

**Blaby District Council**  
**Audit & Corporate Governance Committee**

**Date of Meeting** 28 July 2025  
**Title of Report** **Unaudited Statement of Accounts 2024/25**  
**Report Author** Accountancy Services Manager

**1. What is this report about?**

- 1.1 The report sets out details of the Council's financial performance for 2024/25, covering the General Fund, the Capital Programme, the Collection Fund, and Treasury Management activities.
- 1.2 It also provides Members with details of the key balance sheet movements that are reflected in the draft Statement of Accounts for 2024/25.

**2. Recommendation(s)**

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

**3. Reason for Decision(s) Recommended**

- 3.1 To give Members the opportunity to comment and ask questions in respect of the Council's financial performance, and unaudited accounts for 2024/25.

**4. Matters to consider**

**4.1 Background**

The Council is required to prepare its annual accounts in accordance with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in line with International Financial reporting Standards (IFRS). The reason for this is to attempt to produce the accounts in a standardised and consistent format across both the public and private sectors, and to give greater transparency to stakeholders.

The Accounts and Audit Regulations require local authorities to publish their audited accounts by 27<sup>th</sup> February 2026. This means that the public inspection period for 2024/25 must commence on 1<sup>st</sup> July 2025, meaning that the unaudited accounts had to be signed off by the Executive Director (Section 151) and published on the Council's website by 30<sup>th</sup> June 2025.

Blaby was one of 76% of local authorities across England that met the deadline for publishing their unaudited accounts.

To give further context for Members of the Audit and Corporate Governance Committee, since the onset of Covid-19, local authorities in general have experienced significant delays with the timely completion of the audit of accounts, even though publication dates were relaxed between 2020/21 and 2022/23. These delays have mainly centred around the difficulties that external audit firms have experienced in recruiting suitably qualified public sector auditors and consequently being unable to adequately resource their audits.

On 30 September 2024, The Accounts and Audit Regulations 2015 were amended via The Accounts and Audit (Amendment) Regulations 2024, to introduce backstop dates by which point local public bodies must publish audited accounts, to address the Audit backlog. At that time the Council had outstanding Accounts for 2020/21, 2021/22 and 2022/23. The back stop date for the outstanding accounts was confirmed as 13th December 2024.

The Council's Audited Financial Accounts for 2020/21, 2021/22 and 2022/23 were presented on 25th November at an Extraordinary Audit and Corporate Governance Committee meeting with the Auditor's (Ernst and Young) report and following the meeting the outstanding accounts were approved and signed on 12th December 2024.

The backstop date set for the approval and publication of the 2023/24 audited accounts was set as 28th February 2025, and the Council published their audited accounts on this date.

The Councils current auditors, Azets, are planning on undertaking the audit of the 2024/25 accounts during September 2025; the interim audit was undertaken during February and March 2025.

#### 4.2 General Fund Revenue Account

The Council's net expenditure for 2024/25 is summarised in Appendix A.

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.

At 31<sup>st</sup> March 2025, the Council had achieved a surplus for 2024/25, resulting in a contribution of £656,691 transferred to General Fund balances. This is a variance of £732,789 against the revised budget.

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 table below gives a snapshot of the main variances against the revised budget.

	£	
<b><u>Underspends and Additional Income</u></b>		
Investment Income	(231,998)	Due to higher interest rates throughout the year
Homelessness (including B&B)	(130,629)	Expenditure on temporary accommodation was higher than budget however, offset against this increased expenditure, Housing Benefit Receipts were higher. Budget was in lie with prior year
Planning Fees & Charge	(102,450)	Planning Fees surpassed £1m for the first time, increasing £481k year on year
Establishment	(94,147)	Savings arising from vacant posts
Other	(1,247,657)	Various savings and additional income under £90k
<b><u>Overspends and Reduced Income</u></b>		
Housing Benefit payable net of Subsidy	769,859	Cap on temporary accommodation costs recoverable through subsidy. The purchase of 15 properties, with the support of funding from the Local Authority Housing Fund, has assisted in reducing the need to use bed and breakfast accommodation however we are seeing a significant rise in cases
Bad Debt Provision and Write-offs	133,953	Formulaic provision based on the age of debts. Vacancies in the team led to an increase in the age of debts, this vacancy is now filled and hence a reduced provision is expected going forward
Other	170,280	Various overspends and reduced income under £90k

### 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.

### 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 31<sup>st</sup> March 2025.

### 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.

## 4.3 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 just over £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 just under £21.1m. The difference between the budgeted NNDR income and the outturn position flows through the Collection Fund, resulting in a surplus on 31<sup>st</sup> 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).

In overall terms, the Business Rates Collection Fund has moved from a surplus of £1,509,052 on 31<sup>st</sup> March 2024 to a surplus of £2,277,744 on 31<sup>st</sup> March 2025. Blaby's share of that surplus is £911,097 (£603,622 surplus on 31<sup>st</sup> 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 31<sup>st</sup> March 2025 will be brought into account in the 2026/27 budget setting process.

#### 4.4 Council Tax

The Council Tax Collection Fund has moved from a deficit of £815,382 on 31<sup>st</sup> 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 31<sup>st</sup> 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.

#### 4.5 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, whilst the table below provides a high-level summary of capital expenditure and financing.

<b><u>Capital Expenditure:</u></b>	<b>Approved Budget £</b>	<b>Revised Budget £</b>	<b>Actual Outturn £</b>	<b>(Under)/ Overspend £</b>
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
<b>Total Capital Expenditure</b>	<b>3,826,900</b>	<b>10,560,011</b>	<b>4,608,979</b>	<b>(6,041,032)</b>
<b><u>Financed by:</u></b>				
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)
<b>Total Capital Financing</b>	<b>3,826,900</b>	<b>10,650,011</b>	<b>4,608,979</b>	<b>(6,041,032)</b>

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 25<sup>th</sup> 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.

## 4.6 Treasury Management

Full details of the Council's treasury activities during 2024/25 are included in the Treasury Outturn report to Cabinet Executive on 23<sup>rd</sup> June 2025.

The following table shows the Council's overall treasury position on 31<sup>st</sup> March 2025 compared with the position 12 months earlier. This excludes other long-term liabilities such as finance lease arrangements.

	Principal at 31 <sup>st</sup> March 2024	Rate/ Return	Average Life	Principal at 31 <sup>st</sup> March 2025	Rate/ Return	Average Life
PWLB Debt	£5,713,439	2.25%	18.8 years	£4,857,602	2.25%	17.8 years
Market Debt	0	n/a	n/a	0	n/a	n/a
<b>Total debt</b>	<b>£5,713,439</b>	<b>2.25%</b>	<b>18.8 years</b>	<b>£4,857,602</b>	<b>2.25%</b>	<b>17.8 years</b>

Capital Financing Requirement	£17,365,910			£17,269,227		
<b>Over/ (under) borrowing</b>	<b>(£11,652,471)</b>			<b>(£12,411,626)</b>		
Short Term investments	(£22,089,000)	5.34%		(£22,575,200)	4.34%	
Long Term Investments	(£742,726)	5.27%		(£754,697)	3.90%	
Net debt	(£34,484,197)			(35,741,523)		

The interest rates in the table above are based on the loans and investments outstanding at the year end and are not necessarily the same as the average rate payable during the financial year.

During 2024/25, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure.

#### 4.7 Financial Statements

In 2024/25 IFRS16 Leases was adopted for the first time. Apart from this there were only minor changes in terms of new accounting standards, none of which had any material effect on the format and content of Blaby's accounts.

The net asset position on the Balance Sheet has increased from £30.772m on 31<sup>st</sup> March 2024 to £37.734m at 31<sup>st</sup> March 2025.

Significant movements on the Balance Sheet include:

- Short Term Investments/Cash and Cash Equivalents have increased from £22.424m to £23.176m. Two outstanding short-term investments at 31<sup>st</sup> March 2025, in addition, £0.090m in relation to the Lothbury Property Trust is now classified as a Short-Term Investment.
- Land and Buildings have increased from £29.857m to £32.607m. A full valuation was completed at 31<sup>st</sup> March 2025 which resulted in an increase in valuations as follows; £1.236m increase of Enderby Leisure Centre and Huncote Leisure Centre due to the use of updated build costs, £0.859m increase of Enderby Road Industrial Estate and Council owned car parks due valuations being based on the latest income figures and a £0.553m increase of Whetstone Depot due to the in-year capital expenditure on solar panels. Other movements in valuations and reclassifications to/from other land and buildings totalled £0.102m.
- Surplus Assets have increased from £0.241m to £1.020m. This is due to a revaluation of land at South Drive Recreational Ground (increase of £0.950m) due to its development potential (previously classified as a deminimus asset). Other assets have been reclassified to/from Surplus Assets totalling a decrease of £0.171m.



- Right of Use Assets totalling £0.726m have been recognised as a result of the adoption of IFRS16, linked to this, lease liabilities of £1.786m have been recognised.
- Long Term investments have reduced from £0.743m to £0.665m. The prior year balance was in relation to the Lothbury Property Trust. The total remaining investment at 31<sup>st</sup> March 2025 is £0.090m which has been reclassified as a Short-Term Investment due to the assets being sold and the funds transferred to UBS. UBS Triton Property Trust is held as a Long-Term Investment (£0.665m at 31<sup>st</sup> March 2025).
- Short Term Debtors have increased from £6.732m to £8.216m, UKSPF and Right to Buy income accounts for £0.781m of this increase, election costs due to be reimbursed increased by £0.113m year on year.
- Grants in advance - Capital– increased from £1.002m to £2.415m, in line with section 4.5 above.
- Usable Reserves – increase of £1.151m, mainly due to the net of unused external funding and other one-off budgets to be utilised in 2025/26 have been transferred to the ongoing projects reserve. The Councils Share of the levy contributions from the Leicestershire Business Rates Pool have also been transferred to the Business Rates Pool Reserve.
- Unusable Reserves – these are non-cash backed reserves that reflect adjustments made to bring IFRS-based accounting entries into line with legislative requirements. The Balance Sheet position has changed by £5.811m.

The Council's overall borrowing fell by £4.9m leading to an increase in the Council's "under-borrowed" position as internal resources continue to be used as a cheaper form of financing capital expenditure than external borrowing.

#### 4.8 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

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

#### 6.1 Not applicable.

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

## 7.1

Current Risk	Actions to reduce the risks
That the draft accounts are misstated.	The accounts presented at Appendix D are subject to independent inspection by the Council's external auditors, Azets. The audit is not expected to commence until September 2025.

## 8. Other options considered

- 8.1 None. It is good practice to give Members an opportunity to review the financial performance and comment on the headline issues affecting the 2024/25 accounts

## 9. Appendix

- 9.1 Appendix A – General Fund Revenue Account Summary 2024/25
- 9.2 Appendix B – Earmarked Reserves
- 9.3 Appendix C – Capital Expenditure and Financing 2024/25
- 9.4 Appendix D – Unaudited Statement of Accounts 2024/25

## 10. Background paper(s)

- 10.1 None

## 11. Report author's contact details

Jo Davis Accountancy Services Manager  
Joanne.davis@blaby.gov.uk 0116 272 7625