

**Blaby District Council**  
**Cabinet Executive**

<b>Date of Meeting</b>	29 June 2026
<b>Title of Report</b>	<b>Financial Performance 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>	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 31<sup>st</sup> March 2026.

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

- 2.1 That the financial performance for 2025/26 is accepted.

**3. Reason for Decisions Recommended**

- 3.1 The unaudited accounts for 2025/26 are to be published on 30<sup>th</sup> June 2026. 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 2025/26 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 2026, the forecast was that a contribution from General Fund balances of £240,689 may be required.

As at 31<sup>st</sup> March 2026, the Council had achieved a significant surplus of £1,613,572 against the revised budget for 2025/26.

This surplus has arisen due, primarily, to Housing Benefit Receipts being significantly higher than the budget due to a higher number of residents in homelessness accommodation receiving housing benefits and an increase in planning application fees due to four individually significant applications in the final quarter of the financial year. Although this is an extremely positive outcome for 2025/26, it does not eliminate the future budget gaps highlighted in the Medium Term Financial Strategy (MTFS) from the Business rates reset and the fair funding review which were undertaken during the year, and potential other costs and reductions in funding that may be seen going forward.

The most significant variances against the revised budget as at 31<sup>st</sup> March 2026 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 2026/27, and contributions to earmarked reserves.

	Note	Variance (£)	
<b><u>Reduced Expenditure</u></b>			
Establishment	1	(235,713)	
Project Costs	2	(92,584)	
Fuel	3	(68,958)	
Building Control Partnership	4	(59,533)	
Interest Payable	5	(61,641)	
Utility Costs	6	(56,497)	
Housing Benefit Net of Subsidy	7	(56,477)	
Fleet Maintenance	8	(53,981)	
Software Maintenance	9	(47,450)	
Telephones	10	(46,951)	
			(779,785)
<b><u>Additional Income</u></b>			
Housing Benefit Receipts	11	(507,869)	
Planning Fees & Charges	12	(256,226)	
Land Charges	13	(60,682)	
Truck Cartel	14	(58,474)	
Car Parks	15	(43,296)	
Tenant Contributions towards Accommodation	16	(40,260)	
Investment Income	17	(34,905)	
			(1,001,712)
<b><u>Increased Expenditure</u></b>			
Other Employee Expenses	18	137,212	
Bad Debt Provision and Write-offs	19	102,732	
			239,944
Other minor variances	20		(312,707)
<b>Net Variance</b>			<b>(1,854,260)</b>

### Notes re variances

1. Establishment –Vacancies across a number of services contribute to the underspend, most noticeable in Local Land Charges, Local Government Reform, Environmental Health, Parks & Open Spaces, Refuse &

Collection Services, Performance Management, Communications and Waste Operations Management. A vacancy savings provision of £250,000 was included within the approved budget and revised budget, this is offset within establishment costs.

2. Project Costs – savings realised mainly in relation to Local Government Reform, ICT Services, Economic Development and Renters Rights New Burdens. Local Government Reform and ICT Service budgets were based on best estimates as both were new budget additions to BDC in the year.
3. Fuel costs didn't rise in line with expectations during the year and the purchase price per litre was lower than prior years.
4. See paragraph covering the Leicester Building Control Partnership below.
5. No new borrowing was required in the financial year and as such, interest costs were below budget.
6. Utility prices were lower than expected in the year, savings were made on Electric, Gas and Water.
7. Linked to homelessness and the provision of bed and breakfast accommodation. As had been seen in the previous year, there has been considerable pressure on the Housing team to provide temporary accommodation for homeless families and individuals. The budgets were reviewed and revised mid-year to reflect the increase in the demand for homelessness accommodation, £1.83m has been spent on the hire of rooms in 2025/26, this shows a significant increase compared to prior years (£1.00m spend in 2024/25 and £0.52m spend in 2023/24). 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. This said, the council has been more effective at ensuring housing benefit has been claimed where possible, as detailed at point 11. During the year the Council has accommodated 17 new households in the 15 properties owned by BDC. This has meant that these families have not required Bed & Breakfast accommodation, however, we have seen a significant rise in homelessness cases. The average length of stay in BDC owned temporary accommodation is 227 nights - the average cost of accommodating a household in a one bedroom owned property is approximately £5,650 compared with £13,620 for equivalent hotel or Bed & Breakfast accommodation.
8. Reduced expenditure on normal repairs and tyres, savings also made on Road Fund Licenses.
9. Reduced software costs, most noticeably in Financial Services, Communications and Council Tax and Billing.
10. Expenditure in relation to ICT Services (Internal Telecommunications) was significantly lower than budget. This represents savings made since bringing ICT back in house in July 2025.
11. There was a significant number of residents in homelessness accommodation receiving Housing Benefit and as such a significant

increase in related income. (As per point 7, the Council is not able to recoup the full amount paid out for Housing Benefit). Officers are reviewing the methodology used in estimating the budget so we can ensure that the budget set is as closely aligned to the expected outturn as possible.

12. See paragraph covering Key Income below.
13. Local Land Charges have seen a return back to pre-pandemic levels.
14. BDC was part of a collective claim for damages arising from the Trucks Cartel, which related to price fixing for the direct purchase and leasing of refuse collection vehicles. The total claim value was in excess of £100m of which BDC was entitled to a share of the claim proceeds. This income represents full and final settlement of the claim.
15. See paragraph covering Key Income below.
16. Due to the significant increase in demand, and the increase in Council Owned / Leased property, tenant contributions have increased above our estimations.
17. See paragraph covering Key Income below.
18. This includes costs of redundancy, staff advertising and medical costs.
19. Based on a review of outstanding debts on 31<sup>st</sup> March 2026. 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.
20. 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:

	<b>Approved Budget (£)</b>	<b>Revised Budget (£)</b>	<b>Actual Income (£)</b>	<b>Variance against Approved Budget (£)</b>	<b>Variance against Revised Budget (£)</b>
Planning Fees	(800,000)	(1,200,000)	(1,456,226)	(656,226)	(256,226)
Building Control Fees	(922,500)	(922,500)	(1,034,513)	(112,013)	(112,013)
Building Control Partnership	(644,089)	(317,454)	(317,454)	326,635	0
Land Charges	(175,000)	(175,000)	(235,682)	(60,682)	(60,682)
Investment Interest	(1,100,000)	(1,200,000)	(1,234,905)	(134,905)	(34,905)
Refuse and Recycling	(1,821,664)	(1,813,560)	(1,821,948)	(284)	(8,388)
Car Parks	(234,000)	(234,000)	(270,928)	(36,928)	(36,928)
Leisure Income	(779,012)	(825,620)	(825,620)	(46,608)	0

<b>Total</b>	(6,476,265)	(6,688,134)	(7,197,276)	(721,011)	(509,142)
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NB: brackets indicate excess income.

Planning Fees have surpassed £1m for the second year in a row. 2025/26 includes some significant applications with a one off fee of £329k in relation to the Enderby Hub. Investment income outperformed the budget due to the continued high Bank of England Base Rate. Land Charges have increased significantly and are returning to pre pandemic levels.

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 2025/26 to the new financial year. As a rule, this applies to one-off project related budgets, which are usually externally funded. A total of £3,981,756 has been carried forward to 2026/27, of which £3,571,605 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 2025/26.

	Revised Budget £	Final Outturn £	Variance £
Employee Costs	1,461,610	1,293,309	(168,301)
Transport Costs	54,333	57,901	3,568
Supplies and Services	48,162	52,113	3,951
Blaby Overheads and Support Services	68,640	68,640	0
Total Expenditure	1,632,745	1,471,963	(160,782)
Total Income	(947,500)	(1,070,071)	(122,571)
<b>Net Expenditure</b>	<b>685,245</b>	<b>401,892</b>	<b>(283,353)</b>
Partner Contributions	(541,274)	(317,454)	223,820
<b>Cost to Blaby</b>	<b>143,971</b>	<b>84,438</b>	<b>(59,533)</b>

As can be seen in the table above, Employee costs were below budget, this is mainly due to vacancies in the team and internal restructures. No carry forwards have been taken into 2026/27. 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.

Fees and charges income were also in excess of budget, as such, the overall outturn is a positive variance of £283,353.

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 £283,353 surplus (underspend) against the budgeted position, Blaby's share is £59,533.

### Car Parking Account

The following table sets out the net position in relation to the car parking account in 2025/26.

	Revised Budget £	Final Outturn £	Variance £
Premises Costs	70,901	63,049	(7,852)
Supplies and Services	58,946	34,196	(24,750)
Enforcement Contract	42,000	42,026	26
Overheads and Support Services	48,800	46,299	(2,501)
Capital Financing Costs	11,325	13,606	2,281
<b>Total Expenditure</b>	<b>231,972</b>	<b>199,176</b>	<b>(32,796)</b>
Contributions towards Expenses	0	0	0
Fees and Charges	(234,000)	(270,928)	(36,928)
Penalty Charge Notices	(13,000)	(19,368)	(6,368)
<b>Total Income</b>	<b>(247,000)</b>	<b>(290,296)</b>	<b>(43,296)</b>
<b>Net (Surplus)/Deficit</b>	<b>(15,028)</b>	<b>(91,120)</b>	<b>(76,092)</b>

Whilst car parking income has not returned to the level it was prior to the pandemic, we have seen another small increase in the income during 2025/26, which, along with expenditure savings, has brought the car parking account further into a surplus position. The main variance in income is due to car parking in Blaby car parks and permit income. Last year car parking income totalled £284,372.

### 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 £11,584,406 at the beginning of the financial year to £15,551,948 as at 31<sup>st</sup> March 2026, as detailed above this includes the unspent budget carried forward to be utilised in 2026/27 including £3,571,605 ringfenced for specific, externally funded projects.

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), and the decision made to release the £881 held in the Parish New Homes Bonus Reserve to General Fund Balances.

A transfer of £598,920 has also been made to the NNDR Income Reserve from the General Fund balances. The amount of Business Rates that the

Council can retain is heavily reduced from 2026/27 following the Business Rates reset. The reserve is held to mitigate the potential risks and uncertainties in funding associated with the business rate retention scheme. This transfer brings the NNDR Income Reserve up to the level forecast in February 2026. The MTFs details the planned release of this reserve over the coming years.

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 an agreed basis with Pool members utilising their allocation to support "economic health and vibrancy of our communities."

The distributed pool monies for 2024/25 were received by the Council in the year and have been transferred to the reserve. Following the publication of the Financial Settlement for 2026/27, and the impact of the Business rates reset, it no longer remained financial advantageous to continue with the Business Rates Pool. Subsequently notice was given to revoke the pool arrangement from 2026/27.

As had previously been agreed, a proportion of the funds held in the reserve (£307k for 2025/26) has been used to support the Economic Development function. The support is planned to continue, 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, £1,015,533 has been added to the General Fund balance. This is the net movement after the additional £598,920 has also been transferred to the NNDR Income Reserve and £881 transferred from the Parish New Home Bonus Reserve. This leaves a year-end balance of £8,262,000 representing 43.0% of the 2026/27 net budget requirement, after considering planned contributions to support the budget. This compares favourably with the 36.2% estimated at budget stage, enhancing the Council's resilience going into 2026/27. 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 2025/26 it was expected that business rates income would be approximately £54.8m, of which Blaby's share would be £21.9m (40%). Various reliefs, such as small business rate relief, empty property relief, and retails, hospitality and leisure relief were netted off the gross rates payable, as well as provisions for appeals and bad debts.

The outturn income from business rates in 2025/26 was £53.3m of which Blaby's share was £21.9m. The difference between the budgeted NNDR income and the outturn position flows through the Collection Fund, resulting in a deficit on 31<sup>st</sup> March 2026. This will then be taken into account when setting the budget for 2027/28. Out of Blaby's 40% share of the £21.3m estimated income, the Council is required to pay a tariff to central government (£14.9m) and a levy on growth (£2.7m), giving a net income from business rates of £4.3m. This is supplemented by Section 31 grant compensation in respect of various reliefs implemented by government (£2.8m).

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

	<b>NNDR 1</b>	<b>NNDR 3</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Gross Rates Payable	(65,134,125)	(61,538,719)	3,595,406
Transitional Arrangements	143,029	(514,234)	(657,263)
Mandatory Reliefs	4,571,043	4,716,619	145,576
Discretionary Reliefs	93,919	99,545	5,626
Unoccupied Property	1,240,000	1,175,167	(64,833)
Discretionary Relief funded by S31 Grant	1,117,189	1,243,223	126,034
<b>Net Rates Payable</b>	<b>(57,968,945)</b>	<b>(54,818,399)</b>	<b>3,150,546</b>
Interest paid on refunds to ratepayers	0	161,921	161,921
Provision for Bad Debts/Write-offs	870,000	825,049	(44,951)
Provision for Appeals	2,325,000	(123,736)	(2,448,736)
Transitional Protection Payments	(143,029)	514,234	657,263
Cost of Collection Allowance	107,977	107,977	0
<b>Non-Domestic Rating Income</b>	<b>(54,808,997)</b>	<b>(53,332,954)</b>	<b>1,476,043</b>

Gross rates payable were £3.6m lower than forecast, this is partly due to adjustments in gross rates payable in respect of previous years. The reduction in transitional arrangements is due to valuation decreases, meaning that accounts that had been eligible for Transitional relief in prior years are no longer eligible. 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. The appeals provision was reviewed at year end in light of outstanding checks, challenges, and appeals submitted to the Valuation Office Agency (VOA). The Council uses external experts to analyse data and provide evidence to support the calculation of the appeals provision.

In overall terms, the Business Rates Collection Fund has moved from a surplus of £2,277,744 on 31st March 2025 to a deficit of £2,712,065 on 31st

March 2026. Blaby's share of that deficit is £1,084,824 (£911,097 surplus on 31<sup>st</sup> March 2025).

Due to the way in which local authorities are required to account for business rates income, the year-end deficit will not be felt until 2027/28. The Council has already allowed for an estimated surplus of £707,503, when setting the 2026/27 budget; the difference between the estimated surplus and actual deficit on 31<sup>st</sup> March 2026 will be brought into account in the 2027/28 budget setting process.

#### 4.3 Council Tax

The Council Tax Collection Fund has moved from a deficit of £121,485 on 31<sup>st</sup> March 2025 to a deficit of £83,975 at the end of 2025/26. This represents an in-year surplus of £37,510. The outturn position was better than anticipated when setting the 2025/26 budget, where a deficit of £200,818 was anticipated.

Blaby's share of the deficit on 31<sup>st</sup> March 2026 is £11,740 compared with the previous year deficit share of £17,175.

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 2027/28 budget.

#### 4.4 The Capital Programme

In 2025/26 the Council spent £4,956,561 on Capital schemes, compared with the latest Capital Programme budget of £8,493,351. This represents an underspend of £3,536,790 or 41.64% against planned capital expenditure, of which £3,445,644 has been carried forward to 2026/27 to enable the schemes to be completed.

Appendix C shows expenditure against the budget by scheme.

<b>Capital Expenditure:</b>	<b>Approved Budget £</b>	<b>Revised Budget £</b>	<b>Actual Outturn £</b>	<b>(Under)/ Overspend £</b>
Invest to Save Schemes	15,000	1,740,199	903,129	(837,070)
Essential/Contractual Schemes	747,512	3,832,242	2,330,349	(1,501,893)
Desirable Schemes	0	0	0	0
Externally Funded Schemes	660,000	2,920,910	1,723,083	(1,197,827)
Other Schemes	0	0	0	0
Contingency Budget	0	0	0	0
<b>Total Capital Expenditure</b>	<b>1,422,512</b>	<b>8,493,351</b>	<b>4,956,561</b>	<b>(3,536,790)</b>

<u>Financed by:</u>				
Borrowing	680,012	3,932,110	2,525,517	(1,406,593)
Capital Receipts	28,000	816,280	491,222	(325,058)
Earmarked Reserves	54,500	110,588	86,669	(23,919)
Revenue Contributions	0	150,000	50,000	(100,000)
External Funding	660,000	3,484,373	1,803,153	(1,681,220)
<b>Total Capital Financing</b>	<b>1,422,512</b>	<b>8,493,351</b>	<b>4,956,561</b>	<b>(3,536,790)</b>

The main variances against budget are as follows:

- Regeneration Property – Underspend of £607,000. Due to the high demand of homelessness accommodation within the District the Council will be increasing its portfolio of temporary accommodation properties to meet this need. In the last quarter of 2025/26 deposits have been paid towards the purchase of six properties which are expected to complete by December 2026.
- Food Waste Vehicles and Receptacles – Underspend of £552,926. Two of the food waste vehicles have been delivered and the remaining five are forecast to be delivered by September 2026 due to the high demand for these vehicles. The other five vehicles required for service delivery have been leased in the short term. The new food waste collection service successfully launched at the end of March 2026 and is currently in operation within the District.
- Net Zero at the Depot – Underspend of £450,510. The contractor began groundworks to accommodate the electric vehicle infrastructure at the depot in December 2025. The project has experienced delays due to the original sub-contractor for the electrical infrastructure works going into administration. A new subcontractor has now been sourced, and a new programme of works is being timetabled. Installation details are being finalised, ahead of the order with National Grid to be placed in July, for the works to be completed by the end of 2026.
- Fleet Vehicle Replacement Programme – Underspend of £361,307. Three new refuse collection vehicles have been received this year. Remaining orders are to be placed once the electric vehicle infrastructure project is complete.
- Disabled Facilities Grants (DFGs) – Underspend of £312,902. 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 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 £221,016. Consultants are engaging with the Council's Local Plan team; providing information for the site to be assessed for inclusion in the new Local Plan.
- EV Charging Hub at Enderby Leisure Centre – Underspend of £180,000. Design works for 12 electric vehicle charging points is

complete and planning permission has now been granted. The order has been placed with the installer of the EV chargers and it's expected that the works will be complete by the end of September 26.

- Walk & Ride Blaby – Underspend of £140,000. The new walk and cycle route in the district is now complete. Leicester City Council led on this project along with Leicestershire County Council. The budget allocated in the capital programme is contingency for any unforeseen costs to Blaby District Council. Costs are still being determined by the City and County Councils and therefore it's proposed that the budget is carried forward into 2026/27 until all costs have been invoiced.
- Section 106-backed schemes – Underspend of £127,715. The Planning Obligation Monitoring Group approved a large S106 project at Countesthorpe Academy in December 2025, this grant will be paid to the Academy once the funds have been received from the developer.
- ICT Infrastructure Improvements – Underspend of £125,906. The IT transition completed on 1<sup>st</sup> July 2025. Negotiations are ongoing with the invoices submitted from Hinckley & Bosworth Borough Council on final LICTP costs. Once this exercise is complete savings will be realised.

#### 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 post.

### 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 2025/26 accounts are subject to independent examination by the Council's external auditors, Azets. The deadline for publication of the audited accounts is by

	31 <sup>st</sup> January 2027. 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.
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**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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