APPENDIX B

Revenue Budget 2026/27 – forecast main variances (Period 4)

Children and Family Services

Dedicated Schools Grant

There is a net projected overspend of £62.2m. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked reserve drawdown	**62,200**	**n/a**
The DSG budget in the original MTFS includes an estimated HNB drawdown (charge to the reserve) of £72.2m as the forecast in year overspend. The latest forecast shows a reduction to £62.2m based on the latest in year information. This includes a reassessment of demand levels and trends, revised placement mix and unit cost assumptions, and a clearer view of the expected impact of mitigation activity. Collectively these changes result in a lower projected financial pressure in the refreshed forecast, but nonetheless a variance position still of financial significance and concern.		
TOTAL	**62,200**	**n/a**

Local Authority Budget

The Local authority budget is forecast to underspend by £2.5m (1.5%). The main variances are:

	£000	% of Budget
Unaccompanied Asylum Seeking Children (UASC)	**-1,250**	**22%**
The projected underspend reflects a combination of reduced unit costs for placements and the impact of the time-limited UASC incentive scheme. The scheme provides additional Home Office funding to support and incentivise local authority participation in the National Transfer Scheme, effectively reducing the net cost of placements. As this funding was not assumed/confirmed for 26/27 at the time of budget setting, it contributes to the favourable variance against the net budget		
Children's Social Care Placements	**-1,000**	**1%**
Whilst demand remains volatile and it is challenging to predict the outturn position with certainty, pressures continue within secure placements. However, overall the core placements budget is currently projected to deliver a more favourable placement mix and lower average unit costs compared to budget assumptions. This position is largely attributable to continued focus on demand and cost management, aligned to the principles of the Smarter Commissioning programme and broader demand management activity.		
Departmental Financial Controls / Vacancy Control Management	**-200**	**n/a**
For 2026/27, continued focus will be maintained to ensure that all expenditure is essential and supports effective and efficient service delivery, presenting a potential opportunity of circa £200k. This is expected to be reflected as an in-year underspend, with scope for this to be translated into an ongoing financial opportunity as part of future MTFS planning.		
TOTAL	**-2,450**	**-2%**

Adults & Cultural

The Department has a net forecast overspend of £0.2m (0.1%). The main variances are:

	£000	% of Budget
Supported Living	**1,300**	**2%**
The overspend reflects a sharp increase in the average hours per service user (+4%) that was observed in the final quarter of 25/26 from high cost packages that are expected to continue into 26/27. Offsetting this at this stage are lower than budgeted service user numbers amounting to a reduction of 2%. Historic data suggests an increase going into the autumn months as young adult's transition from care provided by the Children's & Family Services department to the Adults & Cultural Services department.		

Direct Cash Payments	**1,190**	**2%**
Overspend (£0.5m) based on an expected shortfall of clawbacks based on performance for periods 1-3. The department is working to improve its performance on clawbacks therefore this variance could reduce as the financial year progresses. In addition £0.7m is from higher than budgeted average package costs some of which relates to the purchase of Community Life Choices/day services.		
Better Care Fund (Balance)	**1,190**	**-3%**
Reduced funding from the Integrated Care Board relating to Residential Discharge to Assess packages. Discharge to Assess income of £1.1m of funds are expected against a budget of £2.8m due to lower activity. Reserve monies of £500k to be brought in to reduce this shortfall to £1.2m.		
Home Care	**435**	**1%**
Service user numbers have continued to increase above demographic trends since February 2026 from around 2,730 to 2,813 (+3.00%) at the end of April 26 primarily through new starts being greater than service ends for standard Homecare maintenance packages. However, the average hours commissioned has remained around 10.8 hours per service user.		
Non Residential Income	**-935**	**2%**
Estimated over recovery of £754k expected from Non-Residential Client Income, primarily from a 2% increase in chargeable service users and a 1.3% increase in average chargeable amount. Additional Health income of £200k to budget is also forecast.		
Residential and Nursing Care	**-785**	**-1%**
Estimated over recovery of £0.4m of Residential Client Income predominantly from the long stay service users reflecting the higher service user numbers being observed in 25/26 and the full year effect of this in 26/27. Estimated over recovery of Health Income of £1.5m. The proportion of health funded residential clients is increasing, it has risen from 13.5% to 14.5% over the last 18 months. The department is reviewing processes to ensure funding is being recorded correctly and this is a factor in the improved performance. Overspend of £1.1m mainly due to the numbers of service users continuing to trend upwards at a rate faster than anticipated at budget setting - specifically within the Older People (long term) group where forecast service user numbers at budget setting were 1,870, but currently running at 1,904. Overall, the forecast is based on 2,540 service users costing an average of £1,203 per week.		
Home First	**-475**	**-4%**
The underspend is primarily from vacant Support Worker posts within the HART Service of which £150k is due to implementation of CQC improvement changes which are unlikely to happen until second half of year. Remaining £327k due to vacancies. 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.		
Shared Lives Residential	**-465**	**-30%**
Lower level of long and short term residential placements due to lower levels of carers available to take on new placements. Currently have ~44 Service Users.		
Mental Health & Safeguarding	**-365**	**-4%**
Vacancies within Approved Mental Health Professional, Forensic, Hospital. In reach specialist teams primarily through slippage in the recruitment of social workers related to the CQC Improvement Plan.		
Supported Living, Residential and Short Breaks	**-265**	**-5%**
Difficulty in recruiting staff in the current social care market across Council sites leading to a large number of vacancies across all sites particularly in The Trees & Melton short breaks sites. A recruitment campaign is ongoing to reduce agency staff, fill vacancies and allow the Short Breaks sites to increase its capacity. A plan for continuous improvement is in place focussed on driving up quality taking into consideration learning from CQC across all service areas.		
Cognitive and Physical Disability	**-215**	**-2%**
Underspend primarily due to £350k underspend on Integrated Community Equipment Service, as a result of LCC's contribution to the pool decreasing and LCC receiving a share of the pool one-off underspend in 25/26. This is offset by £160k expenditure for ceiling track hoists, for which budget was removed as part of transfer of these costs to Lightbulb in 2026/27. There is a small underspend of £26k on staffing in the Care Pathway Teams. The CQC Improvement Plan funding is forecast to be fully spent, with many of these vacancies forecast to be filled, so if the vacancies are not filled in future periods, then this underspend will increase.		

Community Life Choices	**-100**	**-1%**
Service User (SU) numbers have steadily been rising above demographic trends and currently stand at 755. However offsetting this higher growth in service user numbers (+6%) is a lower than budgeted average package cost per service user (-7%) that is leading to an overall underspend with this budget at this stage.		
Other variances (under £100k)	**-280**	**n/a**
TOTAL	**230**	**n/a**

Growth, Environment and Transport

The Department is forecasting a net underspend of £1.2m (1.0%). The main variances are:

	£000	% of Budget
Social Care Transport	**615**	**12%**
Overspend due to increasing number of users, partly offset by underspend in Passenger Fleet.		
Landfill	**500**	**41%**
Overspend in Landfill due to waste being diverted out of Treatment into Landfill for operational reasons. This includes reacting to changing collection patterns for food waste, busier RHWS's in April, unplanned outages at waste sites, and differing district delivery patterns than forecast.		
Traffic Controls	**175**	**13%**
Forecast overspend due to network damage from increasing number of Road Traffic Collisions.		
Concessionary Travel	**135**	**3%**
Overspend due to an increase in concessionary travel passengers.		
Street Lighting Maintenance	**115**	**5%**
Overspend as a result of increased street lighting maintenance costs, partly offset by an underspend on street lighting energy due to fewer lighting adoptions from new housing developments, as well as later switch-on times due to the lighter spring weather.		
Recycling & Household Waste	**115**	**2%**
Overspend due to lower RHWS recycling income as a result of lower scrap metal prices, in addition to increased property maintenance costs.		
Growth Service	**105**	**28%**
Overspend due to lower numbers of Section 106 planning fees, partly offset by staffing vacancies.		
WEEE Funding	**100**	**-76%**
Overspend due to lower scrap metal prices.		
Treatment & Contracts	**-575**	**-3%**
Underspend in Treatment due to waste being diverted out of Treatment into Landfill for operational reasons, in addition to lower overall tonnage.		
H & T Network Staffing & Admin	**-390**	**-27%**
Increased S38 and S278 developer income		
Staffing, Admin & Depot Overheads (H&T Operations)	**-320**	**-9%**
Underspend due to additional Network Management income, staffing underspends and additional highways income, partly offset by increased highways ops depot costs.		
Dry Recycling	**-265**	**8%**
Underspend in Dry Recycling Materials due to continued high material prices (particularly in plastics) and slightly lower expected tonnage.		
Composting Contracts	**-250**	**-12%**
Underspend due to reduced tonnage of composting as a result of recent dry weather.		
Haulage & Waste Transfer	**-225**	**-7%**
Underspend expected due to operational changes resulting in lower haulage costs.		
Staffing and Admin (Environment & Waste Management)	**-190**	**-11%**
Underspend due to vacancies across E&W management commissioning teams.		
Passenger Fleet	**-165**	**-23%**
Underspend mainly due to vacant driver and escort posts. This partly offsets the overspend in Social Care external transport.		
Staffing & Admin Delivery (H&T Network management)	**-115**	**-2%**
Underspend due to staffing vacancies across the teams.		
Highways & Transport Operations Management	**-115**	**-23%**
Underspend due to staffing vacancies across the teams.		

Road Safety	**-100**	**-15%**
£55k due to Road Safety school crossing vacant posts, £35k reduced costs in Average Speed Camera sites		
Income (Environment & Waste Management Commissioning)	**-100**	**-15%**
Higher than expected trade waste income.		
Other variances (under £100k)	**-250**	**n/a**
TOTAL	**-1,200**	**-1%**

Public Health, Communities, Law & Governance

The Department is forecasting a net overspend of £0.2m (2.2%). The main variances are:

	£000	**% of Budget**
Law & Governance Projects	**385**	**-103%**
Unallocated savings are held here and offset against underspends elsewhere in the Strategy, Law & Governance element of the Department.		
0-19 Children's Public Health	**140**	**1%**
Overspend largely due to increased costs of Teen Health Service agreed with the C&FS department.		
Democratic Services	**-100**	**-8%**
Staffing underspends due to the turnover of senior staff and vacancies.		
Strategic Heads	**-65**	**-4%**
Underspend due to staff vacancies.		
Community Safety	**-50**	**-8%**
Underspend due to staff vacancies.		
Other variances (under £50k)	**-70**	**n/a**
TOTAL	**240**	**2%**

Corporate Resources

The Department has a net forecast underspend of £0.5m (1.1%). The main variances are:

	£000	**% of Budget**
Customer Services Programme saving	**130**	**n/a**
Late delivery of MTFS savings totalling £130k from the Customer Programme. Although benefits from the programme are being achieved, the timing of cashing the saving through staff reductions is yet to be finalised and expected to have a full year effect in 2027/28.		
Strategic Property	**100**	**8%**
Additional agency costs due to transition into new structure.		
Building Running Costs	**-285**	**-6%**
Reduced building costs e.g. utilities, rates, cleaning across the corporate estate (£366k) are offset by an income shortfall of £81k, mainly due to County Hall lettings to UHL NHS Trust exercising lease breaks at 31/12/26 leaving a 3 month void and a planned NHS letting now not progressing.		
ICT	**-260**	**-2%**
Underspend as a result of staff vacancies across multiple teams due to turnover and recruitment drag. Offset by a small running cost overspend.		
EMSS	**-135**	**-4%**
Reduction in LCC's contribution to the partnership following the partnership underspend, which is shared 50:50 with Nottingham City Council (£155k), partially offset by higher non-partnership staffing costs (£15k) and debt management costs (£5k).		
Other variances (under £50k)	**0**	**n/a**
TOTAL	**-450**	**-1%**