

Blaby District Council

Cabinet Executive

Date of Meeting	20 November 2025
Title of Report	Quarter 2 Budget Review 2025/26 This is a Key Decision and is on the Forward Plan.
Lead Member	Cllr. Cheryl Cashmore - Finance, People and Transformation (Deputy Leader)
Report Author	Accountancy Services Manager
Strategic Themes	All Themes: Enabling communities and supporting vulnerable residents; Enhancing and maintaining our natural and built environment; Growing and supporting our economy; Keeping you safe and healthy; Ambitious and well managed Council, valuing our people

1. What is this report about?

- 1.1 This report gives Members an overview of the financial performance against the budget for the second quarter of 2025/26.

2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 30th September 2025 is accepted.
- 2.2 That the irrecoverable debts set out in paragraph 4.5 are authorised to be written off.
- 2.3 That delegated authority be given to the Executive Director (S151 Officer) in consultation with the Portfolio Holder for Finance, People and Transformation to make the decision whether Blaby District Council continues to be a member of the Leicestershire Business Rates pool, as detailed in paragraph 4.6.

3. Reason for Decisions Recommended

- 3.1 It is good practice that Members have oversight of the Council's financial performance at regular points during the financial year.
- 3.2 To recognise movements in the call on reserves and balances to date, along with potential variances in establishment costs and key income streams that may arise between now and the end of the financial year.

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| 3.3 | To enable an assessment to be carried out following the Settlement announcement as to whether it continues to be advantageous for Blaby District Council to remain within the Leicestershire Business Rate Pool. |
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4. Matters to consider

4.1 Background

The Council's original budget was approved on 24th February 2025. The approved budget before contributions from reserves and government grants was £15,781,762. It was agreed that the budget would be supported by a contribution of £111,639 to the General Fund Balance and a contribution of £486,470 from earmarked reserves, resulting in a net expenditure budget of £15,406,931.

The 1st quarter report was presented to Cabinet in September, several changes had been made to the budget since February, most significantly the addition of the unspent budget of £3,073,276 carried forward from 2024/25. The approved budget before contributions from reserves and government grants increased to £19,237,553. No additional budget changes were identified in Quarter 2.

4.2 Establishment

At the end of quarter 2, at an overall level, establishment costs amounted to £8,947,621 against a profiled budget of £9,600,619 i.e., under profile by £652,998. An estimate of 3% was built into the budget across services for the potential pay award.

The pay award for Chief Executive, Chief Officers (Directors and Group Managers) and officers on grade 1 to 9 was agreed at 3.2% compared with the 3% budgeted. The agreement was made in July and has been reflected in the below.

The following table shows variances to 30th September 2025.

Portfolio	(Under)/Over £	Note
Leader	(121,186)	1
Finance, People & Transformation	(120,238)	2
Neighbourhood Services & Assets	(105,305)	3
Health, Community and Economic Development	(139,109)	4
Housing, Community Safety and Environmental Services	(191,675)	5
Planning and Strategic Growth	(18,935)	6
Central Provisions	43,450	7
Total Variance	(652,998)	

Reasons for Variances

1. A request for additional resource was approved by members in May 2025 and hence added to budget in Q1. This included 3 LGR Officer posts and a Senior Elections Manager. The variance is due to the timing of recruitment to these roles. In addition, there is a vacant Team Leader post in Local Land Charges.
2. Two posts created for Finance & HR Systems Officer and Systems Officer. These are in the process of being recruited to. Vacant posts in Human Resources and Council Tax Billing and Collections team.
3. Vacant posts within Building Control and vacant post in Parks & Open Spaces. Overtime costs lower than budgeted.
4. Vacant posts within Lightbulb including Service Manager and Technical Team Leader roles.
5. Vacancies in Environmental Protection and Environmental Health teams.
6. Vacant Planning Officer and Planning Enforcement posts.
7. This represents the vacancy savings provision, net of central provisions for statutory sick pay, statutory maternity pay, and the apprenticeship levy.

The HR team continue to work with Service Managers to assist in recruiting to vacant posts throughout the Council. Where we are able temporary measures are put in place to cover positions, but with the external skills shortage this isn't always possible. It is recognised that vacancies do put pressure on the services and where possible temporary measures have been taken to minimise the impact on both services and staff.

The vacancy numbers impact on services in a number of ways:

- Loss of skill and expertise
- Pressure on existing staff
- Additional time taken to recruit

An additional post has been approved at SLT for a Building Safety Levy & Audit Officer. This position will be funded via New Burdens funding from MHCLG and is vital to implement the Building Safety Levy. This will be added to the budget when the position is filled.

The Establishment budget is being reviewed as part of the Budget Setting Process. Any changes as a result will be presented to members in January 2026.

4.3 Key Income

	Working Budget	Profiled Budget	Actual to Date	(Surplus)/ Shortfall
	£	£	£	£
Planning Fees	(1,000,000)	(500,000)	(709,008)	(209,008)
Building Control Fees	(922,500)	(461,250)	(539,211)	(77,961)
Building Control Partnership	(581,277)	(581,277)	(581,277)	0
Land Charges	(175,000)	(87,500)	(125,007)	(37,507)
Investment Interest	(1,100,000)	(619,000)	(620,600)	(1,600)
Refuse and Recycling	(1,821,664)	(1,664,174)	(1,672,760)	(8,586)
Car Parks	(234,000)	(117,000)	(142,013)	(25,013)
Leisure Income	(779,012)	(412,807)	(412,807)	0
Total	(6,613,453)	(4,443,008)	(4,802,683)	(359,675)

NB: brackets indicate excess income.

Planning income has continued to increase during the second quarter of the year, at the time of writing the report, planning income had surpassed £800,000, this includes £309,000 in relation to the Enderby Hub. The budget is currently being reviewed to be revised and increased to reflect the expected income to the end of the financial year; the original budget has already been increased by £200,000.

Building Control income is above profile to the end of quarter 2 however, it is expected to fall in line with budget for the year due to an expected reduction in the winter months. The agreement that the Building Control partners signed up to was that any loss or surplus at the end of the financial year is shared in accordance with the application data from the previous three years. The partnership budget is currently being reviewed.

4.4 Earmarked Reserves

In addition to the General Fund balance the Council also maintains a number of 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. A detailed breakdown of the movement on Earmarked Reserves during the 2nd quarter of the financial year and the forecast to the end of the year appears at Appendix B.

Due to expenditure already incurred to date, it is expected that £8,000 will need to be drawn down from the Hardship Reserve by the end of the financial year to be used for Council Tax discretionary funding.

Changes to funding from earmarked reserves highlighted in the table in paragraph 4.1 are reflected in Appendix B.

The balance remaining on the Huncote Major Incident Reserve relates to capital expenditure funded through borrowing. This balance will be amortised in line with Minimum Revenue Provision charges to General Fund.

4.5 Write-off Irrecoverable Debt

The following debts are presented for write-off subject to the approval of Cabinet Executive. Whilst there is delegated authority in place for the Executive Director (Section 151), in consultation with the Portfolio Holder, to write off debts of this nature at an individual level, given the magnitude of the overall total, for transparency purposes it is considered more appropriate for Cabinet to approve the write offs.

As is evident from the following table, there are a number of reasons for the debt being considered to be irrecoverable, including the existence of a debt relief order, individual voluntary arrangements, company dissolution, bankrupt, Local Authority error and all the usual recovery routes having been attempted without success. The Revenue and Benefits team regularly review training guides to ensure they are kept up to date with any change in legislation and any procedural changes, helping to reduce the risk of errors being made. Where the table indicates that recovery action has been exhausted this means that we are unable to obtain a charging order or attachment of earnings, and the use of enforcement agents and other legal means of recovery have proven unsuccessful.

Debt Category	Amount	Reason for Write-off
Council Tax	5,767.11	Individual Voluntary Arrangement granted
Council Tax	4,894.42	Debt Relief Order granted
Council Tax	4,170.05	Recovery action exhausted
Council Tax	2,704.72	Recovery action exhausted
Council Tax	2,026.76	Recovery action exhausted
Council Tax	3,276.46	Recovery action exhausted
NNDR	3,934.25	Company Dissolved
NNDR	2,466.14	Company Dissolved
Council Tax	3,463.07	Recovery action exhausted
Council Tax	2,164.38	Recovery action exhausted
Council Tax	3,219.56	Recovery action exhausted
Council Tax	2,496.44	Recovery action exhausted
NNDR	9,404.33	Recovery action exhausted
Council Tax	3,056.00	Bankrupt
Council Tax	4,597.57	Debt Relief Order granted
Council Tax	2,060.55	Recovery action exhausted
Council Tax	10,846.51	Individual Voluntary Arrangement granted
Council Tax	5,496.09	Individual Voluntary Arrangement granted
Council Tax	4,221.76	Individual Voluntary Arrangement granted
Council Tax	3,056.00	Bankrupt
HB Overpayment	5,357.04	Local Authority error

HB Overpayment	2,811.27	Local Authority error
Total	£91,490.48	

If approved, the above debt will be written off against the existing bad debt provision. Council tax and business rates write offs will flow through the Collection Fund and will impact on the surplus or deficit for the year for all of the major precepting authorities. Blaby's share of the cost of writing off the debt is approximately 8% for Council Tax (£5,401) and 40% for business rates (£6,322).

4.6 Business Rates Pool

The Council, along with other authorities in Leicestershire, is a member of the Leicestershire Business Rate Pool. Each year Pool members consider whether it is financially beneficial to continue the Pool for the forthcoming year.

The Fair funding review and Business Rates reset will change the funding that the Council will receive from 2026/27 and the business rates that can be retained. Until the Local Government Finance Settlement is released, it is not yet known if it will continue to be in the Council's best interests to remain in the Pool. Timescales set by MHCLG require that a decision is reached within 28 days of the Local Government Settlement date.

Due to the time constraints approval is requested to enable the Executive Director (S151 Officer) along with other Chief Finance Officers across Leicestershire to make the decision whether the pool should continue and for this to be undertaken each year going forward.

4.7 Forecast Outturn

The original approved budget allowed for a contribution of £111,639 to be added to General Fund Balances. As shown in Appendix A, this is now a contribution from General Fund Balances of £270,876 in line with Quarter 1.

The finance team are working with Budget Holders to review all budgets and make revisions where required. Any amendments will be included within the Quarter 3 Budget Review report.

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 In preparing this report the author has considered the impact on the environment and there are no areas of concern. 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
Net expenditure may exceed the approved budget due to shortfall in income or overspending	Ongoing budget monitoring to highlight variances.

8. Other options considered

- 8.1 None.

9. Appendix

- 9.1 Appendix A – Budget Monitoring Statement to 30th September 2025.
- 9.2 Appendix B – Forecast Reserves Position to 31st March 2026.

10. Background paper(s)

- 10.1 None.

11. Report author's contact details

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