

## Blaby District Council

### Cabinet Executive

<b>Date of Meeting</b>	23 February 2026
<b>Title of Report</b>	<b>Quarter 3 Budget Review 2025/26</b> This is a Key Decision and is on the Forward Plan.
<b>Lead Member</b>	<b>Cllr. Cheryl Cashmore - Finance, People and Transformation (Deputy Leader)</b>
<b>Report Author</b>	Accountancy Services Manager
<b>Strategic Themes</b>	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 third quarter of 2025/26.

#### 2. Recommendation(s) to Cabinet Executive

- 2.1 That the financial performance against the budget for the quarter ending 31st December 2025 is accepted.
- 2.2 That Cabinet Executive approved the forecast contribution as set out in paragraph 4.6 of £240,689 from General Fund balances.
- 2.3 That the irrecoverable debts set out in paragraph 4.5 are authorised to be written off.

#### 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.

## 4. Matters to consider

### 4.1 Background

The Council's original budget was approved on 24<sup>th</sup> 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 last quarterly report presented to Cabinet in November noted that the forecasted budget gap at that point was £270,876.

Since the last report, a review of all budgets has been carried out by the Finance Team in conjunction with Budget Managers based on expenditure to date and forecast expenditure and income to the end of the financial year. The call on balances has now reverted to a contribution from General Fund balances of £240,689 along with a contribution of £209,577 from earmarked reserves.

Appendix A shows the net service expenditure to date compared with the profiled budget. Although a positive variance is shown, this does not reflect a likely outturn position due to the impact of profiling assumptions, and the fact that it is shown on a cash basis rather than an accruals basis.

### 4.2 Establishment

At the end of quarter 3, at an overall level, establishment costs were £13,570,584 against a profiled budget of £14,438,548, i.e., £867,964 under budget. Of this, £525,883 under spend relates to funded/partnership positions and as such does not represent a saving to the Council. If these underspends remain at the year end, and the external funding guidelines allow, carry forward requests will be submitted. The variances (including funded posts) are shown in the table below:

<b>Portfolio</b>	<b>(Under)/Over £</b>	<b>Note</b>
Leader	(171,835)	1
Finance, People & Transformation	(43,545)	2
Neighbourhood Services & Assets	(254,342)	3
Health, Community & Economic Development	(3,903)	
Housing, Community Safety & Environmental Services	(394,681)	4
Planning and Strategic Growth	15,003	5
<b>Variance on portfolio's</b>	<b>(853,303)</b>	
Central Provisions	(14,661)	6
<b>Total Establishment Variance</b>	<b>(867,964)</b>	

## Reasons for Variances

An estimate of 3% had been originally budgeted for the pay award. The Chief Executive, Chief Officers (Directors and Group Managers) and Officers on grade 1 to 9 was agreed at 3.2%.

Vacant posts account for a large proportion of underspends across departments. The Accountancy team have updated the Establishment budgets as part of the budget setting process, releasing vacancy savings for the 1<sup>st</sup> six months of the year, totalling £269,891. These have been removed from the Establishment and added to the General Fund. A vacancy savings provision of £250,000 remains. No savings have been recognised in relation to funded posts as they do not reflect a net saving to the Council.

1. Leader underspend is predominantly in relation to Local Government Reform, Elections, Local Land Charges and Performance vacancies and phasing. Savings have been recognised in relation to the first 6 months of the year. Vacant positions in Q3 form a proportion of the variance.
2. Finance, People and Transformation underspend is across a number of service lines. Vacancy savings have been realised in relation to the first 6 months of the year however vacancy savings are still being seen in Q3.
3. Neighbourhood Services & Assets underspend predominantly relates to vacant Building Control posts which are 80% externally funded, hence, no savings have been reflected in the budget. The underspend against budget does not therefore represent savings to BDC on the whole.
4. Housing, Community Safety and Environmental Services underspend is in relation to vacant externally funded posts (Lightbulb and HET) and vacant Environmental Health and Environmental Protection posts. No vacancy savings have been reflected in the revised budget as the underspend is being used to cover the extension of temporary support and recruitment costs in the latter part of the year.
5. Planning and Strategic Growth overspend is a result of additional overtime required due to increased number of applications as shown in the income table below.
6. This represents the vacancy savings provision, net of central provisions for statutory sick pay, statutory maternity pay, and the apprenticeship levy.

### 4.3 Key Income

	<b>Revised Working Budget</b>	<b>Profiled Budget</b>	<b>Actual to Date</b>	<b>(Surplus)/ Shortfall</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Planning Fees</b>	(1,200,000)	(900,000)	(1,087,341)	(187,341)
<b>Building Control Fees</b>	(922,500)	(691,875)	(761,262)	(69,387)

<b>Building Control Partnership</b>	(541,277)	(581,277)	(581,277)	0
<b>Land Charges</b>	(175,000)	(131,250)	(181,370)	(50,120)
<b>Investment Interest</b>	(1,200,000)	(935,000)	(949,176)	(14,176)
<b>Refuse and Recycling</b>	(1,813,560)	(1,736,842)	(1,765,601)	(28,759)
<b>Car Parks</b>	(234,000)	(175,500)	(192,581)	(17,081)
<b>Leisure Income</b>	(825,620)	(619,215)	(619,215)	0
<b>Total</b>	(6,911,957)	(5,770,959)	(6,137,823)	(366,864)

NB: brackets indicate excess income in the (surplus)/shortfall column).

During the budget setting process, planning income was reviewed and the budget increased by a further £200,000 (initial increase of £200,000 in Q1). Income has continued to remain strong during the third quarter of the year, at the time of writing the report, planning income had surpassed £1,205,000 (£930,000 in the prior year), current year includes £309,000 in relation to the Enderby Hub.

Building Control income is above profile to the end of quarter 3 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 has been reviewed, and it is expected that credits totalling £40,000 will be due to partners, hence the full year budget being below profile.

Land Charges have performed well in the first three quarters of the year and have exceeded budget for the full year. Original budget in the prior year was £216,000 and we are seeing a return back at these levels.

The income budget for Investment interest was increased by £100,000 following the performance seen in the 1<sup>st</sup> half of the financial year due to the continued high Bank of England Base Rate. Interest is expected to fall back over the last quarter of the financial year, due to the cash flow profile, although it looks likely that the budget will be exceeded.

The budget for car parking income has not been amended as footfall is typically lower in the final quarter of the year.

#### 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 3rd quarter of the financial year and the forecast to the end of the year appears at 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, 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.

<b>Debt Category</b>	<b>Amount</b>	<b>Reason for Write-off</b>
Council Tax	4,744.13	Recovery action exhausted
Council Tax	8,912.94	Deceased, no funds in estate
Council Tax	4,803.17	Individual Voluntary Arrangement granted
Council Tax	2,574.58	Individual Voluntary Arrangement granted
Council Tax	935.53	Individual Voluntary Arrangement granted
Council Tax	4,321.22	Recovery action exhausted
Council Tax	2,387.63	Individual Voluntary Arrangement granted
Council Tax	927.08	Debt Relief Order granted
Council Tax	1,169.46	Debt Relief Order granted
Council Tax	1,573.10	Recovery action exhausted
Council Tax	752.31	Recovery action exhausted
Council Tax	2,038.81	Out of jurisdiction (Japan) recovery action exhausted
HB Overpayment	2,778.00	Local Authority error
HB Overpayment	3,890.42	Local Authority error
HB Overpayment	2,007.35	Local Authority error
<b>Total</b>	<b>£43,815.73</b>	

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 (£2,811) and 100% for HB Overpayment (£8,677).

#### 4.6 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, the current budget position is a contribution from General Fund Balances of £240,689. It is expected that the outturn position at year end will be a significantly lower contribution from the General Fund Balance. It should be noted that a planned contribution from Earmarked reserves of £210k will still be required.

	£
<b>Approved contribution to General Fund Balances</b>	<b>(111,639)</b>
Quarter 1 budget adjustments	382,515
Quarter 3 budget adjustments	(30,187)
<b>Latest contribution from General Fund Balances</b>	<b>240,689</b>

#### 4.7 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.

Officers continue to seek savings and implement measures designed to reduce the budget gap that is forecast in the Medium-Term Financial Strategy.

**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 31<sup>st</sup> December 2025.

9.2 Appendix B – Forecast Reserves Position to 31<sup>st</sup> March 2026.

**10. Background paper(s)**

10.1 None.

**11. Report author's contact details**

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