MH&S)	427	5%
Staffing overspend primarily from using agency staff (£291k) 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 (Charnwood, Melton and Harborough) to ensure that statutory duties are maintained (£31k). In addition there is a £80k overspend relating to the Emergency Duty Team driven by volume of work & inflation on recharge from Leicester City Council.		
Adult Learning	120	n/a
Overspend due to reduction in grant funding announced in April 25 of £164k. HR action plans were prepared to deliver savings which resulted in an additional £306k for exit costs from the restructure. Additional income of (£186k) was received through National Insurance rebate and (£164k) from Connect To Work offsetting overall overspend.		
Home First	-1,510	-14%
Vacant Support Worker posts within the HART Service. A recruitment campaign 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. This is also a focus of the Efficiency Review. Recruitment however remains difficult within the social care market.		
Non Residential Income	-1,423	4%
Additional client income of £550k overall primarily from a 1% increase in chargeable service users and a 1.5% increase in average chargeable amount. An additional £160k due to a lower than expected contribution to the credit loss provision. Supported Living Health income generated £390k over budget due to higher numbers of clients since budget setting. Home Care has generated an additional £170k and Day Care £150k.		
Residential and Nursing Care	-885	-1%

Gross Residential Expenditure was £2.6m overspent. Service user numbers over the course of the first half of 2025/26 was broadly the same as the previous financial year. In the latter half of 2025/26 service user numbers began to rise with a steeper rise in the final quarter. The majority of the overspend relates to higher numbers of older people than originally budgeted for. Long term packages for older people was 1% higher than budgeted, and for short term packages it was 5% higher. The average cost per package for older people was slightly higher than budgeted (<1%). Within the working age adults cohort, an overspend on long term packages was broadly offset by an underspend against short term packages. The overall average for the year is 2,477 service users per week costing an average of £1,169 per week.

Gross Residential Income was £3.5m underspent. Of this £2.2m relates to client income and £1.3m relates to higher health income. Underlying client income was £1.170m higher than the budget due to higher service user numbers. In addition deferred debt income was £360k higher than budgeted, third party income was £215k higher than budgeted, £225k was due to a lower than expected contribution to the credit loss provision, and £220k additional arrears income relating to the prior year. Health income was above budget due to an upwards trend in funded service users which began around the start of the year. Currently there are approx 390 clients with funding totalling £340k per week. There were 340 funded service users in April 25. This accounts for the £1.06m over-recovery. The rest of the additional income is due to work being done across the department to improve collection of health funding, this has identified a number of cases where funding had not been recorded and to date £240k of residential health income has been recovered, this is an early achievement of a 26/27 MTFS savings target.

Cognitive and Physical Disability	-843	-10%
There is a £310k underspend on staffing primarily in Occupational Therapy Teams (£236k) which are specialist posts that are difficult to recruit to and Harborough Care Pathway Team (£81k) and an overspend within the Blaby, Oadby and Wigston Care Pathway Team (£7k).		
Also £533k 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 which will be reduced in 26/27 following an additional MTFS saving in 26/27.		
Better Care Fund (Balance)	-692	3%
Discharge to Assess income of £1.7m of funds was received 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	-510	-1%
Over the course of the year, service user numbers were slightly above estimates at 0.7% which was offset by lower package costs of 2.1% on average leaving a net position of 1.4% underspend. In addition there was an additional £220k worth of actuals that were paid for that related to the previous financial year 24/25. Currently there are 2,770 service users receiving on average 10.82 hours per person.		
Shared Lives Residential	-481	-31%
Underspend due to a decrease in the number of long and short term residential placements that are being made due to a low level of carers available to take on new placements.		
Social Care Investment	-275	-39%
An HR action plan was implemented throughout 2025/26, resulting in the team being disbanded. Due to no significant SCIP work being undertaken there was a reduced recharge to the SCIP service.		
Learning Disability and Autism	-176	-4%
Underspend in NWL Care Pathway Team (£400k) due to vacancies and difficulties in recruiting social care staff. This is offset by £224k overspend in Hinckley Care Pathway Team where agency staff are required to cover sickness and vacancies.		
Other variances (under £100k)	-642	n/a
TOTAL	-3,903	-2%

Public Health

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

	£000	% of Budget
Public Health Earmarked Reserve	696	n/a
Budgeted contributions from the earmarked Public Health earmarked reserve not required due to the net departmental outturn.		
0 - 19 Children's Public Health	82	1%

Overspend mainly due to income from reserve not being transferred to revenue (+£197k) and an overspend on 0-10 Children's Public Health (+£75k), offset by an underspend on Teen Health Services (-£190k).		
Sexual Health	-514	-13%
Variance due to underspend on contracts for Online Sexual Health Services (-£195k) and Integrated Sexual Health Services (-£391k) due to reduced activity in the first half of the financial year. Offset by overspend on Contraception (+£63k) and Out of Area costs (+£10k).		
Health Protection	-93	-15%
Underspend on Community Infection Prevention and Control (CIP&C) due to impact of Action Plan.		
NHS Health Check programme	-59	-11%
Fewer Health Checks have been undertaken than originally forecast.		
Other variances (under £50k)	-112	n/a
TOTAL	0	0%

Environment and Transport

The Department has a net underspend of £5.7m (4.6%). The main variances are:

	£000	% of Budget
Social Care Transport	937	15%
Overspend due to additional taxi costs that are partly met by an underspend on Passenger Fleet.		
Environmental Maintenance	463	10%
Overspend due to additional works required keeping gulleys clear following named storm events and unexpected costs for Ash dieback work, partly offset by an underspend on grass cutting as winter operatives have been able to pick up some of the environmental work during mild spring weather.		
Recycling & Household Waste	286	5%
Overspend mainly due to increased Recycling and Household Waste Sites (RHWS) property repairs and maintenance.		
H & T Staffing & Admin	271	7%
Overspend due to a shortfall in capital recharge income due to delays in the capital programme, which is partly offset by additional pre-planning advice income.		
Reactive Maintenance	140	10%
Policy led safety and network resilience works following inspections and the May 2025 coroner inquiry have driven the overspend.		
SEN Transport	-1,195	-4%
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.		
H & T Network Staffing & Admin	-1,141	-42%
Underspend largely due to increased Section 38 and Section 278 infrastructure developer income.		
Staffing, Admin & Depot Overheads	-854	-18%
Additional income from greater temporary traffic regulation orders (TTRO) and permitting activity under Network Management, increased vehicle access income, increased highways income and sales of grass verges which are partly offset by increased Highway depot costs.		
Dry Recycling	-666	-27%
Underspend mainly due to better material prices.		
Passenger Fleet	-491	n/a
Overall underspend on Passenger Fleet due to difficulties in recruiting drivers and escorts (£905k) partially offset by higher running costs (£146k) and lower income (£268k).		
Street Lighting Maintenance	-486	-18%
Underspend due to structural testing change from more expensive deflection testing to ultrasonic testing, fewer streetlight column knockdowns, less electrical testing and network cabling plus additional knockdown income from insurance claims and less energy kWh's used due to better weather over the summer period.		
Landfill	-453	-17%
Underspend due to waste being diverted out of Landfill into Treatment.		
Composting Contracts	-386	-18%

Underspend mainly due to reduced tonnage forecast of Composting as a result of dry weather in the summer.		
Haulage & Waste Transfer	-347	-13%
Lower bulk haulage due to operational changes moving waste to different destinations, and slightly lower tonnages.		
Departmental Costs	-310	-33%
Underspend includes reduction in credit loss provision (£196k), underspends across computing services (£40k) and other smaller underspends (£75k).		
Management & Admin (Environment & Waste)	-277	-16%
Underspend arising from in-year staffing churn across E&W management commissioning teams.		
Development & Growth	-243	-15%
Underspend due to recruitment and retention difficulties amongst graduate engineers and technicians.		
Staffing & Admin Delivery	-227	-5%
Underspend driven by additional capital recharge income across the service.		
Road Safety	-203	-27%
Underspend mostly due to difficulties in recruiting to school crossing patrols and road safety tutors.		
Staffing & Admin (Department & Business Management)	-176	-6%
Underspend due to delays in implementation of staffing restructure.		
Mainstream School Transport	-146	-2%
Underspend includes £360k of contract savings, partly offset by ongoing increased costs and reduced competition.		
Income	-141	9%
Underspend due to increased trade waste income at Whetstone Waste Transfer Station.		
Other variances (under £100k)	-60	n/a
TOTAL	-5,705	-5%

Chief Executive's

The Department has a net underspend of £0.5m (2.9%). The main variances are:

	£000	% of Budget
Departmental Items	212	n/a
Department-wide saving for staffing vacancy held in this budget. Overspend here is offset by underspends elsewhere in the department.		
Legal Services	117	2%
Overspend on staffing costs (+£47k), reduced income (+£247k), offset by an underspend on general running costs (-£20k) and reduced demand led costs (-£157k) through the utilisation of the in-house advocate role.		
Coroners	101	6%
Overspend due to increased costs from Leicester City Coroner's Service and University Hospitals Leicester.		
Trading Standards	74	3%
Overspend due to in year implementation costs for the Trading Standards database replacement (+£161k) which was due to be funded by a transfer from reserve, offset by an additional £84k of income.		
Business Intelligence	54	3%
Variance largely due to an overspend on staffing (+£20k) and reduced income (+£20k).		
Growth Service	-359	-31%
Vacancies held throughout the duration of the financial year whilst the review of the Growth Service was undertaken.		
Registrars	-201	n/a
Additional income (-£109k) as wedding income continues to be buoyant and a reduction in staff costs through the reduction in the use of casual staff (-£118k), offset by additional premises costs (+£26k), including those incurred during the temporary closure of Beaumanor Hall.		
Management and Administration	-153	-19%
Underspend primarily due to early delivery of a MTFs saving relating to the deletion of a post.		
Democratic Services and Administration	-134	-9%
Underspend mainly due to the retirements (-£50k), staffing vacancies from turnover of staff (-£80k), additional income received (-£12k) offset by additional costs relating to LGR, the efficiency review and Legal fees (+£8k).		
Policy and Communities	-88	-6%
Staffing vacancies throughout the year (-£28k) and reduced running costs (-£61k) through the implementation of spending controls.		

Planning and Historic and Natural Environment (PHNE)	-83	-9%
Underspend largely due to staffing (-£415k) pending the review of the service. This was offset by +£83k relating to the use of external Ecology Consultants to cover the Ecology vacancies. An overspend on running costs (+£26k) and reduced income (+£225k) due to fewer planning applications being submitted.		
Civic Affairs	-54	-47%
The variance is largely due to the reduced cost of many hospitality events.		
Other variances (under £50k)	7	n/a
TOTAL	-507	-3%

Corporate Resources

The Department has a net underspend of £0.9m (2.1%). The main variances are:

	£000	% of Budget
Commercial Services	858	-214%
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 at Beaumanor Outdoor Activities (£0.1m), Professional Services (£0.1m) and Traded Property (£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. A stretch target for commercial of £0.2m will not be met in 2025/26.		
Corporate Human Resources	176	6%
Additional posts to support management of staff absences and recruitment (LCC wide).		
Household Support Fund	87	n/a
Over allocation of funding above grant allocation due to increased demand from vulnerable service users for support through, for example, food vouchers.		
Commissioning Support	69	5%
Staffing overspend related to covering long term sickness and additional support for CFS department through agency (£44k) and reduced income (£41k) offset by reduced expenditure.		
Strategic Property	63	2%
Hinckley Hub service charge reconciliations for current and prior years and Property Disposal costs (£0.4m). Partly offset by managed vacancies (£0.2m) across all teams pending a major review, underspend on running costs and additional income, and early delivery of MTFS Savings relates to early exit of Romulus Court (£0.1m).		
ICT	-889	-7%
Underspend arising from in-year staffing churn (£0.4m) across multiple teams as well as early delivery of future MTFS Savings (£0.5m).		
Building Running Costs	-437	-9%
Early delivery of MTFS Savings related to disposal of Roman Way and Energy cost savings (£0.1m). Additional income from service charge reconciliation invoices for County Hall tenants, Active Together and increase in government grants (£0.2m). Income is offset by reduced rental income from vacant properties (£0.1m). Balance is reduced building costs across the corporate estate (£0.2m).		
East Midlands Shared Services	-319	-9%
Reduction in LCC contribution towards partnership (underspend split 50:50 with Nottingham City Council). Staffing vacancies and underspend on licence costs offset by increased debt management costs and reduced income.		
Learning and Development	-170	-11%
Underspend due to in-year staffing churn, additional income for student placements and a lower than anticipated training requirement (£0.1m).		
Strategic Finance	-103	-2%
Underspend due to recruitment challenges.		
Audit & Insurance	-92	-4%
Underspend in Audit due to managed vacancies.		
Communications & Digital	-80	-6%
Early delivery of MTFS Savings through Communication team staff efficiency (£55k) and increased income.		
Customer Services	-55	-4%
Underspend arising from in-year staffing churn and lower use of casuals needed to support school transport.		
Other variances	21	n/a
TOTAL	-871	-2%

This page is intentionally left blank