

Blaby District Council

Cabinet Executive

Date of Meeting	23 June 2025
Title of Report	Financial Performance 2024/25 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Cheryl Cashmore - Finance, People & Transformation (Deputy Leader)
Report Author	Accountancy Services Manager
Strategic Themes	Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report sets out the details of the Council's financial performance against the General Fund revenue budget, Business Rates Retention, Council Tax and the Capital Programme for the year ended 31st March 2025.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance for 2024/25 is accepted.

3. Reason for Decisions Recommended

- 3.1 The unaudited accounts for 2024/25 are to be published on 30th June 2025. Whilst the accounts are still subject to external audit, it is important to give Members early sight of the outturn to assist with the financial planning process.

4. Matters to consider

- 4.1 Background
The Council's net expenditure for 2024/25 is summarised by Portfolio in Appendix A, with a more detailed breakdown of the main variances shown below.

When the Quarter 3 budget review report was presented to Cabinet Executive in February 2025, the forecast was that a contribution to General Fund balances of £31,682 would be made. This was partly due to underspends in the Establishment, and the Investment income exceeding the budget.

As at 31st March 2025, the Council had achieved a surplus for 2024/25, resulting in a contribution of £656,691 transferred to General Fund balances.

This surplus has arisen due, primarily, to investment income performing significantly better than budgeted as interest rates have remained high, and a significant increase in planning application fees. This is partly due to a 25% - 35% increase in fees in December 2023 and an increase in the number of applications made. Although this is an extremely positive outcome for 2024/25, it does not eliminate the risk of the future budget gap highlighted in the Medium Term Financial Strategy (MTFS). Furthermore, the bank rate is expected to continue to reduce over the course of the financial year, meaning that investment income will be unlikely to reach the same level in 2025/26 and beyond.

The annual pay award for 2025/26 has not yet been agreed. The council has budgeted 3% within services. For every 1% that the pay award exceeds the budget, the cost will be approximately £183,000. Whilst vacant posts may reduce the financial impact, they create additional pressure on the rest of the workforce and can affect service delivery standards unless filled quickly.

The most significant variances against the revised budget are set out in the following paragraph.

Expenditure Variances

The variances against the revised budget are detailed below. These have been adjusted to exclude unspent budgets carried forward to 2025/26, and contributions to earmarked reserves.

	Note	Variance (£)	
<u>Reduced Expenditure</u>			
Establishment	1	(94,147)	
Fuel	2	(89,185)	
Health & Leisure	3	(83,445)	
Professional Fees	4	(62,387)	
Building Control Partnership	5	(60,660)	
Consultancy fees	6	(58,797)	
Software Maintenance	7	(57,226)	
Purchase of Domestic Bins	8	(45,814)	
New Burdens Grant	9	(44,976)	
Legal Fees	10	(43,032)	
Insurances	11	(42,185)	
Utility Costs	12	(39,281)	
Training Costs	13	(36,681)	
Composting Fees	14	(33,929)	
Fleet Maintenance	15	(31,509)	
Other Supplies & Services	16	(31,370)	
			(854,107)
<u>Additional Income</u>			
Investment Income	17	(231,998)	
Homelessness (including Bed & Breakfast)	18	(130,629)	
Planning Fees & Charges	19	(102,450)	
Other Contributions	20	(82,809)	
Other Fees & Charges	21	(53,342)	
			(601,228)

Increased Expenditure			
Housing Benefit Payable net of Subsidy	22	796,859	
Bad Debt Provision and Write-offs	23	133,953	
Interest Payable	24	43,184	
Other Employee Expenses	25	32,454	
			1,006,450
Reduced Income			
Recovery of Overpaid Housing Benefit	26	67,642	
			67,642
Other minor variances	27		(351,546)
Net Variance			(732,789)

Notes re variances

1. Establishment – The Council has experienced significant turnover in its workforce since the pandemic. Vacancies across a number of services contribute to the underspend, most noticeable in Environmental Health, Community Development, Corporate Services Group Managers and Customer Services. An additional £135,000 was added to the budget during the year for the increase in the pay award. However, this additional provision was not required as the cost of the pay award was absorbed by the underspends across services arising from vacancies. A vacancy savings provision of £250,000 was included within the approved budget and revised budget, this is offset within establishment costs.
2. Fuel costs didn't rise in line with expectations during the year and the purchase price per litre was lower than prior years. Based on government statistics the average price per litre in 2023/24 was 153.48 PPL for Ultra Low Sulphur Diesel. In 2024/25 it fell to 146.92 PPL.
3. Health and Leisure expenditure was below budget due to a vacant post re Inactive Young People. Costs to hire rooms and services also fell below budget.
4. Reduced expenditure in relation to Whetstone Industrial Estate and Council Offices and Land.
5. See paragraph covering the Leicester Building Control Partnership below.
6. Reduced expenditure in relation to Planning Delivery. There were fewer external charges than in previous years for example Forestry Charges from Leicestershire County Council.
7. Reduced software costs, most noticeably in Communications, Council Tax and Billing and Financial Services,
8. The Council makes budget provision for purchasing bins for new properties or to replace lost and damaged bins. The amount required will vary according to demand and growth in the district.
9. New burdens funding is generally provided by the government to cover administrative costs arising from new initiatives. The variance relates to funding received for Benefits Section, Fuel Grants, Council Tax Collection and for Council Tax Support.
10. Reduced expenditure in relation to external legal fees.
11. Reduced insurance premiums and release of excess provisions on settled claims.
12. Utility prices were lower than expected in the year, savings were made on Electric, Gas and Water.
13. Reduced expenditure across numerous departments for training

14. Composting fees are dependent on the amount of garden waste collected, and can vary significantly year on year. Garden Waste Recycling Credits from Leicestershire County Council are also below budget by £16,040.
15. Reduced expenditure on normal repairs, savings also made on Road Fund Licenses.
16. Reduced expenditure across numerous departments for supplies and services, particularly in relation to Occupational Health.
17. See paragraph covering Key Income below.
18. The Council has seen an increase in expenditure on homelessness following the pandemic and the impact of the cost of living crisis. Expenditure on temporary accommodation was significantly higher than budget (£341k) however, offset against this increased expenditure, Housing Benefit Receipts were significantly higher than budgeted (420k) leading to a net surplus in comparison to budget. Budget was in line with the prior year.
19. See paragraph covering Key Income below.
20. Additional grant income in relation to Youth Issues and contributions towards Establishment.
21. Additional income in relation to Fleet Management, Parks and Open Spaces and CT Billing and Collection Recoveries.
22. Linked to homelessness and the provision of bed and breakfast accommodation. There has been considerable pressure on the Housing team to provide temporary accommodation for homeless families and individuals. Whilst we have had some success in recovering costs through housing benefit, there is a knock-on impact on our ability to reclaim those costs through housing benefit subsidy. This is because there is a rent cap in place that limits the amount of subsidy recoverable, and as a result in recent years we have seen a widening gap between the amount of benefit paid and the amount that we can recoup from government. The purchase of 15 properties, with the support of funding from the Local Authority Housing Fund, has meant that 15 families have not required Bed & Breakfast, however, we have seen a significant rise in homelessness cases.
23. Based on a review of outstanding debts on 31st March 2025. Most of the balance shown in the table relates to benefits – rent allowance. The provision is calculated using a formula based on the age of debts. The older the debt is, there is potentially less chance of Blaby recovering the outstanding amounts and as such, the provision is increased accordingly. There was a vacancy in the team for a Housing Benefit Overpayments Officer which has now been filled. As such, we expect to see a decrease in debt going forward and hence a reduced provision.
24. Additional interest in relation to Hire Purchase and IFRS16 assets.
25. Adjustments in respect of the year end pensions valuation as detailed in note 17
26. In line with note 23, due to a vacancy in the team we have not recovered as much overpaid housing benefit as budgeted. Now that the post has been successfully recruited to, we expect this recovery to increase going forward.

27. This includes all other net variances with an individual value of less than £30,000.

Key Income Streams

The following table provides an analysis of the performance of the Council's key income streams during the year:

	Approved Budget (£)	Revised Budget (£)	Actual Income (£)	Variance against Approved Budget (£)	Variance against Revised Budget (£)
Planning Fees	(600,000)	(925,000)	(1,027,450)	(427,450)	(102,450)
Building Control Fees	(1,092,280)	(900,000)	(864,006)	228,274	35,994
Building Control Partnership	(312,371)	(466,704)	(373,129)	(60,758)	93,575
Land Charges	(216,000)	(202,000)	(194,887)	21,113	7,113
Investment Interest	(1,000,000)	(1,300,000)	(1,539,528)	(539,528)	(239,528)
Refuse and Recycling	(1,805,800)	(1,777,800)	(1,793,030)	12,770	(15,230)
Car Parks	(223,000)	(244,000)	(264,874)	(41,874)	(20,874)
Leisure Income	(857,247)	(866,140)	(866,134)	(8,887)	6
Total	(6,106,698)	(6,681,644)	(6,923,038)	(816,340)	(241,394)

NB: brackets indicate excess income.

Planning Fees have surpassed £1m for the first time in 2024/25, increasing by £481k year on year. Investment income significantly outperformed the budget due to the continued high Bank of England Base Rate. However, we have continued to see reduced income from Land Charges since the pandemic.

The above table does not show the full picture in respect of the Building Control Partnership or the Car Park Account, further detail on which is provided later in this report.

Carry Forward of Unspent Budgets

As part of the closedown process an exercise has been undertaken to identify where it is reasonable to carry forward unspent budgets from 2024/25 to the new financial year. As a rule, this applies to one-off project related budgets, which are usually externally funded. A total of £3,037,165 has been carried forward to 2025/26, of which £2,192,631 relates specifically to external funding, which is ring fenced and cannot be used for anything other than what it is initially intended for.

Leicestershire Building Control Partnership

The table below provides a summary of the partnership account for 2024/25.

	Revised Budget £	Final Outturn £	Variance £
Employee Costs	1,410,998	1,207,529	(203,469)
Transport Costs	56,333	51,242	(5,091)
Supplies and Services	132,725	50,871	(81,854)
Blaby Overheads and Support Services	66,000	66,000	0
Total Expenditure	1,666,056	1,375,642	(290,414)
Total Income	(915,000)	(894,185)	20,815
Net Expenditure	751,056	481,457	(269,599)
Partner Contributions	(582,068)	(373,129)	208,939
Cost to Blaby	168,988	108,328	(60,660)

As can be seen in the table above, Employee costs were below budget, this is mainly due to vacancies in the team. No carry forwards have been taken into 2025/26. The Building Control Partnership Manager is working with Partners and the HR team to look at recruitment, Blaby are always actively looking to recruit in this area as there are a shortage of surveyors in the market.

Within Supplies and Services is unspent budget totalling £26,674, which relates to publicity and promotion. Also, required provisions were £56,534 below budget, a full review was undertaken at year end. No carry forwards have been taken into 2025/26.

Fees and charges income were below budget, despite this, due to the other areas of underspend identified, the overall outturn is a positive variance of £269,599.

The agreement that partners signed up to is that any loss or surplus will be shared in accordance with the application data from the previous three years. Therefore, of the £269,599 surplus (underspend) against the budgeted position, Blaby's share is £60,660.

Car Parking Account

The following table sets out the net position in relation to the car parking account in 2024/25.

	Revised Budget £	Final Outturn £	Variance £
Premises Costs	66,812	59,016	(7,796)
Supplies and Services	65,881	51,372	(14,509)
Enforcement Contract	36,000	36,440	440
Overheads and Support Services	49,520	51,252	1,732
Capital Financing Costs	45,836	48,958	3,122
Total Expenditure	264,049	247,038	(17,011)
Contributions towards Expenses	0	0	0
Fees and Charges	(244,000)	(264,874)	(20,874)

Penalty Charge Notices	(12,000)	(19,498)	(7,498)
Total Income	(256,000)	(284,372)	(28,372)
Net (Surplus)/Deficit	8,049	(37,334)	(45,383)

Whilst car parking income has not returned to the level it was prior to the pandemic, we have seen a small increase in the income during 2024/25, which, along with expenditure savings, has brought the car parking account into a surplus position.

Earmarked Reserves

In addition to the General Fund balance the Council also maintains several Earmarked Reserves. Some of these are set aside for specific purposes whilst others have been created to mitigate the uncertainties that still surround local government funding and to support Spend to Save opportunities. A detailed breakdown of the movement on Earmarked Reserves appears at Appendix B. The overall balance on Earmarked Reserves has increased from £9,691,882 at the beginning of the financial year to £11,584,407 as at 31st March 2025.

The Earmarked Reserves are routinely reviewed at each year end, to ensure that they are still required and/or they are reflective of the purpose for which they are maintained. This review has been undertaken by the Executive Director (Section 151).

The Council, along with Leicestershire County Council, Leicester City Council, all Leicestershire District Councils and Leicester, Leicestershire, and Rutland Fire Authority since 2015/16 pooled Business Rates under the Rates Retention Scheme, allowing additional monies raised through Business Rates to be retained in the sub region. In previous years applications were submitted for the monies to be distributed by the LLEP, to fund projects to support economic growth and infrastructure connected to this, as per the terms of the pooling arrangement. In recent years however, the distribution of the pooled monies has been revised to distribute across the participating Council's on agreed basis with Pool members utilising their allocation to support "economic health and vibrancy of our communities. The distributed pool monies for 2022/23 and 2023/24 which were received by the Council in the year have been transferred to the reserve. A proportion of these funds (£290k for 2024/25) have been used to support the Economic Development in 2024/25 onwards, with further consideration as to how this reserve will contribute to the Council's financial position in future years.

General Fund Balances

As a result of the outturn referred to above, £656,691 has been added to the General Fund balance. This leaves a year-end balance of £7,246,467 representing 42.5% of the 2025/26 net budget requirement, after considering planned contributions to support the budget. This compares favourably with the 35.9% estimated at budget stage, enhancing the Council's resilience going into 2025/26. The Council's upper policy limit was reviewed in 2024/25

and increased to 45% and the current General Fund Balance is within this upper policy limit.

4.2 Business Rates Retention

When setting the budget for 2024/25 it was expected that business rates income would be approximately £52.6m, of which Blaby's share would be £21.1m (40%). This allowed for around £0.6m of growth from unoccupied units at Fosse Park and the new Fosse Way Prison that were expected to be brought into the rating list during the year. Various reliefs, such as small business rate relief, empty property relief, and retails, hospitality and leisure relief were also netted off the gross rates payable, as well as provisions for appeals and bad debts.

The outturn income from business rates in 2024/25 was £52.8m of which Blaby's share was £21.1m. The difference between the budgeted NNDR income and the outturn position flows through the Collection Fund, resulting in a surplus on 31st March 2025. This will then be taken into account when setting the budget for 2026/27. Out of Blaby's 40% share of the £21.1m estimated income, the Council is required to pay a tariff to central government (£14.7m) and a levy on growth (£2.8m), giving a net income from business rates of £3.5m. This is supplemented by Section 31 grant compensation in respect of various reliefs implemented by government (£3.1m).

The following table below shows the main variances between the estimated position on the NNDR1 return, and the final outturn.

	NNDR 1	NNDR 3	Variance
	£	£	£
Gross Rates Payable	(63,010,415)	(62,388,380)	622,035
Transitional Arrangements	552,658	381,196	(171,462)
Mandatory Reliefs	4,349,209	4,514,708	165,499
Discretionary Reliefs	93,511	94,748	1,237
Unoccupied Property	800,000	1,413,954	613,954
Discretionary Relief funded by S31 Grant	1,933,325	2,066,658	133,333
Net Rates Payable	(55,281,712)	(53,917,116)	1,364,596
Interest paid on refunds to ratepayers	0	42,488	42,488
Provision for Bad Debts/Write-offs	829,000	(199,653)	(1,028,653)
Provision for Appeals	2,249,000	1,523,304	(725,696)
Transitional Protection Payments	(552,658)	(381,196)	171,462
Cost of Collection Allowance	106,386	106,386	0
Non-Domestic Rating Income	(52,649,984)	(52,825,787)	(175,803)

Gross rates payable were £0.6m lower than forecast. They have benefited from the Fosse Way Prison coming back online, with a considerably higher rateable value than our initial estimate, however this is offset with the impact of a number of large appeals being settled during 2024/25. The bad debt provision for arrears is based upon an assessment of the level of arrears outstanding at year end, and the likelihood of this being recovered. This has reduced due to there being no delays with recovery action to secure more of the debt (in previous years there have been occurrences when recovery action was delayed). The appeals provision was reviewed at year end in

light of outstanding checks, challenges, and appeals submitted to the Valuation Office Agency (VOA). The result of this is that the provision was reduced to take account of appeals that had been either settled or withdrawn during the year.

As can be seen in the table above, unoccupied properties is higher than forecast, this is largely due to a unit at Optimus Point becoming vacant during the year and 2 units at Fosse Park remaining vacant.

In overall terms, the Business Rates Collection Fund has moved from a surplus of £1,509,052 on 31st March 2024 to a surplus of £2,277,744 on 31st March 2025. Blaby's share of that surplus is £911,097 (£603,622 surplus on 31st March 2024).

Due to the way in which local authorities are required to account for business rates income, the year-end surplus will not be felt until 2026/27. The Council has already allowed for an estimated surplus of £1,405,505, when setting the 2025/26 budget; the difference between the estimated surplus and actual surplus on 31st March 2025 will be brought into account in the 2026/27 budget setting process.

4.3 Council Tax

The Council Tax Collection Fund has moved from a deficit of £815,382 on 31st March 2024 to a deficit of £121,485 at the end of 2024/25. This represents an in-year surplus of £693,897. The outturn position was better than anticipated when setting the 2024/25 budget, where a deficit of £298,450 was anticipated.

Blaby's share of the deficit on 31st March 2025 is £17,175 compared with the previous year deficit share of £114,460.

Accounting for council tax is like NNDR, in that any difference between the estimated income and the outturn income flows through the Collection Fund in the form of a surplus or deficit. That surplus or deficit will then be factored in when setting the 2026/27 budget.

4.4 The Capital Programme

In 2024/25 the Council spent £4,608,979 on Capital schemes, compared with the latest Capital Programme budget of £10,650,011. This represents an underspend of £6,041,032 or 56.72% against planned capital expenditure, of which £5,884,382 has been carried forward to 2025/26 to enable the schemes to be completed.

Appendix C shows expenditure against the budget by scheme.

<u>Capital Expenditure:</u>	Approved Budget £	Revised Budget £	Actual Outturn £	(Under)/ Overspend £
Invest to Save Schemes	200,000	1,651,767	183,248	(1,468,519)
Essential/Contractual Schemes	2,396,900	5,386,723	2,843,306	(2,543,417)
Desirable Schemes	130,000	130,000	0	(130,000)
Externally Funded Schemes	1,100,000	3,481,521	1,582,425	(1,899,096)
Other Schemes	0	0	0	0
Contingency Budget	0	0	0	0
Total Capital Expenditure	3,826,900	10,560,011	4,608,979	(6,041,032)
Financed by:				
Borrowing	1,665,938	3,785,774	1,238,120	(2,547,654)
Capital Receipts	574,000	1,494,710	470,922	(1,023,788)
Earmarked Reserves	94,315	145,315	89,227	(56,088)
Revenue Contributions	0	100,082	82	(100,000)
External Funding	1,492,647	5,124,130	2,810,628	(2,313,502)
Total Capital Financing	3,826,900	10,650,011	4,608,979	(6,041,032)

The main variances against budget are as follows:

- Food Waste Vehicles and Receptacles – Underspend of £970,000. The vehicles, which will use Hydrotreated Vegetable Oil (HVO), have been procured but are awaiting future delivery. Accommodating these vehicles at the depot due to a limited footprint is being considered as part of the Food Waste project.
- Fleet Vehicles Replacement Programme – Underspend of £805,047. Orders for three new waste collection vehicles have been placed with delivery expected by October 2025 and expenditure to be realised in 2025/26.
- Regeneration Property – Underspend of £682,057. Approval was given at Council on 25th October 2023 to use the budget set aside for strategic investment for the purchase of 16 dwellings to reduce homelessness pressures. This followed the award of grant funding from the Local Authority Housing Fund. £1,000 has been spent during 2024/25 and work continues to purchase the final property utilising the LAHF2 funding.
- Net Zero at the Depot – Underspend of £591,000. Work is continuing to investigate appropriate infrastructure solutions for the Electric Vehicle infrastructure at the Council's depot which are being proposed by consultants/specialists in this field.
- Disabled Facilities Grants (DFGs) – Underspend of £443,762. DFG allocation has been increased by central government over recent years. Lightbulb have seen a permanent rise in the complexity of cases coming through due to an increase in residents' health complications. We have also experienced an increase in child cases where the needs can be complex resulting in cases taking longer to complete. Lightbulb is currently going through a service review and

streamlining ways of working which will increase the number of DFG's completed throughout the year.

- Strategic Review: Land Rear of Enderby Leisure Centre – Underspend of £372,721. Consultants are engaging with the Council's Local Plan team to provide information for the site to be assessed for inclusion in the new Local Plan.
- IT Infrastructure Improvements – Underspend of £320,433. Works to move IT to an in-house service are well under way, expenditure is due to increase during the final phase, with the service going live at the end of June 2025 (delayed by three months).
- Section 106-backed schemes – Underspend of £293,058. The Planning Obligation Monitoring Group approved a large S106 project at Ellis Park (Glenfield) in November 2024 which is currently being undertaken.
- Strategic Review: Council Offices - Underspend of £223,858. External consultants are currently advising on viable options on the future of the Council Offices at Narborough Road.
- Replacement CRM/Granicus solutions – Underspend of £186,405. The procurement of a new CRM solution is currently on hold and will be revisited once the Council's IT infrastructure project is complete.
- Income Management System – Underspend of £163,211. Final testing is being completed to ensure the new system is fully integrated with other essential Council finance systems. The new system go live will be at the end of June 2025.
- EV Charging Hub at Enderby Leisure Centre – Underspend of £147,200. A planning application is being submitted to install 12 electric vehicle charging points at Enderby Leisure Centre. It's forecast that the charging points will be installed by August 2025.
- Walk & Ride, Blaby – Underspend of £140,000. Substantial parts of the new walk and cycle route between Lubbethorpe and the City are complete. There is a delay at the Meridian roundabout due to required amendments to the existing highways by Leicester County Council.
- Resurfacing of Main & Overflow Car Parks, Fosse Meadows – Underspend of £130,000. Following the agreement with Green Circle to manage Fosse Meadows, Green Circle will look to access external funding opportunities to progress with the project.

4.5 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 direct impact arising from this report.

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

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

6.1 Financial implications are included in the main body of this report.

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

7.1

Current Risk	Actions to reduce the risks
That the unaudited accounts are misstated and require amendment	The 2024/25 accounts are subject to independent examination by the Council's external auditors, Azets. The deadline for publication of the audited accounts is by 27 th February 2026. If any amendments are required as a result of the audit, financial implications will be reported back to Cabinet Executive at the earliest opportunity following publication.

8. Other options considered

8.1 None

9. Appendix

9.1 Appendix A – General Fund Revenue Account: Performance against Budget

9.2 Appendix B – Earmarked Reserves

9.3 Appendix C – Capital Expenditure against Budget

10. Background paper(s)

10.1 None

11. Report author's contact details

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