

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 take account 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 was 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 Lossess 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)
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(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. **To Follow**

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.

