Blaby District Council

Audit and Corporate Governance Committee

Date of Meeting 27 July 2026

Title of Report Unaudited Statement of Accounts 2025-26

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 2025/26, 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 2025/26.

2. Recommendation(s)

2.1 That the financial performance for 2025/26 is accepted

3. Reason for Decisions 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 2025/26.

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 31st January 2027. This means that the public inspection period for 2025/26 must commence on 1st July 2026, meaning that the unaudited accounts had to be signed off by the Executive Director (Section 151) and published on the Council's website by 30th June 2026.

To give further context for new 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 Council published the outstanding accounts by the back stop date of 13th December 2024.

The backstop date for the approval and publication of the 2024/25 audited accounts was set as 27th February 2026, and the Council published their audited accounts on this date.

The Councils current auditors, Azets, are planning on undertaking the audit of the 2025/26 accounts during September 2026, the planning stage and interim audit was undertaken during February and March 2026.

4.2 General Fund Revenue Account

The Council's net expenditure for 2025/26 is summarised in Appendix A.

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 would be required.

As at 31st 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 table below gives a snapshot of the main variances against the revised budget.

	Variance (£)	
Reduced Expenditure		
Establishment	(235,713)	Savings arising from vacant posts
Project Costs	(92,584)	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.
Fuel	(68,958)	
Building Control Partnership	(59,533)	
Interest Payable	(61,641)	
Utility Costs	(56,497)	
Housing Benefit Net of Subsidy	(56,477)	
Fleet Maintenance	(53,981)	
Software Maintenance	(47,450)	
Telephones	(46,951)	
	(779,785)	
Additional Income		
Housing Benefit Receipts	(507,869)	Significant number of residents in homelessness accommodation receiving Housing Benefit. The Council is unable 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.
Planning Fees & Charges	(256,226)	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.
Land Charges	(60,682)	
Truck Cartel	(58,474)	
Car Parks	(43,296)	
Tenant Contributions towards Accommodation	(40,260)	
Investment Income	(34,905)	
	(1,001,712)	
Increased Expenditure		
Other Employee Expenses	137,212	This includes costs of redundancy, staff advertising and medical costs.
Bad Debt Provision and Write-offs	102,732	Formulaic provision based on the age of debts. Most of the balance shown in the table relates to benefits – rent allowance.
	239,944	
Other minor variances	(312,707)	
Net Variance	**(1,854,260)**	

Further narrative on the variances in the above table is included in the Financial Performance 2025/26 report which was taken to Cabinet Executive on 29th June 2026.

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.

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 £15,550,948 as at 31st 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.

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.

4.3 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 31st 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).

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 31st 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 31st March 2026 will be brought into account in the 2027/28 budget setting process.

4.4 Council Tax

The Council Tax Collection Fund has moved from a deficit of £121,485 on 31st 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 31st 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.

4.5 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.

Capital Expenditure:	**Approved Budget £**	**Revised Budget £**	**Actual Outturn £**	**(Under)/ Overspend £**
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
Total Capital Expenditure	**1,422,512**	**8,493,351**	**4,956,561**	**(3,536,790)**
Financed by:				
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)
Total Capital Financing	**1,422,512**	**8,493,351**	**4,956,561**	**(3,536,790)**

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 1st 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.

4.6 Treasury Management

Full details of the Council's treasury activities during 2025/26 are included in the Treasury Outturn report to Cabinet Executive on 29th June 2026.

The following table shows the Council's overall treasury position on 31st March 2026 compared with the position 12 months earlier. This excludes other long-term liabilities such as finance lease arrangements.

	Principal at 31st March 2025	**Rate/ Return**	**Average Life**	**Principal at 31st March 2026**	**Rate/ Return**	**Average Life**
PWLB Debt	£4,857,602	2.25%	17.8 years	£4,000,000	2.08%	16.8 years
Market Debt	0	n/a	n/a	0	n/a	n/a
Total debt	**£4,857,602**	2.25%	17.8 years	**£4,000,000**	2.08%	16.8 years
Capital Financing Requirement	£20,075,202			£21,557,875		
Over/(under) borrowing	**(£15,217,600)**			**(£17,557,875)**		
Short Term investments	(£22,575,200)	4.34%		(£19,631,200)	4.10%	
Long Term Investments	(£754,697)	2.40%		(£747,370)	2.85%	
Net debt	(£38,547,497)			(£37,936,445)		

Other long-term liabilities, such as finance leases, are excluded from the table above.
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 2025/26, 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 2025/26 adaptions and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets were introduced, setting out three revaluation processes for property, plant and equipment, requiring indexation for non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptions also include a relief from the requirements of IAS 8 following a change in accounting policy. 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.

In addition, an error was discovered in the way in which IFRS16 was implemented on a finance lease in the preceding financial year (2024/25). The error meant that the Council's year end liabilities were understated and the revaluation reserve overstated. This is detailed in note 7 to the financial statements (appendix D)

The net asset position on the Balance Sheet has decreased from £35,348m on 31st March 2025 (after adjusting for the above error) to £32.961m at 31st March 2026.

Significant movements on the Balance Sheet include:

- Short Term Investments/Cash and Cash Equivalents have decreased from £23.177m to £20.005m due to reduction in short term investments from £21,284m to £17,652m.
- Property, Plant and Equipment has increased from £40.946m to £41.916m, this is split further as follows:
  - Other Land and Buildings have decreased from £29.698m to £29.549m. At 31st March 2026 the value of the Council's other land and buildings were indexed resulting in an increase in value of £0.509m. In-year capital expenditure was £0.770m, of which £0.516m was spent on electric vehicle infrastructure at the Council's Depot. Depreciation for the year on other land and buildings totalled (£1.424m).
  - Other Land and Buildings Right of Use Assets have increased from £3.635m to £4.209m. The addition of the lease of Dallington House in year totalled £0.732m, the lease liability of £0.732m has also been recognised.
  - Vehicles, Plant, Furniture & Equipment have increased from £4.562m to £5.192m. In year capital expenditure was £1,935m, of which £0.685m was for the purchase of 3 new waste collection vehicles, £0.451m towards the purchase of 2 new food waste collection vehicles and caddies distributed across the District and £0.401m towards the transition of IT in-house. Depreciation for the year on Vehicle, Plant, Furniture & Equipment totalled (£1.159m).
- Long Term investments have increased from £0.665m to £0.745m. UBS Triton Property Trust is held as a Long-Term Investment (£0.665m at 31st March 2025) and £0.745m (as at 31st March 2026), Notice was given for the termination of the

original Property fund in 2024, and the Council, via delegated authority, made the decision to transfer the funds from Lothbury to UBS Triton at a preferential management fee, as this remained the Council's best opportunity to recover the investment loss. Since then, assets have continued to be disposed of, and distributions made to investors.

- Short Term Debtors have decreased from £8.216m to £7.712m. Housing Benefit debtors account for £1.035m of this decrease, offset against an increase in Collection Fund debtors and sundry debtors.
- Short Term Creditors have decreased from £18.011m to £14.146m. NNDR due to government has decreased by £2.904m, with other decreases in collection fund creditors and section 106 monies payable to third parties.
- Grants in advance – Capital – decreased from £2.415m to £1.835, in line with section 4.5 above.
- Other long term liabilities increased from £7.459m to £11.697m, this is mainly due to and increase in the FRS17 pension liability from £7.308m to £11.558m. This is based on information provided by Hymans Robertson and Leicestershire County Council.
- Usable Reserves – increase of £4.633m, mainly due to the net of unused external funding and other one-off budgets to be utilised in 2026/27 which 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 and a transfer of £598,920 was 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.
- 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 £7.019m, mainly due to the Pension Reserve and the Collection fund account. The Business Rates Collection Fund moved from a surplus position on 31st March 2025, to a deficit position on 31st March 2026 as detailed in section 4.3.

The Council's overall borrowing fell by £0.213m 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 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 Not applicable.

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

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 2026.

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 2025/26 accounts.

9. Appendix

9.1 Appendix A – General Fund Revenue Account Summary 2025/26

9.2 Appendix B – Earmarked Reserves

9.3 Appendix C – Capital Expenditure and Financing 2025/26

9.4 Appendix D – Unaudited Statement of Accounts 2025/26

10. Background Papers

10.1 None.

11. Report author's contact details

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