

Blaby District Council
Scrutiny Commission

Date of Meeting	12 February 2025
Title of Report	Scrutiny of the Administrations draft 2025/26 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 24 February 2025.

2. Recommendation(s) to Scrutiny Commission

- 2.1 That Scrutiny Commission considers the report and approves the proposed Statement on the Administrations 2025-26 Draft Budget Proposals for submission to Cabinet Executive on 24 February 2025. (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 2025/26 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:-

15 January 2025 - Budget Context and Overview

22 January 2025 – Portfolio Holder Question Sessions for:

- Leader
- Finance, People & Performance

- Health, Leisure, Climate and Economic Development
- Neighbourhood Services & Assets
- Housing, Community Safety & Environmental Services
- Planning, Transformation and ICT

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

4.2 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 2024/25 are:

- Confirmation of a one-year settlement for 2025/26.
- Continuation of New Homes Bonus.
- Council Tax increase thresholds.
- Business Rate Baseline.
- Information relating to additional funding streams.

The provisional settlement delivered larger increases in funding than expected; however efforts have been made to direct funding to authorities with higher levels of deprivation and less ability to generate income from Council Tax.

There is also scaling back of the Minimum Funding Guarantee and as a result, Blaby's Government Funded Core Spending Power has actually decreased from that of 2024/25.

Substantial uncertainty remains surrounding how changes to Business Rate Retention and the Fair Funding Review will affect the Council in future years. These changes were originally proposed for 2020/21, it is now expected that these will not be brought in until 2026/27. While this does not impact the 2025/26 budget directly, the draft Medium Term Financial Strategy (MTFS) illustrates the impact this may have on the Council's finances in the future.

As such, the funding position for 2025/26 is a one year settlement and it is difficult to make assumptions from it as to the level of funding anticipated in future financial years.

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:-

	2024/25 Approved Budget £	2024/25 Revised Estimate £	2025/26 Proposed Budget £	Variance Compared to Approved Budget
Income from Business Rates	(3,387,423)	(3,762,727)	(5,429,170)	2,041,747
Contributions (from)/ To Business Rates Reserves	(290,204)	305,340	1,894,178	(2,184,382)
S31 Grant - Business Rates Compensation	(2,922,373)	(3,142,613)	(3,065,008)	142,635
Revenue Support Grant	(79,550)	(79,550)	(95,767)	16,217
New Homes Bonus Grant	(14,280)	(14,280)	(426,048)	411,768
Funding Guarantee	(2,245,863)	(2,245,863)	0	(2,245,863)
Funding Floor	0	0	(1,573,114)	1,573,114
Services Grant	(15,571)	(15,571)	0	(15,571)
Sub Total	(8,955,264)	(8,955,264)	(8,694,929)	(260,335)
Council Tax (Surplus)/Deficit	87,887	87,887	87,887	0
Council Tax Demand on Collection Fund	(6,526,402)	(6,526,402)	(6,557,973)	31,571
Funding Envelope	(15,393,779)	(15,393,779)	(15,165,015)	(228,764)

The table above illustrates that the Council's funding has remained fairly static, decreasing by £229k. It reflects a position comparable with funding in 2024/25 if an increase in Council Tax is also taken into account.

This reflects:

- Redistributed NNDR has been forecast at the moment to remain static with a positive out turn position that is being clarified currently. This may change as we are in the process of assessing the NNDR income which has become more complex following a number of recent changes to how the multiplier is applied across different sizes of business. There has been some growth this year with the prison coming on line and a number of appeals being finalised. Included in these figures is currently a contribution to the Business Rate Reserve of £1.89m. This is following a number of years where contributions from the Business Rate Reserve have been taken and assists in providing against the Business Rate Reset which is now expected to be brought in 2026/27.
- Revenue Support Grant £96k – represents no change in funding other than a small increase.
- Services Grant – No longer provided; reduced from £16k.
- Funding Guarantee – No longer provided - Replaced with Funding Floor Grant. £2.246m awarded in 2024/25 to Blaby. Designed to ensure each authority has an increase in core spending power of at least 3% in previous years.
- Funding Floor Grant – Awarded £1.573m. Reduction compared to Funding Guarantee awarded in 2024/25 takes into account an increase in funding for 2025/26 for New Homes Bonus and Council Tax raising ability which is now included in Core Spending Power calculations.

- New Homes Bonus (NHB) Grant £426k – an increase of £412k.
- Council Tax precept has increased by £32k. 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 2025/26 is £15.775M.

Budget Gap

The budget gap arising for the 2025/26 Financial Year is £610k. Scrutiny noted the measures proposed to reduce/close the gap:

Budget Gap	£ 609,923
Contribution to Property Fund Reserve	45,000
Contribution from Leisure Man't Contractual Losses Support Reserve	(63,750)
Contribution from Business Rate Pool for ED function	(413,220)
Contribution from Blaby Priorities Reserve for Capital Grants Programme	(54,500)
Council Tax Increase	(196,085)
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(Surplus)/Deficit	(72,632)

4.3 Proposal

Statement on the Administrations 2025-26 Draft Budget

The Scrutiny Commission is asked to approve the following statement for submission to Cabinet Executive in response to the Administrations draft 2025-26 Budget Proposals. **To Follow**

4.4 Relevant Consultations

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

5. What will it cost and are there opportunities for savings?

- 5.1 Opportunities for savings are a key element of examining the Administration's draft Budget proposals and where identified are within this report.

6. What are the risks and how can they be reduced?

- 6.1 Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

7. Other options considered

- 7.1 No other options were considered, Budget scrutiny is a constitutional requirement.

8. Other significant issues

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

9. Appendix

- 9.1 None.

10. Background paper(s)

- 10.1 Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[15th January 2025](#)

Meeting of the 'Scrutiny of the Administration's Budget Proposals'
[22 January 2025](#)

11. Report author's contact details

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