

To Members of the Scrutiny Commission

Cllr. Nick Brown (Chairman - Scrutiny Commissioner)
Cllr. Neil Wright (Vice-Chairman - Scrutiny Commissioner)

Cllr. Royston Bayliss
Cllr. Adrian Clifford
Cllr. Stuart Coar
Cllr. Luke Cousin

Cllr. Roy Denney
Cllr. Susan Findlay
Cllr. Janet Forey
Cllr. Antony Moseley

Cllr. Tracey Shepherd
Cllr. Matt Tomeo
Cllr. Maggie Wright

Dear Councillor,

A meeting of the **SCRUTINY COMMISSION** will be held in the Council Chamber - Council Offices, Narborough on **WEDNESDAY, 4 FEBRUARY 2026** at **5.30 p.m.**. Please find attached a supplemental item that is required for the meeting and is in addition to the agenda and report pack that has already been circulated.

Yours faithfully



Gemma Dennis
Corporate Services Group Manager

SUPPLEMENTAL ITEM

5. Scrutiny of the Administrations Draft 2026/27 Budget Proposals (Pages 3 - 14)

To consider the report of the Senior Democratic Services & Scrutiny Officer (enclosed).



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Blaby District Council Scrutiny Commission

Date of Meeting	4 February 2026
Title of Report	Scrutiny of the Administrations draft 2026/27 Budget Proposals
Report Author	Senior Democratic Services & Scrutiny Officer

1. What is this report about?

- 1.1 To detail the findings and conclusions from the Budget Scrutiny sessions for consideration and approval by Scrutiny Commission prior to submission to Cabinet Executive on 23 February 2026.

2. Recommendation(s) to Scrutiny Commission

- 2.1 That Scrutiny Commission considers the report and approves the proposed Statement on the Administrations 2026-27 Draft Budget Proposals for submission to Cabinet Executive on 23 February 2026. (To Follow)

3. Reason for Decision(s) Recommended

- 3.1 Scrutiny Commission has a mandate to scrutinise the Administration's draft budget proposals and make recommendations to Cabinet which it is obliged to consider before making final recommendations on the Budget to Council.

4. Matters to consider

4.1 Background

The Administration's 2026/27 draft Budget proposals for the General Fund Revenue Account have been fully considered by the Scrutiny Commission and non-executive members.

Cabinet Portfolio Holders and Senior Officers attended Scrutiny budget meetings to answer questions relating to the draft budget proposals as follows:-

14 January 2026 - Budget Context and Overview

21 January 2026 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Transformation

- Health, Community and Economic Development
- Neighbourhood Services & Assets
- Housing, Community Safety & Environmental Services
- Planning and Strategic Growth

All figures are as presented at the time scrutiny meetings took place, and do not consider any minor adjustments that may have been made to the budget after those dates.

Key issues raised by the Executive Director (S.151 Officer):

The key elements of the Local Government Statement that impact on the budget position for 2026/27 are:

- Confirmation of provisional settlement figures for 2026/27, 2027/28 and 2028/29 i.e. a three-year settlement. Confirmation of a one-year settlement for 2025/26.
- Confirmation that New Homes Bonus is discontinued.
- Council Tax increase thresholds.
- Changes to Business Rate Baseline.
- Information relating to additional funding streams.

The Settlement will result in considerable redistribution of funding between authorities. The Relative Needs Formulas have seen major changes and many grants have either been rolled into the Settlement Funding Assessment or into one of four Consolidated Grants. Alongside this there has been a Full Baseline Reset for Business Rates.

Whilst there has been redistribution of funding through the formula to those authorities with higher needs, the inclusion of business rate growth and business rate pooling income has perhaps lessened the impact of redistribution for Blaby, as these income streams have been protected to some extent.

Funding the Budget

The table below illustrates how the budget is funded and how the grants provided in the Settlement have contributed to reducing the budget gap forecast in the MTFS.

Sources of funding are as follows:-

	2025/26 Approved Budget £	2025/26 Revised Estimate £	2026/27 Proposed Budget £	Variance Compared to Approved Budget
Income from Business Rates	(5,510,635)	(5,933,121)	(2,303,193)	(3,207,442)
Contributions (from) To Business Rates Reserves	1,649,329	2,395,987	0	1,649,329
S31 Grant - Business Rates Compensation	(2,738,694)	(3,054,466)	(920,274)	(1,818,420)
Revenue Support Grant	(95,767)	(95,767)	(7,474,028)	7,378,261
New Homes Bonus Grant	(426,048)	(426,048)	0	(426,048)
Funding Guarantee	0	0	0	0
Funding Floor	(1,573,114)	(1,573,114)	0	(1,573,114)
Services Grant	0	0	0	0
Damping/ Transitional Funding	0	0	(715,020)	715,020
Sub Total	(8,694,929)	(8,686,529)	(11,412,515)	2,717,586
Council Tax (Surplus)/Deficit	42,056	42,056	7,468	34,588
Council Tax Demand on Collection Fund	(6,754,058)	(6,754,058)	(6,803,487)	49,429
				0
Funding Envelope	(15,406,931)	(15,398,531)	(18,208,534)	2,801,603

The table above illustrates that the Council's overall funding has increased despite the Core Spending Power decreasing. This is due mainly to the Council being compensated for the Business Rate Baseline reset over and above the income that feeds directly from Business Rates. Both elements of the historic growth and Business Rate Pool income from the levy have been protected and are now included in the Revenue Support Grant. Funding has also been included to introduce the Food Waste Service from April 2026.

This reflects:

- Redistributed NNDR has been forecast at the moment to reduce significantly due to the resetting of the baseline. Moving from £6.6m down to £3.2m. This is before any release of the Business Rate Reserve. Whilst this reduction is shown within the Business Rate funding lines a compensatory entry is included within the Revenue Support Grant which provides a 95% income protection floor.
- Revenue Support Grant (RSG) increased to £7.4m from £96k – now the grant through which the majority of government funding is provided.
- Funding Floor Grant – no longer provided. Awarded £1.573m in 2025/26.
- New Homes Bonus (NHB) Grant – no longer provided. Awarded £426k in 2025/26.
- Transitional Funding (Damping) – Awarded £715k in 2026/27. This increases as RSG reduces over the three-year Settlement.
- Council Tax precept has increased by £49k. This is before any increase is applied but reflects the increase in the tax base (increase in properties) in the district.

Total Budget Requirement Proposal

The proposed General Fund Revenue Account Net Budget Requirement for 2026/27 is £19.731M.

Budget Gap

The budget gap arising for the 2026/27 Financial Year is £1.522m. Scrutiny noted the measures proposed to reduce/close the gap:

	£
Budget Gap	1,521,987
Contribution to Property Fund Reserve	10,200
Contribution from Leisure Man't Contractual Losses Support Reserve	(63,750)
Contribution from Business Rate Pool for ED function	(326,855)
Contribution from NNDR Reserve	(765,698)
Contribution from Blaby Priorities Reserve for Capital Grants Programme	(54,500)
Contribution from Homelessness Reserve	(64,000)
Council Tax Increase	(203,426)
	(Surplus)/Deficit 53,958

4.2 Proposal

Statement on the Administrations 2026-27 Draft Budget

The Scrutiny Commission is asked to approve the following statement for submission to Cabinet Executive in response to the Administrations draft 2026-27 Budget Proposals.

Council Tax

Members held an in-depth discussion on the proposal to increase council tax by 2.99%. The debate reflected a balance between recognising the financial pressures on residents and the significant budgetary demands facing the authority.

Several Members highlighted that households continue to experience acute cost of living pressures, including rising food, energy, and housing costs. They emphasised that even a modest percentage rise in council tax can have a noticeable impact on already stretched family budgets. Some Members argued that the council should explore further internal efficiencies, spending restraints, utilising reserves, or investigate raising the council tax to an alternative amount before adding additional financial burdens onto residents.

Other Members acknowledged that unlike previous years, the council has received a 3-year settlement, providing some stability beyond 2026/27. However, the latter years of the MTFs and the forthcoming Local Government Reorganisation means there is a high degree of risk and

uncertainty around the future funding levels. It is realistic to assume there will be increasing demand on council services in the future, and to protect services, Members were supportive of increasing council tax by 2.99% which would generate an additional amount of £203k.

Recommendation 1 - Scrutiny is supportive of a 2.99% increase to continue to support the important services the Council provides.

Hardship Reserve

The Hardship Reserve, previously named the Council Tax Support Reserve may help to mitigate against potential hardship faced due to the economic climate.

Scrutiny noted the movement in the reserve, reducing the Hardship fund from £325k to £307k. In light of the cost-of-living crisis, Members encourage Cabinet to ensure the reserve is sufficient to support residents in need. To that end, scrutiny would welcome an opportunity to examine council tax support and discretionary housing schemes further.

Recommendation 2 - That £307k in reserves be utilised over the next 3 years to help support people facing hardship in paying council tax.

Recommendation 3 - Scrutiny would welcome an update in 6 months on the levels of demand for Council Tax Support and Discretionary Housing Payments provided or any other similar support scheme.

Local Government Reorganisation (LGR)

Members acknowledge that the Council is operating in a period of significant change and considerable uncertainty until the chosen proposal is confirmed later in the year. Scrutiny noted there is a small but notable risk of delay to LGR, which could affect the Council's future priorities and spending plans.

A key emerging question is what the Council's legacy and ambition will be, and Scrutiny questioned each Cabinet Member on their portfolio's legacy. Scrutiny highlights the need to begin shaping this now so it can be properly embedded in future plans. Scrutiny is concerned that additional restrictions may be placed on the use of Council reserves, justified under the banner of prudence, may inadvertently prevent the Council from securing a meaningful and lasting legacy.

Scrutiny recognises pressure the Council has faced in recruitment and staffing capacity. LGR raises further concerns about how it will manage the upcoming transition without increasing pressure on the existing workforce.

Recommendation 4 - Scrutiny strongly recommends that Cabinet establishes a clear legacy plan without delay. This should include the creation of a cross-party legacy working group, ensuring that Members from across the Council can contribute to shaping and safeguarding Blaby's long-term legacy.

Recommendation 5 – That further detail be provided on the estimated costs for preparation of LGR. (This can be provided at a future LGR scrutiny meeting).

Utilisation of Reserves

Members were broadly supportive of making more ambitious use of Council reserves to enable bold, innovative projects that deliver meaningful impact for residents. When Portfolio Holders were asked to reflect on their legacy within their areas of responsibility, Members felt there was a lack of clear innovation or forward-looking ambition. Scrutiny expressed a strong desire to encourage a more proactive and imaginative approach across all portfolios.

Scrutiny reaffirms its commitment to supporting residents facing homelessness and stressed the importance of pursuing more ambitious actions in this area, including exploring opportunities to purchase additional properties within the district to expand housing options.

Members also emphasised the value of greater collaboration with the voluntary sector, charities, and third-sector partners, recognising their role as key contributors to community resilience and service delivery.

Scrutiny felt that the Cabinet could demonstrate greater ambition and welcomes involvement from Scrutiny in shaping and challenging its future development.

Recommendation 6 – That Cabinet adopt a more ambitious and innovative approach across all service areas, including the use of Council reserves to deliver tangible benefits for residents.

Recommendation 7 – That Scrutiny be given the opportunity to examine the detail behind the Corporate Action Plan and support Cabinet in prioritising any projects.

Housing and Homelessness

Scrutiny acknowledges that rising homelessness and increased demand for temporary accommodation present the biggest risk to the Housing and Homelessness service. The proposed budget includes £500,000 for

homelessness prevention, which has broad cross-party support. However, Members feel this amount is only a short-term fix and that actual costs are likely to exceed this by year-end.

To fully understand the scale and nature of the pressures, Scrutiny requests more detailed information, including the true overall cost of homelessness, the balance between government and council funding, service users and published actions aligned with the homelessness strategy.

Recommendation 8 – Scrutiny would welcome the opportunity to examine and understand the pressures of homelessness at a future scrutiny meeting.

Scrutiny suggests that the Council should establish a stronger, more coordinated network with private sector landlords. By proactively engaging with landlords, the Council could be made aware when they intend to sell properties. This would create potential opportunities for the Council to purchase suitable homes directly, helping to retain these properties within the local housing market.

Such an approach could improve the Council's ability to respond to rising housing pressures by increasing the supply of available homes, preventing the loss of rental properties, and providing additional options for households in need. Strengthening relationships with private landlords may therefore form part of a strategic, long-term solution to alleviating housing challenges within the district.

Recommendation 9 – Scrutiny urges the Cabinet to strengthen its commitment to supporting residents at risk of homelessness by exploring opportunities to acquire additional properties within the district and by creating a network of private sector landlords.

Economic Development

Scrutiny Members reviewed the use of £327k from the Business Rate Pool allocated to support the Economic Development service. Most of this funding is allocated to staffing, with the wider programme of work including:

- Delivering the action plans within the Economic Development Framework.
- Supporting and engaging local businesses to drive economic growth in Blaby District.
- Achieving the Armed Forces Covenant Gold Award.
- Working with young people to promote participation in local democracy.
- Supporting voluntary and community sector organisations to thrive.

Members questioned the overall benefits of this funding and whether the

council should be more ambitious in using Business Rate Pool monies to directly support businesses. Consideration should also be given to whether the funds need to be increased to support start-up's and young entrepreneurs.

Recommendation 10 - That Cabinet reviews the current allocation of Business Rate Pool monies to ensure it delivers maximum value for money and measurable economic impact.

iPlan

iPlan continues to be used to monitor service planning, project management, risk management and progress against the Blaby District Plan.

This is the second consecutive year that Scrutiny has raised concerns regarding iPlan. In the previous year, Scrutiny informed Cabinet that insufficient data was being entered into the system. At the end of 2025, Scrutiny paused its work examining performance measures to allow further discussions with senior officers on the challenges faced by the working group.

This year, the Council's Internal Audit service has issued a limited assurance, identifying the following issues:

- Actions and measures should link to the strategic themes within the Blaby District Plan.
- A more robust and consistent process for performance monitoring of iPlan data should be implemented.
- Targets, status and value for measures should be recorded on performance monitoring for each type of measure/ project to ensure that data is measured consistently and effectively.

Scrutiny acknowledges the officer responses set out in the Internal Audit report and recommends that further work is undertaken with the Scrutiny Commissioners and the Corporate Performance Working Group.

Members also noted that the Portfolio Holder does not agree with Scrutiny's current assessment of iPlan. The Chairman and Vice Chairman therefore wish to invite the Portfolio Holder to a future meeting to discuss the matter further.

Recommendation 11 - To enable Scrutiny to meet its responsibilities for monitoring key performance measures, wider access to performance data be provided.

Recommendation 12 - Food waste performance measures, when added to iPlan be made available to the Corporate Performance Working Group.

Local Plan

Scrutiny welcomes the Council's commitment to a 'digital first' approach for communicating with residents but highlights that this risks excluding people who are not digitally connected. With the draft Local Plan due for public consultation in April 2026, Scrutiny stresses the importance of residents having a good understanding of the planning system so they can fully grasp how the Local Plan will affect them. Given that the Local Plan shapes decisions on where homes, jobs, transport links and green spaces will be developed, it is essential that all residents, not only those digitally engaged, can access clear, timely and understandable information.

Scrutiny recognises that Members, Parish Councils and the Town Council must work in a more coordinated and proactive way with the Council to ensure key messages reach all parts of the community.

Scrutiny recommends that Cabinet become creative with their approach to consulting on the Local Plan, including outreach work, drop-in events and roadshows to the public.

To achieve this, Scrutiny recommends that Cabinet increase resources and broaden the communication strategy beyond the current digital-focused approach to ensure that all residents are informed and able to participate.

Recommendation 13 – That resources dedicated to the Local Plan be increased to allow meaningful communication with residents.

Key Observations/Comments:

Pre-application Advice

Scrutiny was pleased to hear that steps are in place to provide a new paid for pre-application service. This will provide a valuable resource and income moving forward.

Community Services

Scrutiny is supportive of the work of the Community Services team in the work they do in prevention, including working with young people on healthy relationships, domestic abuse and sanctuary schemes. Scrutiny would welcome a further update on this important work.

Grant Funding

If there is a reduction of grant funding which has a potential impact on services, then Scrutiny would welcome an update on this.

Future projects

In May 2025, Cabinet approved a report 'Resource and Capacity Requests' which requested additional resource to deliver its Corporate Plan, projects and ongoing services effectively. Scrutiny requests early sight of any similar reports that may have not been included in the budget.

Net Zero

Scrutiny questioned the portfolio holder on achieving its net zero targets. Scrutiny noted actions for reducing greenhouse gas emissions through measures such as switching to a green gas tariff and transitioning fleet vehicles to HVO fuel. Together, these measures account for a reduction of 127 tCO₂e leaving approximately 54.3 tCO₂e remaining—less than 10% of the Council's original baseline emissions.

Scrutiny would welcome further information on how the council will achieve the last 10% through the Climate Change Working Group.

Consulting Scrutiny

To strengthen transparency, accountability, and the overall quality of decision-making, Cabinet Members are encouraged to engage with Scrutiny at the earliest appropriate stage of policy development. Early consultation will ensure that proposals benefit from constructive challenge, cross-party input, and evidence-based recommendations before formal decisions are taken. By making fuller use of Scrutiny's expertise, Cabinet can help ensure that policies are robust, risks are well understood, and outcomes for residents are demonstrably improved.

Scrutiny Commissioners will liaise with the Leader and senior officers to ensure that scrutiny have early sight of reports.

4.3 Relevant Consultations

All Non-Executive Members, Portfolio Holders, Senior Officers.

4.4 Significant Issues

In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities and there are no areas of concern.

5. Environmental impact

- 5.1 No Net Zero and Climate Impact Assessment (NZCIA) is required for this report.

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