

BLABY DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2025/26

SUBJECT TO AUDIT

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NARRATIVE REPORT BY SARAH PENNELLI, EXECUTIVE DIRECTOR (SECTION 151)

I am pleased to present Blaby District Council's Statement of Accounts for the financial year ended 31st March 2026. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Although the accounts are backward-looking, they provide the context for the challenging financial position in which many local authorities find themselves.

The ongoing impact of the current economic climate continues to cause financial management challenges to the Council along with the impact on the Council's finances from the fair funding review and Business Rates reset which have highlighted future funding gaps.

The future of local government funding remains uncertain, with the changes anticipated with the Local Government Reform.

Part of my role as Executive Director (Section 151) is to ensure that the Council's financial affairs are properly administered, and its financial position remains stable and robust. This is essential to ensure that the Council can continue to provide quality services to our residents.

The Accounts and Audit Regulations 2015 set out the requirements and timelines for production of the unaudited accounts, as well as approval and production of the audited accounts. Since the onset of Covid-19, local authorities in general have experienced significant delays with the timely completion of the audit of accounts.

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 backstop date set for the publication of the audited accounts for 2025/26 is 31st January 2027. The Council will be working with their Auditors, Azets to ensure the Accounts are audited and published by this date.

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2026/26 (the Code). It aims to provide sufficient information to ensure that members of the public, including electors and residents of Blaby, Council Members, partners, stakeholders, and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2025/26
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

This Narrative Report provides an organisational overview of Blaby District Council and the external environment within which it operates. It also provides a summary of the financial position on 31st March 2026, including the following:

- About Blaby – key facts and figures

- The Blaby District Plan
- Local Government Reorganisation
- The 2024/25 Budget and Council Tax Setting Process
- The Capital Programme 2024/25
- The Council's financial performance in 2024/25
- Non-Financial Performance of the Council
- Performance against Corporate Objectives
- Other Issues
- Summary position
- Receipt of further information
- Acknowledgements

This is followed by an explanation of the Financial Statements and content of the Statement of Accounts.

About Blaby District Council

Blaby District Council is situated in the southwest corner of Leicestershire within the East Midlands region. It is one of seven districts within the County, also bordering the City of Leicester. Blaby District covers a geographical area of about 129 km² and is a mix of urban and rural areas with 80% of the population live in areas classed as 'urban'. There are 27 settlements, which are diverse in nature and size.



There are major transport links running through the district including the M1 and the M69 the A563, A5460 and the B4114. Travel-to-work patterns indicate a strong functional relationship between the city and many settlements in the district.

The railway station at Narborough has direct links to Leicester and Birmingham. The district is within easy travelling distance of two international airports.

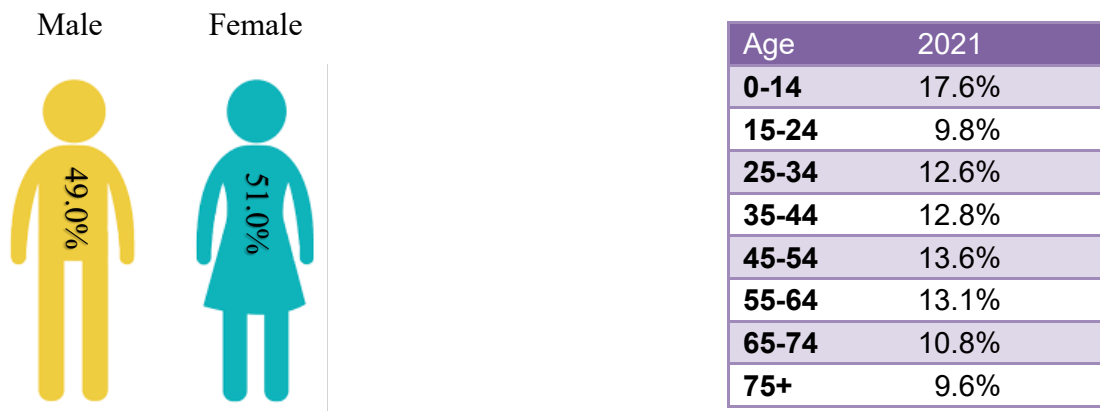
Fosse Park is within the district boundary and is one of the busiest retail parks in the country, attracting 11 million visitors a year. There are also large-scale business parks and business headquarters including Next and Santander within the District. There are also several headquarters for public sector organisations such as Leicestershire Police and Leicestershire County Council as well as a large hospital.



Key Facts and Information about Blaby

Blaby's population size grew by 9.6%, from around 93,900 in 2011 to 102,900 at the time of the most recent census in 2021. This is higher than the overall increase for England (6.6%), where the population grew by nearly 3.5 million to 56,489,800. As of 2021, Blaby is the 12th most densely populated of the East Midlands' 35 local authority areas, with around six people living on each football pitch-sized area of land.

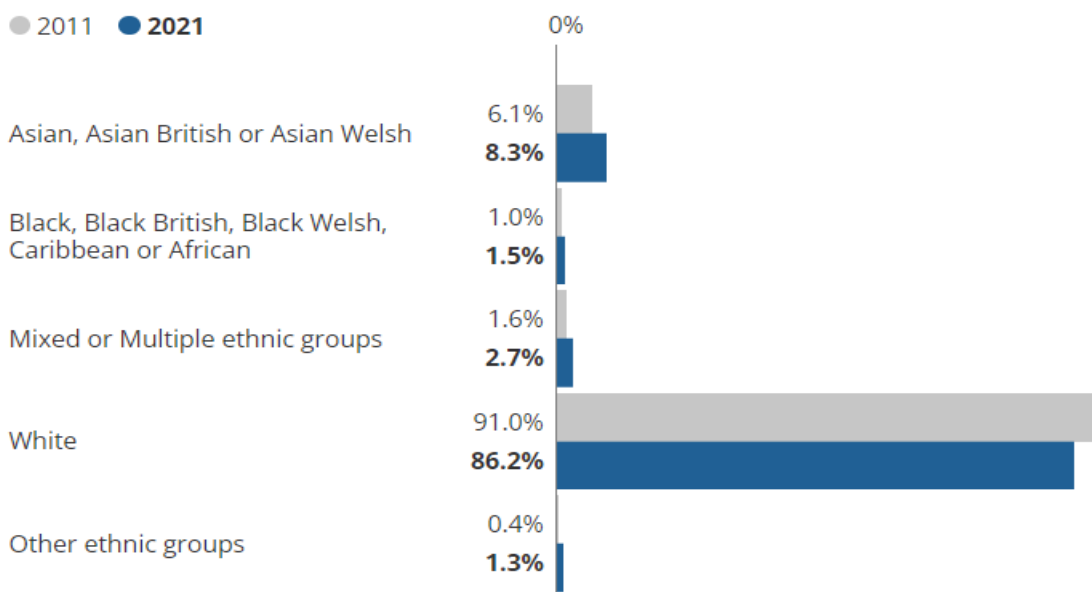
The graphic below shows the gender split and the age breakdown of the population in Blaby District.



Life expectancy is good at nearly 82 years for men and 85 years for women compared to 80 and 83 years nationally.

The ethnic minority population of the district has shown an increase when comparing the 2021 data against 2011. The ethnic minority proportion is at 13.8% compared to 9.1% in 2011.

Percentage of usual residents by ethnic group, **Blaby**



Source: Office for National Statistics – 2011 Census and Census 2021

Employment

For the period January to December 2025, 53,000 Blaby residents aged 16-64 were considered to be economically active, representing 85.7% of the population in that age group. This compares well to the East Midlands average position, which is 78.6%. Of these, 52,800 were in employment, equating to an employment rate of 84.9%.

Median gross weekly pay for full time workers in Blaby District is £787.90, higher than the median figure of £720.80 for the East Midlands.

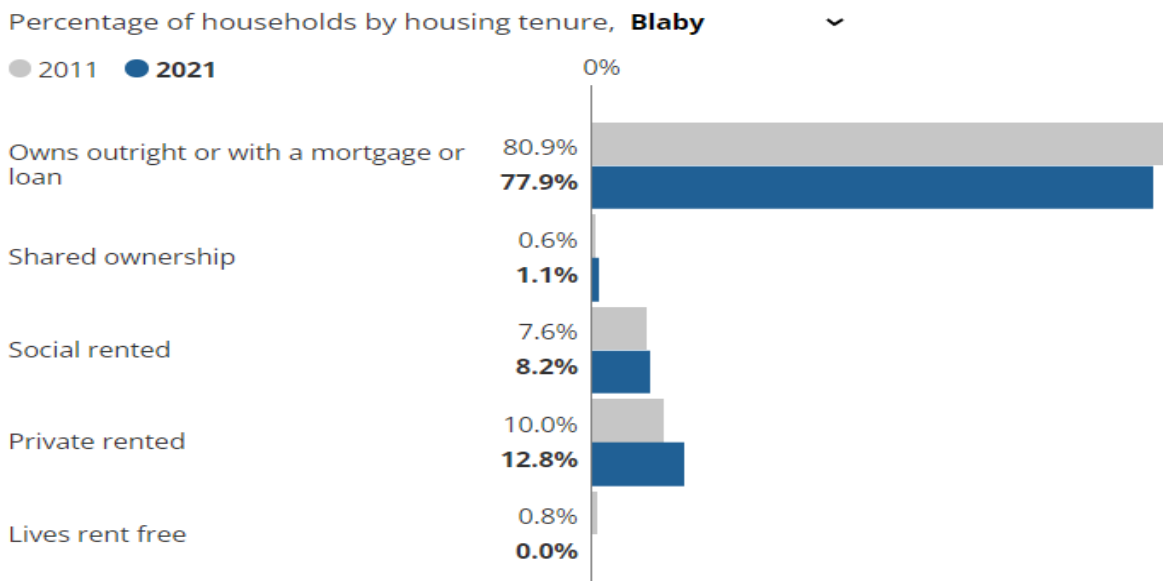
Housing

As of March 2026, the provisional average house price in the Blaby district is £285,000, this remains consistent to the £282,000-£286,000 range seen in early 2025.

The current average private rental cost for Blaby has increased to £978 per month, an increase from £924 in April 2025.

We continue to seek to provide as many affordable homes as possible. The affordable delivery figure for 2025/26 was 39 units. This represents a reduction from the 41 new affordable units for rent and shared ownership delivered in 2024/25 and falls below the previous four-year average of 51 units per year. We currently have a strong pipeline for planning approved affordable housing units and expect this figure to increase in the coming years as approved sites are built out.

In terms of the tenure type infrastructure in Blaby the most up to date information is below. This data is taken from the 2021 census (published in 2023).



Source: Office for National Statistics – 2011 Census and Census 2021

Health

The health of people in Blaby is generally better than the England average. Blaby is one of the 20% least deprived district authorities in England, however 12.9% of children (under 16's) live in low income families. The percentage of physically inactive adults (19+ years) is 23.2% which is higher than the regional and England values. The life expectancy of both men and women is better in Blaby than the regional and England values (Source – Department of Health and Social care).

The Health Partnership meets to better understand local need with regards health and wellbeing and the variance to England and other areas in Leicestershire. The partnership is governed by a Community and Health and Wellbeing Plan. The 2023-2026 plan outlines priorities and areas of focus including:

- Reducing Obesity Levels in Adults and Children
- Reducing the level and impact of Alcohol Consumption
- Reduce the number of Falls and Hip Fractures
- Improve Cancer Diagnosis Rates
- Improved Mental Health
- Reduce Levels of Smoking and Vaping in Young People & Non Smokers
- Housing in Blaby District
- Integration of Health & Social Care

The Council's community garden in Enderby 'A Place to Grow' continues to offer support with mental health and wellbeing during its weekly public sessions. The Council has two leisure centres in Huncote and Enderby that are managed by Sport and Leisure Management Ltd. The contract from January 2025 to December 2025 brought over £5.7million in social value benefits to the District.

Political Management Arrangements

At the start of 2025/26 the Council comprised of 36 elected Members representing 17 Wards in the District.

Members set the strategy and policy framework for the Council, and within which officers deliver services. Blaby operates a Cabinet Executive model which comprises six Cabinet Members. Following Annual Council held on 20th May 2025, the Leader of the Council was Councillor Ben Taylor (Conservative), and the Deputy Leader was Councillor Cheryl Cashmore (Conservative). The Leader has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of executive functions.

The Cabinet Executive is currently made up of six Members, including the Leader. Five Members appointed by the Leader to make decisions on key strategic matters. Each Cabinet Member has portfolio responsibilities in respect of specific Council functions.

The portfolios during 2025/26 which broadly reflect the service groups within the Council are as follows:

1. Leader
2. Finance, People and Transformation
3. Neighbourhood Services & Assets
4. Health, Community and Economic Development
5. Housing, Community Safety and Environmental Services
6. Planning and Strategic Growth

The political composition of the Council changed following the district election held on 4th May 2023, although the Conservative party still maintains overall control with a reduced majority.

The political make up is during 2025/26 was:

- 18 – The Conservative Party
- 8 – Liberal Democrats
- 5 – The Labour Party
- 2 – Green Party
- 2 – Independent
- 1 – Reform UK

The Council's Constitution is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. Amendments to the Constitution are brought before Council as part of the continuous review process.

Blaby District is split between two constituencies- South Leicestershire Parliamentary Constituency and Mid Leicestershire Parliamentary Constituency. South Leicestershire comprises of Blaby District Wards Blaby, Cosby & Whetstone, Countesthorpe, Enderby, Fosse Highcross, Fosse Normanton, Fosse Stoney Cove, North Whetstone, and Glen Parva. Mid Leicestershire comprises of Braunstone Millfield, Braunstone Ravenhurst, Glenfield Ellis, Glenfield Faire, Kirby Muxloe, Leicester Forest & Lubbethorpe and Thorpe Asley & St Mary's.

A predominantly in-house, comprehensive Member induction package has been, and continues to be, delivered across the Council. It is recognised that there needs to be an ongoing development programme that equips Members with the skills and appropriate levels of knowledge to face future challenges and ensure effective succession planning. A Member Development Steering Group takes a proactive approach to the training programme and guiding projects such as Member ICT.

The Council has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities. This includes the role of a Portfolio Holder and what is required of them.

Portfolio Holder roles are intensive with a broad range of responsibilities; some are also appointed to other appropriate committees including the Appointments and Appeals Committees. Executive Members can also be appointed to Outside Bodies and represent the Council on external partnerships. Cabinet Members cannot be Members of the Scrutiny Commission; however, they are required to attend meetings. They are supported by the Senior Leadership Team. Although, the role is not a full-time position, Portfolio Holders currently combine their role with employment and/or a range of caring responsibilities.

The Scrutiny process provides an opportunity for councillors and, in some cases, external representatives, to examine various functions of the Council, to ask questions about how decisions have been made and to consider whether service improvements can be put in place. It provides an opportunity for them to champion issues of public concern and to participate in the development of new policies.

Scrutiny facilitates debate about priorities, budget, the strategy of the Council and its vision for the district. Scrutiny reinforces the local authority's leadership role in promoting the well-being of the local community because it can enable reviews of services, provided by other organisations to be carried out.

Scrutiny Commission has the power to review and scrutinise:

- a. The priorities and objectives of the Council
- b. The policies the Council adopts to meet those objectives
- c. The Council's performance in meeting its objectives
- d. The decisions taken by the Cabinet Executive, committees, and officers
- e. Services, bodies, or issues which affect the well-being of people in the district

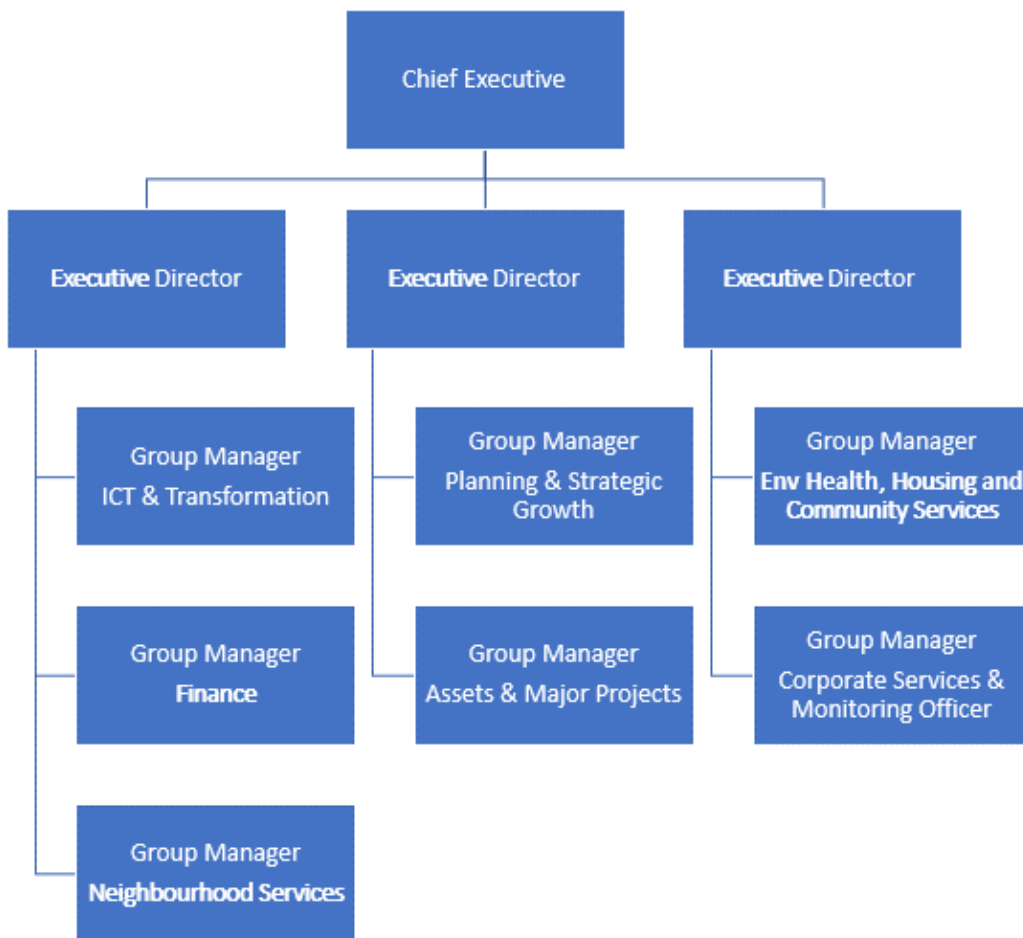
Most non-executive members serve on Scrutiny Working Groups with 13 members making up the Scrutiny Commission.

Councillors are kept informed of the activity of the Council through a variety of channels such as: Portfolio briefings, Informal Cabinet, presentations and briefings at Council meetings, member newsletter emails.

Management Structure

Corporate management is provided by the Strategic Leadership Team (SLT) which implements the strategic goals of the Council as decided by Members.

The SLT Structure during 2025/26:



Group Manager job titles were changed to Assistant Director in May 2026.

Our Staff

On 31st March 2026 the Council employed 385 members of staff working across a range of services, compared with 348 on 31st March 2025. The number of full-time equivalents (FTEs) on 31st March 2026 was 357.68 (322.07 on 31st March 2025).

The demographic make-up of our staff.	
Females	52.99%
Males	47.01%
Employees disclosing that they have a disability	7.01%
White British	78.18%
Minority Ethnic	13.25%
Undeclared	8.57%
18 to 29	13.77%
30 to 39	19.22%
40 to 49	20.00%
50 to 59	32.21%
60 and over	14.81%

At the end of March 2026 sickness stood at 11.9 days per employee.

The Blaby District Plan

The Blaby District Plan covering the period 2024 – 2028 was approved by Council, on 28th November 2023. The Blaby District Plan sets out our vision, values, and strategic themes for the next four years.

The document sets out where the Council is now, what it wants to achieve, and how we will achieve those objectives. A detailed process was followed to arrive at the final plan, including full Council workshops, employee workshops, public focus group discussions, and engagement with Scrutiny, the Youth Council, parishes, and other partners.

Our Vision

Our vision is to ensure that Blaby District is a great place to live, work and visit.

Our Organisational Values

Our organisational values define our culture, embody our beliefs and principles, and provide guidance for our interactions with customers, colleagues, and communities.

They are:

1. Put the customer at the heart of everything we do.
2. Be innovative, adaptable, and resourceful.
3. Understand the needs of our communities and treat everyone fairly.
4. Be open, honest, and clearly communicate.

Our Strategic Themes

Our strategic themes, as set out in the Blaby District Plan are as follows:

- Enabling our communities and supporting our vulnerable residents.
- Enhancing and maintaining our natural and built environments.
- Growing and supporting our economy.
- Keeping you safe and healthy.
- Ambitious and well-managed Council, valuing our people.
-

Beneath each theme, the Blaby District Plan sets out what we want to achieve, and how we will achieve this.

In addition to this the plan includes the Council's key achievements from the previous plan period, 2021 – 2024.

All major corporate projects, as well as more significant service projects, are presented to Programme Board with a Business Case stating how they contribute to the Blaby District Plan Priorities. Programme Board provides both challenge and support, ensuring that there is a clear link to our priorities, that they are fully costed and resourced. Each month Project Managers report progress along with new issues and risks. Requests for additional finance or staff etc must be approved by Programme Board.

We monitor the delivery of our priorities regularly through our annual plans, which set out our delivery for the year against these, and report progress to Programme Board each quarter. Currently we produce a formal report of outcomes to Full Council every 6 months, along with performance monitoring.

A statement of achievements is presented at each Council meeting as part of the Leader's Statement. We also monitor our resident's priorities through our bi-annual Resident's Survey and annual Budget Survey when gathering feedback on our performance, priorities, council tax and communication.

The Council's corporate performance management framework, introduced in 2022/23, is fully embedded in our culture and working practices. The framework allows us to collect metric performance data for all services, focusing on outcomes, and to develop service plans that map out the aims and objectives of all services, with a clear link to the Blaby District Plan and vision.

Performance improvement and service transformation is owned by the people who know and deliver the services best, i.e., our employees and service managers. We make it clear how everybody contributes to the Council priorities and ambitions.

As a Council we feel that it is important to look outside of the organisation. We include benchmarking data in our regular Blaby District Plan Progress and performance reports. We are also active members of the East Midlands Performance Group and Benchmarking Subgroup and members of APSE.

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) is the Council's key financial planning document. The MTFS contains a financial forecast which is updated each year to reflect the changes to funding.

It had been hoped that the Secretary of State would announce a multi-year settlement however as has been the case in recent years, only a single year settlement was released for the 2025/26 budget. This, coupled with the ongoing uncertainty over the funding reviews, made it more difficult to gauge the financial picture for future financial years, since many of the funding streams for 2025/26 were either one-off grants or were expected to be discontinued in the medium term.

The Council approved an updated MTFS as part of the 2025/26 budget setting process in February 2025. The MTFS was produced on the assumption that the business rates baseline would be rebased from 1st April 2026, which was expected to lead to a significant loss of business rates growth accumulated since 2013/14, when the current methodology was introduced. As a result, a budget deficit of around £1.1m was forecast for 2026/27 even allowing for the potential inclusion of some form of damping to cushion the effect of the loss in funding. The shortfall was forecast to increase to £2.4m in 2027/28 and £4.3m in 2028/29. The future funding estimates within the MTFS were based upon the best available information that could be gained from the national picture and documents within the public domain at the time the budget was set.

The key risks to the Council's future financial position, the outcome of which remain uncertain, are:

- New Homes Bonus – the Council received confirmation of £426k New Homes Bonus funding for 2025/26, however the funding was confirmed to be discontinuing after 31st March 2026 with no confirmation that a replacement funding stream would be put in place.
- Business Rates – The Business Rates reset will come into effect from 2026/27. The Council has benefited from significant growth in business rate income over recent years and the baseline reset will negatively impact the Council's financial position. Whilst damping has been provided for 2026/27 to offset the impact, there is no confirmation that this will be given in future years.
- Fair Funding Review – The Funding reform was undertaken in 2025/26 and will take effect from 2026/27, with considerable redistribution of funding between authorities and many grants rolled into the Settlement Funding Assessment. The funding distribution was last updated in 2013-14 and no update had taken place of key datasets.
- Local Government Reform – Full plans were submitted in November 2025, and a decision by Government is expected later this year. April 2028 has been confirmed as the vesting day for new authorities. This means that on the 31st March 2028 the Council will no longer exist and will be merged into a new Unitary Council.
- The current economic climate – Continues to prove challenging for the Council in terms of financial management and future financial sustainability is currently in a period of great uncertainty.

Transforming Blaby Together

Transforming Blaby Together (TBT) is our over-arching response to the challenges that we face as a council.

This TBT Strategy and its associated work programme will continue to act as an enabler for the authority to adopt a culture of continuous improvement to facilitate opportunities and different ways of working to drive operational effectiveness and build in cost effective efficiencies.

This is particularly important as we move into Local Government Reorganisation.

At the centre of Transforming Blaby Together are four key themes, those being:

- Customers at our heart.
- Prioritise digital.
- Challenge the way we work.
- Financial Resilience.

Our aspirations, commitments, and action plans for each of these key themes are set out in more detail in our Transforming Blaby Together Strategy which is available on our website.

Net Zero

In 2020, we published our ambition to be carbon neutral as an organisation by 2030, and to work with partners to support the district in becoming carbon neutral by 2050.

Our Climate Change Strategy supports this ambition and provides a vision for a “green recovery” to create sustainable communities, low carbon transport networks, and a thriving local economy.

Since 2019, our operational greenhouse gas emissions have reduced from 775tCO₂e to an estimated 164tCO₂e. The main contributory factors to our remaining carbon footprint are gas for heating our buildings, diesel for part of our fleet vehicles and business mileage undertaken by employees.

In addition to switching to an alternative fuel source (hydro treated vegetable oil (HVO) for the majority our vehicle fleet we have also secured funding from the government under the banner of Let’s Go Electric which has enabled us to purchase our first electric road sweeper, and to convert an existing refuse collection vehicle from diesel to electric.

In addition to this we have completed or begun a number of new projects that will support our 2030 net zero ambition, including:

- The installation of solar PV at our depot in Whetstone, and at Enderby Leisure Centre.
- The introduction of electric charging infrastructure across some of our sites.
- Replacement of old, inefficient gas boilers at our main offices
- Improvements in energy management
- Solar EV Charging Hub at Enderby Leisure Centre
- Electric pool car pilot

Further details are available in our Climate Change Strategy and Net Zero Action Plan on the Council’s website.

In house governance has recently been improved, with the establishment of a Member Working Group to oversee climate action and net zero related schemes. An officer group is also being established in 26/27 to improve coordination of projects and monitor impact against the Blaby Plan priorities.

Risk Management

The management of risk is a critical success factor in helping the Council to achieve its objectives. We manage risk in several ways and revised our Risk Management Strategy in July 2023 to reflect this. The new Strategy covers the period 1st April 2023 to 31st March 2026.

- **Corporate Risks** – the Corporate Risk Register is monitored on a quarterly basis by the Corporate Risk Group, which comprises the Chief Executive, the Executive Directors, the Finance Group Manager, and the Council Tax Income and Debt Manager. The group re-evaluates risks considering actions that have been put in place, and assesses potential future risks, as well as reviewing significant service risks.
- **Service Risks** – Service Managers closely monitor the major risks within their own services and update the Service Risk Register on a quarterly basis to reflect any changes to perceived risk.
- **Project-related Risks** – the Council has a robust project management process in place that includes a specific requirement to consider all risks associated with new projects. The Senior Leadership Team, sitting as Programme Board, maintains an overview of project risks as part of its monthly meetings.

The Audit and Corporate Governance Committee plays an important role in the management of risk in considering the effectiveness of the Council’s risk management arrangements and control environment, and reviewing the risk profile of the organisation and assurances that action is being taken. The Committee receives quarterly reports highlighting the latest position and any significant changes in relation to corporate risks. All committee reports are required to include a risk assessment. Risks are assessed for their impact on the Council’s business, and the likelihood that those risks might arise. Scores for impact and likelihood are combined using a “5x5” matrix to arrive at a rating of high, medium, or low.

Risk Score	Matrix Category
16-25	High
9-15	Medium
1-8	Low

The Corporate Risk Group has identified 27 corporate risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	16	11	0	27
All Corporate Risks Controlled Rating	3	9	15	27

The Council's Corporate Risks on 31st March 2026 were:

Risk Description	Uncontrolled Rating	Controlled Rating
Impact of financial position as a result of lack of certainty around future funding streams (i.e. Settlement Funding, Extender Producer Responsibility for Packaging Funding and also costs associated with LGR),and cost of living crisis	High	High
Failure to provide affordable housing and supporting infrastructure in the district in line with identified need	High	High
The Council is unable to meet its 5-year land supply target	High	High
The Council's Residential Stock does not meet the required regulatory standards, including Health and Safety, Decent Homes Standards and Awabb's Law	High	Medium
Impact on structural, legislative and budgetary changes in other Public Sector organisations (e.g. DWP, Health, NHS, Police, Leicestershire CC).	High	Medium
Cost of living crisis and other external factors impacting services	High	Medium
Failure to provide appropriate temporary accommodation for homeless households	High	Medium
That the Leicestershire Building Control Partnership is unable to deliver the service due to lack of in-house capacity and/or the costs of employing consultants.	High	Medium
External factors influencing the Council's progress on achieving the 2030 net zero carbon reduction target.	High	Medium
The Council is unable to deliver a new Local Plan	High	Medium
Closure, downsizing of premises or relocation of a major district employer.	High	Low
Delivery of the Lightbulb Model becomes unsustainable	High	Low
Failure to identify, record, monitor and report health and safety risks	High	Low
ICT security breaches and noncompliance with Government security standards.	High	Low
Failure of ICT systems	High	Low
Impact of industrial action on services and residents	High	Low
Engagement of elected members negatively impacting on decision making process	Medium	Medium
Delivery of the Hospital Enablement Team Model Becomes Unsustainable	Medium	Medium
Uncontrolled Use of Artificial Intelligence	Medium	Low
Blaby District Plan is not deliverable within available resources.	Medium	Low
Failure to have effective safeguarding arrangements and a plan in place to safeguard children and vulnerable adults.	Medium	Low
Failure to ensure adherence to internal control arrangements	Medium	Low
Lack of effective emergency planning and business continuity arrangements	Medium	Low
Contracts may fail to deliver intended outcomes if not managed	Medium	Low

effectively.		
Procurement Advice provided is incorrect	Medium	Low
Failure to comply with legislation	Medium	Low
Elevated levels of methane from landfill site at Huncote Leisure Centre and surrounding site.	Medium	Low

A separate risk register is held for risks specifically relating to Local Government Reorganisation (LGR) and Devolution.

The Corporate Risk Group has identified 3 LGR and Devolution risks. The following table provides a summary of the status of those corporate risks both before and after control measures are put in place.

Summary by Risk Type	Red	Amber	Green	Total
All Corporate Risks Uncontrolled Rating	2	1	0	3
All Corporate Risks Controlled Rating	0	3	0	3

The Council's LGR/Devolution Risks on 31st March 2026 were:

Risk Description	Uncontrolled Rating	Controlled Rating
Failure to recruit and retain the right people for the right jobs	High	Medium
Officer and Member emotional wellbeing impacted by service demand and financial pressures	High	Medium
Business as usual is negatively impacted due to the Focus on Devolution	Medium	Medium

Further information, including the control measures in place, is available on the Council's website – see agendas and minutes of the Audit and Corporate Governance Committee.

Partnership Working

Partnership working makes a significant contribution to the way we deliver our services, and many of our achievements are only possible because of the valuable contributions made by our partners. Many of our aims and objectives set out in the Blaby District Plan have been identified and supported by our partners as part of our vision for the district.

Partnership working takes place in all aspects of our services and our ambitions including:

- **Joint Community Safety Partnership** - which represents both Blaby district and Hinckley and Bosworth borough. It comprises a range of organisations that work together to make safer places to live, work, and visit. Community safety remains a top priority to the district and our communities. Blaby District Council and Hinckley and Bosworth Borough Council have joined together, along with Leicestershire Police and Leicestershire Fire and Rescue Service, to share their expertise to help deliver effective and efficient community safety services across both areas.
- **Blaby District Tourism Partnership** – launched in March 2018 to deliver opportunities for growth in the tourism sector within Blaby district. The partnership quickly established a tourism

website for the district called Visit Blaby and has successfully attracted funding through the Heritage Lottery Fund to support local restoration and archaeological projects. The Partnership has over 70 members and includes a diverse cross section of businesses. A new Tourism Growth Plan covering 2025 through to 2030 was approved by the Council in February 2025, it provides clear direction for tourism growth across the district.

- **Lightbulb** – a multi-award winning, integrated housing support service that brings together the County Council, Leicestershire district and borough councils, and other local partners to help people stay safe and keep well in their homes for as long as possible by way of a range of practical housing support. Lightbulb continues to be innovative with the introduction of a hospital discharge grant to help people leave hospital and return home, a smart technology project which helps people remain independent in their own home and a safe spaces project which supports those individuals who live in hoarded properties.
- **The Housing Enablement Team (HET)** - places specialist housing professionals into the University Hospitals Leicester and the Bradgate Mental Health Unit, with the goal of assisting patients with housing issues so that they can be safely discharged, reducing, or preventing discharge delays and improving patient outcomes. HET is a service that is offered across Leicester, Leicestershire & Rutland (LLR), also covering patients from out-of-area and those with no recourse to public funds, where they are occupying an inpatient bed and have a housing related barrier. The team is funded by the Clinical Commissioning Group for LLR and the Leicestershire Partnership Trust, and the service is run on their behalf by the Council.
- **The Leicestershire Building Control Partnership** - is a fully delegated operating model led by Blaby. Under this arrangement, Blaby delivers the building control function on behalf of Harborough District Council, Hinckley and Bosworth Borough Council, Melton Borough Council, Oadby and Wigston Borough Council and Rutland County Council.
- **Health and Wellbeing Partnership** – is a partnership-led framework delivering prevention, physical activity and community-based interventions to improve health outcomes and reduce inequalities. Delivery over the past 12 months has remained strong, with clear local impact through joint working with NHS, County Council and voluntary sector partners. Activity has supported improvements in physical activity and mental wellbeing and aligned with wider priorities.

Local Plan

The Council continues to progress work on its emerging local plan which will guide development in the district till 2042.

The emerging Local Plan seeks to allocate suitable housing and employment provision whilst continuing to deliver its place shaping narrative and support existing communities through its developmental policies.

The Council are committed to its place making approach to growth, which continues to be the hallmark of development in the district.

Whilst this has become more difficult against the backdrop of changing planning legislation, the imposition of mandatory housing targets and other constraints across the sector, the team continues to ensure that it focuses on the integration of new developments into existing communities to ensure a suitably joined up approach to new housing.

It demonstrates this approach by continued collaboration both internally and externally through a number of stakeholder groups. From an internal perspective this is best highlighted by the Councils continued commitment to affordable housing which again is typified by continued work of the Councils cross organisation Affordable Housing Working Group which continues to deliver in challenging circumstances.

More widely and in collaboration with strategic partners the Council is a key component of the Strategic Planning Group along with other authorities in Leicester, Leicestershire and Rutland. This group along with others have recently been very active in the delivery of key pieces of evidence for emerging Local Plans, most notably being the Statement of Common Ground relating to Housing Distribution and also ensuring suitable provision and distribution of strategic employment.

These groups continue to be held in high esteem and recognised as an exemplar among other Local Authorities, primarily due to their ability to focus on partnership working, to overcome obstacles and deliver for the wider Leicester, Leicestershire and Rutland area.

Community Engagement

As we work to put the customer at the heart of everything we do, we strive to continually improve services to residents. Consultation supports this by involving people and ensuring services are appropriate to the needs of the customer. To deliver fit for purpose services, projects, and policies it is important that we consult our residents, stakeholders, and partners in a co-ordinated, well-planned, robust and accessible way.

The Council regularly engages with residents, partners, and stakeholders. We undertake corporate consultation and engage at a service specific level. We want to listen to the needs of our residents and ensure we understand their needs and views.

In January 2025, we undertook our corporate Budget Survey. In prior years we have alternated with a full resident's survey with a shorter, budget focused questionnaire. Both cover value for money, potential council tax increases, and an assessment of the priorities for the district.

However, during each year several consultation exercises take place. Some of these are regular service satisfaction surveys such as for customer services, while others are one off surveys to inform our plans, policies, and changes to services. Examples of these include consultation on Car Parking Charges and Homelessness.

Local Government Reorganisation

The English Devolution White Paper, published on 16 December 2024, set out the Government's approach to devolution and local government reorganisation. It made clear that councils in two-tier areas, together with neighbouring small unitary authorities, would be expected to bring forward proposals for new unitary structures as part of a wider programme of reform.

On 5 February 2025, the Ministry of Housing, Communities and Local Government issued a statutory invitation to councils in Leicester, Leicestershire, and Rutland to develop proposals for unitary local government. Councils were invited to submit interim plans by 21 March 2025 and final proposals by 28 November 2025, in accordance with the criteria and guidance issued by Government.

In March 2025, three interim proposals for local government reorganisation in Leicester, Leicestershire and Rutland were submitted to Government. These comprised: a proposal submitted by Leicestershire County Council; the North, City and South proposal developed by Rutland County Council and the seven Leicestershire district and borough councils; and a proposal submitted by Leicester City Council.

Final proposals were submitted to Government on 28 November 2025. The Government then commenced consultation on 5 February 2026 on the future structure of local government in Leicester, Leicestershire, and Rutland. The consultation closed on 26 March 2026 and sought views on the three proposals submitted. The current published timetable is set out below.

The current published timetable is set out below..

Interim plans submitted to Government	March 2025
Government feedback on interim plans	June 2025
LGR full plan submission deadline	November 2025
Government consultation on proposed change	February to 26 March 2026
Government decision	Summer 2026
Elections to shadow authorities	April/May 2027
Development of new councils	2027 to 2028
Vesting day for new authorities	April 2028

Should local government reorganisation proceed in accordance with the published timetable, the latest published timetable, new councils would be expected to commence from 1 April 2028, referred to as the vesting day. Blaby District Council would cease to operate as a separate authority from April 2028, with its functions transferring to a new unitary council. Pending the implementation of any such changes, the Council will continue to delivery services as normal.

The 2025/26 Budget Process

The 2025/26 budget process commenced in September 2024 with the Finance team meeting with services to formulate a base budget. The estimates were refined over the course of the next few months before being presented to Scrutiny Commission in January 2025, where Scrutiny Members were provided with the opportunity to question Portfolio Holders about their service spending plans for the forthcoming financial year

Scrutiny Members were advised of the results of the provisional settlement, received on 18th December 2024, and its impact on the Council's 2025/26 budget.

Key elements of the Statement that impact on the budget position for 2025/26 were:

- Confirmation of settlement figures for 2025/26, which were expected to align with those suggested in the 2024/25 Settlement.
- Continuation of New Homes Bonus
- Council Tax increase thresholds
- Any changes to Business Rate Baseline
- Information relating to additional funding streams.

As had been the case in recent years, only a single year settlement was released. The Final Local Government Settlement was received on 3rd February 2025, no further funding was provided to the

Council. Certainty was given on the National Insurance compensation figure which was £104k, rather than the £117k which had been allowed for in the budget.

There was also much uncertainty surrounding the proposed future changes to Business Rates Retention and the Fair Funding Review, and what the impact of those changes would be for Blaby, however these measures are to be implemented in 2026/27.

A Funding Floor Grant replaced the Funding Guarantee Grant, which was introduced in 2023/24 and ensured that every authority has an increase in core spending power of at least 3%. The Council saw a decrease in the amount allocated due to the increase in New Homes Bonus for 2025/26 and as the Council were able to raise an additional £190k if the decision was taken to raise Council Tax by the maximum 2.99%.

Excluded from the calculation for core spending power was Defra funding for Extended Producer Responsibility for Packaging. The funding considerably reduced the cost to the Council of providing the recycling collection to residents and contributed to the reduction in the expected Net Budget Requirement for 2025/26.

At its meeting of 24th February 2025, Cabinet Executive was presented with a net expenditure budget of £15.407m, which was consequently approved.

Cabinet Executive recommended the budget proposals to Council, and the budget was approved by Council at its meeting on 25th February 2025. At the same meeting the Council also approved the Council Tax for 2025/26, the Prudential Indicators and Treasury Management Strategy, and the five-year Capital Programme 2025/26 to 2029/30.

Council Tax

Council Tax is the largest single revenue stream that is used to support the Council's revenue budget, contributing over 43% towards the net budget requirement.

Each year the government sets out the principles which determine whether a local authority's proposed council tax increase is excessive. For 2025/26, the basic amount of council tax for a shire district council, such as Blaby, would be considered excessive if:

- It was 3%, or more than 3%, greater than the basic amount of council tax in 2024/25; and
- It was more than £5 greater than the basic amount of council tax in 2024/25.

This means that Blaby was able to increase its Band D council tax by the greater of 2.99% or £5 in 2025/26 without triggering a referendum. If a referendum were triggered this would require the local electorate to be given an opportunity to vote to support or veto the increase in council tax.

Given the continuing uncertainty over the future of local government funding, coupled with a potentially significant future budget shortfall, Council decided to increase the Band D Council Tax by 2.99%, the maximum increase permissible under the referendum rules. A comparison of Council Tax levels for 2024/25 and 2025/26 is shown in the following table.

	2024/25 £	2025/26 £	Change %
Leicestershire County Council	1601.58	1681.50	4.99
Leicestershire, Leicester & Rutland Combined Fire Authority	81.65	86.65	6.12
Office of the Police & Crime Commissioner for Leicestershire	286.23	300.23	4.89
Blaby District council	189.14	194.79	2.99
Average Parish Councils	133.91	143.60	7.24
Total	2,292.51	2,406.77	4.98

*In accordance with Government guidance each percentage is calculated as an increase to the 2024/25 total of £1,601.58

Council Tax Base

The Council Tax Base for 2025/26 was set at 34,672.75, an increase of 166.92 Band D equivalent properties compared with the previous year (34,505.83).

Income Generation and Commercialisation

The Council's Commercial Strategy aligns closely with the Blaby District Plan and other key strategies, contributing towards our ambition to make Blaby District Council financially sustainable and creating a district where people are happy to live, work and visit.

We aim to achieve this ambition in the following ways:

- By creating a commercial culture/ethos.
- Maximising income but still retaining the status as the 'safety net for the vulnerable'.
- Maximising the Blaby pound.
- Proactively identifying opportunities for commercial investments.
- Focusing resources on initiatives that will drive financial or social benefit.
- Encouraging communication and access to services with residents and customers through digital channels, and furthering Blaby's reputation for delivering quality services.
- Reviewing chargeable, Non-Statutory Services to generate income.

The Commercial Strategy, covering the period 2022 to 2027 was approved by Council on 24th February 2022 and is available to download on the Council's website.

Reserves and Balances

The 2025/26 budget was formulated and approved on the basis that a contribution of £111,639 would be made to General Fund Balances, with £531,470 being released from earmarked reserves to support specific one-off expenditure, to set a balanced budget. The estimated General Fund balance on 31st March 2026 would, therefore, be £6.733m representing 43.7% of the proposed net revenue budget for 2025/26. This was above the Council's policy limit of holding between 10% and 35% of the proposed relevant annual net revenue budget, therefore a review was undertaken and a recommendation made to Cabinet on 24th February 2025 for this limit to be increased to 45%, this was subsequently approved.

In addition to the unallocated General Fund Balance, the Council maintains several earmarked reserves set aside to provide for future expenditure plans, as mentioned above. These are covered in detail in Note 10 to the Financial Statements.

Although the Council's current reserves and balances remain in a relatively healthy position it is not prudent to expect that they are sufficient to sustain the Council's current level of spending in the longer term, in the light of uncertainties over the future of local government funding.

Budget Monitoring

The Council has well established and robust financial management procedures in place to monitor budgets and to identify and mitigate any forecast over spending. The process for the management and monitoring of budgets is continuously refined to help ensure that the Council's longer term financial position is sustainable.

Budget managers are aligned to named Business Accountants to ensure continuity and understanding of the budgetary needs of the service. The Finance team provides budget reports

to services and facilitate regular meetings to jointly monitor progress against the budget. The Finance team continues to look to strengthen and bring greater resilience to the budget monitoring process, which will become increasingly important over the next few years as the Council strives to meet its savings targets.

Quarterly revenue and capital budget monitoring reports are presented to the Cabinet Executive and/or Council throughout the financial year. The first quarterly revenue monitoring report to Cabinet included the confirmed pay award for Chief Executive, Chief Officers and Officers 0.2% above the 3% budgeted. The report detailed additional funding required from the General Fund mainly for additional resources and capacity following a report presented to Cabinet Executive on 12th May 2025, changing the forecast to a contribution of £270,876 from General Fund balances. There were no budget changes identified in quarter 2, and all key income streams were performing well against the profiled budget. By the time the Quarter 3 report was presented to Cabinet, it was forecast that the contribution from balances reduced to £240,689 along with a contribution from earmarked reserves of £209,577, helped by releasing vacancy savings and further increases in investment and Planning fee income.

Financial Performance of the Council 2025/26

General Fund Revenue Account

The Council's 2025/26 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 26th February 2025 was £15,406,931, supported by a contribution of £486,470 from earmarked reserves and a contribution of £111,639 to General Fund Balances. However, budgetary changes in the year meant that, by February 2026, a contribution of £240,689 from General Fund Balances, and £209,577 from Earmarked Reserves were predicted. By the end of the financial year, the Council achieved a surplus of £1,613,572 representing a positive variance of £1,854,261 compared to the latest forecast. This surplus has been credited to General Fund balances, representing a crucial contribution towards ensuring the Council's future financial sustainability.

Some of the more significant variances that have contributed to the in-year surplus include Planning Fees and charges surpassing the budget set.

2025/26 Outturn	2025/26 Approved Budget £	2025/26 Revised Budget £	2025/26 Actual Outturn £
Finance, People & Transformation	4,557,942	6,093,068	5,834,174
Housing, Community Safety & Environmental Services	2,379,439	4,141,740	556,176
Health, Community & Economic Development	235,566	886,205	284,833
Leader	2,767,240	3,086,116	2,511,459
Neighbourhood Services & Assets	5,732,139	5,057,241	4,548,127
Planning & Strategic Growth	1,153,869	1,309,645	755,342
Blaby share of Leicestershire Business Rates Pool	0	(993,502)	(993,502)
	16,826,195	19,580,513	13,496,609
Central Items:			
Revenue Contributions towards Capital Expenditure	54,500	261,210	137,284
Minimum Revenue Provision	1,000,318	789,016	793,939
Voluntary Revenue Provision	250,000	250,000	250,000
Capital Accounting Adjustments	(3,519,717)	(3,657,111)	(3,723,573)
Pension Fund Adjustments	1,264,154	1,264,154	1,532,375
Employee Benefits Adjustments	0	0	(1,802)
Property Fund Adjustments	0	0	(7,328)
Other Central Provisions	(93,689)	(83,297)	(104,279)
Contribution to/(from) Earmarked Reserves	(486,470)	(2,765,265)	(1,411,734)
Net Revenue Expenditure	15,295,291	15,639,220	13,784,959
Financed by:			

2025/26 Outturn	2025/26 Approved Budget £	2025/26 Revised Budget £	2025/26 Actual Outturn £
Income from National Non-Domestic Rates	(6,600,000)	(6,591,600)	(6,591,600)
New Homes Bonus Grant	(426,048)	(426,048)	(426,048)
Funding Floor	(1,573,114)	(1,573,114)	(1,573,114)
Revenue Support Grant	(95,767)	(95,767)	(95,767)
Council Tax Demand on the Collection Fund	(6,754,058)	(6,754,058)	(6,754,058)
Council Tax (Surplus)/Deficit	42,056	42,056	42,056
	(16,937,835)	(19,339,824)	(15,110,181)
Contribution to/(from) General Fund Balances	(111,640)	240,689	(1,613,572)

Reserves and Balances – Financial Resilience

The level of General Fund balances, included in the Balance Sheet at £8.262m, contribute to the Council's financial health. The General Fund balance plays an important part in maintaining the financial stability of the authority primarily by: -

- Meeting unforeseen expenditure pressures and income reductions that arise in the financial year;
- Meeting the cost of one-off items of expenditure; and
- Supporting the stability of the Council's financial position by providing a source of funding in times of uncertainty.

As referred to above, the Council added £1,613,572 to its General Fund balances because of the positive financial performance in 2026/27.

The Council's policy in respect of its General Fund balances is that they must sit within a range of 10% to 45% of the net budget requirement in any given year. The result of the transfers made in 2025/26 is that balances represent 43% 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 also holds earmarked reserves on the Balance Sheet with a total value of £14.953 on 31st March 2026 (£11.584m on 31st March 2025). Further detail on the balance and purpose of each earmarked reserve appears in note 10 to the Financial Statements. These reserves are held to manage future risks and expenditure priorities.

There were several other significant movements in earmarked reserves during 2025/26. A net figure of £0.851m has been added to the Ongoing Projects Reserve, reflecting the balance of unused external funding and other one-off budgets carried forward into 2026/27. A further £1.957m has been added to the NNDR Income Reserve to ensure that the overall position in relation to business rates equates to that required to balance the budget. Finally, the Council received a share of income from the Leicestershire Business Rates Pool, which had accumulated from the levy contributions made by Pool members during 2024/25. This share amounted to just under £0.994m, which has been transferred to the Business Rates Pool Reserve, £0.307m has been transferred from the Reserve to support Economic Development during 2025/26.

Treasury Management

The importance of the treasury management function cannot be understated. As a key component of the Council's day-to-day operations, it deals with:

- Cash flow planning – ensuring that cash is available when needed and investing surplus balances whilst minimising risk to the Council's financial position.
- Funding capital spending plans – capital expenditure often requires longer term cash flow planning. This may involve arranging loans or using longer term cash flow surpluses.

The Council has the facility to raise finance for capital expenditure and operational requirements from several approved borrowing institutions subject to it not exceeding its authorised limit for external debt, as required by the Prudential Code for Capital Finance in Local Authorities. The Council's Treasury Management Strategy, approved on 25th February 2025, sets a range of prudential indicators including the authorised and operational limits on borrowing.

Borrowing

On 31st March 2026, the Council had total borrowings of £4m.

The following table illustrates the limits and levels of borrowing as of 31st March 2026 as compared to the preceding year end.

Borrowing Limits and Levels	31 st March 2025 £	31 st March 2026 £
Borrowing Limits:		
Authorised Limit for External Debt	23,000,000	22,000,000
Operational Boundary	20,700,000	19,800,000
Actual Borrowing:		
Long Term Borrowing	4,000,000	4,000,000
Short Term Borrowing	872,446	0
	4,872,446	4,000,000

Although the Council has a borrowing requirement of £21,558m its actual external borrowing is just £4m. This is due to the Council's policy of using internal balances and reserves to fund capital expenditure on a temporary basis to manage interest rate risk and make revenue savings. It is expected that the Council will need to externalise some of its existing internal debt by taking longer-term funding during 2025/26. However, the timing of any such borrowing will be dependent upon the trajectory of PWLB rates.

Investing

At the end of the financial year the Council had £19.631m of cash invested, compared with £22.575m at the beginning of the year.

The Council's investment strategy set out a benchmark for the average rate of return on investments. However, the pursuit of a target rate of return is tempered by the need to maintain sufficient liquidity for the Council's day-to-day operations and, most importantly, to ensure that funds are invested with secure institutions. In 2025/26 the Council achieved a rate of return of 4.10%.

The Council invested £1m in the Lothbury Property Trust in December 2019. Following the unprecedented withdrawal of a number of investors, notice was given by Lothbury for the termination of the fund on the 31st March 2024 if a viable merger option could not be found by this date.

Following an extraordinary general meeting held in March 2024, the deadline for terminating the fund was extended to the end of May 2024. Unfortunately, due to a difference in opinion over the valuation of certain assets that were to be transferred from Lothbury to UBS, the merger option did not proceed, and the fund was wound up on 30th May.

Although the merger fell through, officers maintained communication with UBS Triton fund managers. Due to the opportunity to transfer the Council's share of proceeds from Lothbury to UBS Triton, as and when funds are distributed, at a preferential management fee rate, under delegated authority the Executive Director (Section 151), in consultation with the Portfolio Holder for Finance, People and Performance determined that the transfer of funds from Lothbury to UBS Triton remained the Council's best opportunity to recover its investment loss. Following the winding up of this fund, Lothbury continue to dispose of all assets and make distributions to investors throughout the year.

Capital Programme

The 2025/26 Capital Programme of £1,422,512 was approved by Council on 25th February 2025 as part of the rolling 5-year capital planning process. The 5-year Capital Programme, along with the accompanying Capital Strategy for the same period, provided the framework within which the Council's capital investment plans were to be delivered. The following table shows the original proposed capital expenditure plan for 2025/26 through to 2029/30.

Capital 5 Year Plan	2025/26 £	2026/27 £	2027/28 £	2028/29 £	2029/30 £
Invest to Save Schemes	0	0	150,000	0	0
Essential & Contractual Schemes	728,792	479,500	3,247,500	338,500	4,155,500
Desirable Schemes	33,720	0	0	0	0
Externally Funded Schemes	660,000	660,000	660,000	660,000	660,000
Total Expenditure	1,422,512	1,139,500	4,057,500	998,500	4,815,500

As the financial year progressed, the initial plans were revised to incorporate unspent budget reprofiled from the previous financial year, new assumptions, approvals, and scheme updates, as information became available. This led to a Revised Capital Programme total of £8,493,351 for 2025/26.

However, the final expenditure on capital schemes in 2025/26 was £4,956,560 compared to the revised forecast spend above, leading to a variance between the forecast and outturn of £3,536,790 or 41,64%. This was mainly due to schemes which were not completed by the end of the financial year, although there were some savings achieved. Incomplete schemes amounting to £3,532,505 will be carried forward to 2026/27 together with the associated resources.

The table on the following page provides an analysis of capital expenditure and how it was financed, compared with the revised forecast.

Analysis of Capital Expenditure to Revised Forecast	2025/26 Revised Forecast £	2025/26 Actual Expenditure £	Variance Overspend (Underspend) £
Invest to Save Schemes	1,740,199	903,129	(837,070)
Essential and/or Contractual Schemes	3,832,242	2,330,349	(1,501,893)
Externally Funded Schemes	2,920,910	1,723,083	(1,197,827)
Total Expenditure	8,493,351	4,956,561	(3,536,790)
Financed by:			
Borrowing	3,932,110	2,525,517	(1,406,593)
Capital Receipts	816,280	491,222	(325,058)
Capital Reserves	110,588	86,669	(23,919)
Revenue Contributions	150,000	50,000	(100,000)
External Funding	3,484,373	1,803,153	(1,681,220)
Total Resources	8,493,351	4,956,561	(3,536,790)

The most significant variances between actual expenditure and planned expenditure in 2025/26 are shown below.

	Planned Capital Expenditure £	Actual Capital Expenditure £	Variance Overspend (Underspend) £
Regeneration Property	613,000	6,000	(607,000)
Food Waste Vehicles and Receptacles	1,060,000	507,074	(552,926)
Electric Vehicle Infrastructure for Depot	970,000	519,490	(450,510)
Fleet Vehicle Replacement Programme	1,109,047	747,740	(361,307)
Disabled Facilities Grants	1,238,988	926,086	(312,902)
Strategic Review : Land Rear Of Enderby Leisure Centre	372,721	151,705	(221,016)
EV Charging Hub at Enderby Leisure Centre	180,000	0	(180,000)
Walk & Ride Blaby	140,000	0	(140,000)
Other variances	2,809,595	2,098,466	(711,129)
	8,493,351	4,956,561	(3,536,790)

The Balance Sheet Position

The Council's Balance Sheet reflects a net asset position despite the presence of the pension liability.

Explained below. Long term assets comprise property, plant, and equipment, as well as intangible assets and long-term debtors.

	31 st March 2025 £	31 st March 2026 £
Long Term Assets	42,294,073	43,333,860
Current Assets	31,653,231	27,753,686
Current Liabilities	(23,911,622)	(18,782,382)
Long Term Liabilities (Including net Pension Liability)	(14,688,138)	(19,343,785)
Net Assets/ (Liabilities)	35,347,544	32,961,379
Funded by:		
Usable Reserves	(20,285,665)	(24,918,508)
Unusable Reserves	(15,061,879)	(8,042,871)

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS), administered by Leicestershire County Council, through which pension provision is made for those officers who wish to join the scheme. The Council's net pension asset of £20,733,000 on 31st March 2025 decreased to £19,724,000 on 31st March 2026.

IAS19 states that when a local authority has a surplus in a defined benefit plan, it is required to consider the recoverability of any such asset. There must be an economic benefit available to the employer to enable this recovery, for example, through reduced pension contributions or a cash refund. Where an authority has a surplus in a defined benefit plan, the Code requires the net defined benefit asset to be measured at the lower of:

- The surplus in the defined benefit plan, and
- The asset ceiling determined using the discount rate specified in the Code.

The IAS19 asset ceiling is a specified estimate of the present value of the economic benefit that the employer can realise, either through refunds or by reductions in future pension contributions.

Blaby has commissioned the actuary for the Leicestershire Pension Fund, Hymans Robertson LLP, to produce an additional report setting out the asset ceiling calculation. This has demonstrated that the economic benefit available as a reduction in future contributions is lower, meaning that there is an additional liability to recognise. An adjustment of £31,282,000 is therefore required to the net asset referred to above, and this results in the disclosure of a net pension liability of £11,558,000.

This is offset by the Pensions Reserve, movements on which are disclosed in the Movement in Reserves Statement, ensuring that there is no impact on the level of Council Tax.

During 2025/26, asset returns have been strong over the year (higher than last year’s accounting discount rate assumption). In terms of the fund’s obligations, the net discount rate has increased compared to 2024/25 and a more up to date longevity improvement assumption has been used by the actuary.

Provisions, Contingencies and Material Write-offs

The Balance Sheet includes provisions total £2,541,821 as of 31st March 2026 – these are detailed in note 23 to the Financial Statements. The most significant of these is the provision in respect of outstanding business rates appeals which stands at £2,361,444 on 31st March 2026 (£2,410,938 on 31st March 2025).

Where a liability is possible but not likely, or the cost cannot be reliably estimated, the Council is required to disclose a contingent liability. Further details concerning contingent liabilities and contingent assets recognised in 2025/26 are provided in note 38.

Write offs are processed during the financial year in line with Financial Regulations. Total write offs against key income streams are summarised below:

Write Offs	2025/26 £
Collection Fund Write Offs	1,050,259
General Fund Write Offs	124,138
	1,174,397

Non-Financial Performance of the Council 2025/26

Achievements

Some of our achievements against the Blaby District Plan

Enabling our Communities and Supporting our Vulnerable Residents:

- One of the major issues facing us and see across the UK, has been the increase in people facing homelessness challenges. We have pledged to tackle this problem head on and have made significant progress; officially opening Frost Court, a dedicated supported living scheme in Blaby village for people with mental health needs, as well as giving planning permission to a 100% affordable housing scheme in Leicester Forest East. Our own temporary accommodation at Dallington House in Enderby was opened in the year, providing 13 self-contained independent living units, and further plans have been committed to including the purchase of 6 homes at a new development site in Glen Parva, and 35 houses in Countesthorpe being delivered over the

next 3 years.

- This year was the eighth anniversary of the Council's Love Blaby Lottery. A record-breaking £40,585 has been raised to help good causes provide services and support for District residents, bringing the total since its launch in 2018 to an amazing £254,707. More than £11,500 in cash prizes has also been paid out to lottery players during 2025, a bumper amount of winnings which brings the eight-year prize total to more than £58,000. Over the last eight years the lottery has provided a vital source of funds for local groups, in some cases ensuring they can continue to operate in the face of ever-rising costs.
- As part of our ongoing efforts to support our Armed Forces, in January the Leader of the Council and Chief Executive re-signed the Armed Forces Covenant. The Armed Forces Covenant is a UK National promise ensuring the armed forces community receives fair treatment, are not disadvantaged due to their service and their sacrifices are recognised. Our re-signing reinforced our continuing support across various aspects of life, including healthcare, housing, education and employment.

Enhancing and Maintaining our Natural and Built Environment:

- Last autumn we completed a project to install more than 490 solar panels on the roof of Enderby Leisure Centre, generating clean energy to cut costs and carbon emissions. Funding of £140,000 from the UK Government's UK Shared Prosperity Fund, alongside our own investment of £109,000 brought the project to fruition, ensuring Everyone Active, which operates and manages the centre, can reduce reliance on the grid and protect against rising energy bills.
- There have been a number of successful planning and enforcement appeals during the year. Notable successes include Leicester Road, Sharnford, where the Planning Inspectorate agreed with the Council to refuse 134 homes and at Sapcote Quarry, where the Planning Inspectorate upheld the enforcement notice to cease the use of the land for the storage of vehicles. We have also continued our excellent work with stakeholders on the award-winning development of New Lubbesthorpe. This has included the delivery of a new local centre which includes a small supermarket and GP practice.
Over the last 12 months the Planning and Strategic Growth Team has also generated over £1.4 million in income. This has given us the resource to look at each area across the district individually, and plan development in a way that reflects the needs of the environment and existing community, against a backdrop of ever-changing planning legislation.

Growing and Supporting our Economy:

- Over the past year we have delivered significant progress in supporting local businesses, jobs and skills across the district. We have helped small and medium-sized businesses secure more than £365,000 in grants and business loans, supported the creation of 70 new local jobs, with a further 60 in the pipeline, and produced 59 tailored business action plans through direct one-to-one advice.
Our work has helped 15 new businesses start up, enabled more than £200,000 of apprenticeship levy transfers to deliver 14 new police apprenticeships and supported young people through skills and employment programmes. We have also brought businesses together through a range of events, including business breakfasts which have had more than 500 attendees. Alongside this, continued investment in tourism, employment sites and regeneration projects is strengthening the local economy.
- Our regular Job and Skills Fairs are a successful staple in the Council calendar. Dozens of local employers, support organisations and training providers attend, showcasing how people can take the next step in their career, whatever stage they may be at. It's always pleasing to note the presence of new businesses using our fairs as a platform to recruit fresh talent while it's satisfying

to know the events are warmly welcomed by residents who appreciate the opportunities presented to them.

Ambitious and Well-Managed Council:

- Our IT service was successfully brought back in house at the end of June. This decision has strengthened our core systems, improved cyber security and resilience, and enabled us to regain greater control over costs, performance and risk. Just as importantly, it has ensured ICT is better aligned with the Council's priorities and the needs of our services. The transition has reduced our reliance on external suppliers and allowed us to build stronger internal capability and skills.
- At the end of the year we launched the new weekly food recycling collections in line with the Governments Simpler Recycling Reforms. In the first 10 days of the scheme being implemented almost 120 tonnes of food was saved from going to landfill.

Keeping you Safe and Healthy:

- Our licensing team partnered with colleagues from the City of Wolverhampton Council for the first time to carry out joint taxi inspections. As part of our licensing conditions, all vehicles have to undergo a six-monthly check. However, licensing laws also stipulate we are only able to stop and inspect taxis operating in our District if they are licensed through us. With the growth of ride-booking apps, many taxis working in our area are licensed elsewhere, for many different reasons. The City of Wolverhampton Council is a significant licensing authority for around 2,700 ride app drivers who live in Leicestershire alone. Working with them meant we had the option of checking more vehicles for safety issues and in fact all of the 15 vehicles which were stopped and inspected happened to be licensed through the City of Wolverhampton Council. Their team were able to take immediate action on the taxis which were not meeting standards, ensuring any unsafe vehicles were taken off the road. The initiative was a great success and we plan to organise further joint operations with them while still undertaking our own regular checks on our licensed taxis.
- The Blaby District Health and Wellbeing Festival was hosted at the Council Offices recently. The annual event is organised by the South Blaby and Lutterworth Primary Care Network with input from local practices and a range of wider stakeholders as part of our local Integrated Neighbourhood Team. This year people were able to take advantage of free health checks including blood pressure, heart health, height and weight measurements and general lifestyle advice.

More information is available in the Annual Leader's Statement presented to the Annual Council meeting on 12th May 2026.

Performance against Corporate Objectives

In 2023/24, the Council introduced a new Performance Management Framework in line with recommendations published in the Corporate Peer Challenge. This work has improved the infrastructure, systems, and culture of performance reporting across the Council services.

The framework incorporates the following key elements, which are identified as part of the annual service planning process and aligned to budget setting:

- Strategic objectives – identified within the Blaby District Plan.
- Projects – specific "one time only" initiatives to improve or change services or systems, with defined start and completion times. These may be corporate projects, which are kept under

review by Programme Board, or service projects which are usually confined to a single service and have less impact on other services.

- Business As Usual (BAU) – a key periodic/repetitive piece of work.
- Metrics or measures – data captured periodically to provide insight into changing trends and to inform decision making.

All projects, BAU, and metrics/measures should link to one or more of the strategic objectives, thus providing a “golden thread”.

All work that takes place in support of achieving our strategic objectives is categorised based on their degree of management priority and their political sensitivity:

- Priority 1 – high political sensitivity and corporate priority
- Priority 2 – high political sensitivity and service level priority
- Priority 3 – low political sensitivity and corporate priority
- Priority 4 – low political sensitivity and service level priority
- Priority 5 – service level only, no political interest

Each year, the Council and its service teams identify a set of specific actions to be delivered over the following 12 months. These actions contribute directly to the delivery of the Blaby District Plan and support progress against the Strategic Themes.

These improvement-focused actions are designed to enhance and develop Council services, complementing the ongoing delivery of statutory functions. They are set out in the Annual Corporate Action Plan, which is approved each year by elected Members.

Progress against the Action Plan is monitored and managed throughout the year by the Senior Leadership Team, with service teams individually or collectively responsible for delivery.

All actions within the Plan are aligned to one of the Strategic Themes, ensuring a clear link between operational activity and strategic priorities.

This structured approach supports a culture of continuous improvement and demonstrates the Council’s commitment to delivering its vision.

Summary Position

The year end position is a positive outturn for 2025/26, supported in part by stronger-than-anticipated income streams across a number of service areas. This is a notable achievement in a challenging operating environment, although it should be recognised that significant underlying pressures remain. In particular, demand for homelessness services continue to grow, placing sustained pressure on budgets and requiring careful monitoring and intervention. This remains a priority area for the Council, with a continued focus on homelessness prevention and support. Officers are actively progressing service transformation initiatives alongside the identification of further income generation opportunities to strengthen longer-term financial resilience. However, the medium-term outlook remains uncertain, with changes arising from the business rates reset and the implications of Local Government Reorganisation (LGR) presenting additional challenges that will require ongoing strategic planning and robust financial stewardship. The MTFS will need to be regularly reviewed and budgets closely monitored to ensure the Council’s ongoing financial sustainability.

Receipt of Further Information

For further information about these accounts please email finance@blaby.gov.uk or write to Finance Services, Blaby District Council, Council Offices, Narborough, Leicester LE19 2EP.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the hard work and dedication of staff across the Council. I would like to express my thanks to all colleagues for their contribution towards the preparation of this document. I would also like to thank them for all their support during the financial year.



Sarah Pennelli
Executive Director (Section 151)

30TH JUNE 2026

Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain several different elements which are explained below:

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into usable reserves (that is, those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The Statement shows how the movements in the Council's reserves in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following these adjustments.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, that is, those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. For example, the Capital Receipts Reserve that may only be used to fund capital expenditure or to repay debt. The second category of reserves includes those that the authority is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the authority.

Notes to the Financial Statements

These provide further explanation of specific items within the Financial Statements to which they relate.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates and its distribution to precepting bodies and the Government. For Blaby, the council tax precepting bodies are Leicestershire County Council, the Office of the Police and Crime Commissioner, and the Leicester, Leicestershire, and Rutland Combined Fire Authority.

The Statement of Responsibilities for the Statement of Accounts - sets out the principal responsibilities of the Authority and its officers in relation to the Accounting Statements. It confirms that the Statement of Accounts has been prepared in accordance with the requirements of the Code.

The Annual Governance Statement - sets out the framework within which financial and operational control is managed and reviewed and the main components of the system of control, including the arrangements for internal audit.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director (Section 151)
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts

The Executive Director (Section 151)'s Responsibilities

The Executive Director (Section 151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Executive Director (Section 151) has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Executive Director (Section 151) has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2026 and the Council's income and expenditure for the year then ended.



Sarah Pennelli
Executive Director (Section 151)
30th June 2026

APPROVAL OF ACCOUNTS

This unaudited Statement of Accounts is to be presented to Blaby District Council's Audit and Corporate Governance Committee on 27th July 2025 but remains subject to completion of the annual audit process.

CORE FINANCIAL STATEMENTS and EXPLANATORY NOTES

Comprehensive Income and Expenditure Statement

2024/25 Gross Expenditure (restated) £	2024/25 Gross Income (restated) £	2024/25 Net Expenditure (restated) £	Service	2025/26 Gross Expenditure £	2025/26 Gross Income £	2025/26 Net Expenditure £
6,687,138	(5,385,766)	1,301,372	Housing, Community Safety & Environmental Services	8,188,830	(7,647,549)	541,281
9,448,806	(3,559,553)	5,889,253	Neighbourhood Services & Assets	9,841,027	(4,085,346)	5,755,681
16,653,238	(11,095,866)	5,557,372	Finance, People & Transformation	16,194,507	(9,410,426)	6,784,081
1,157,542	(1,240,228)	(82,686)	Health, Community & Economic Development	1,436,361	(1,216,092)	220,269
3,247,322	(799,144)	2,448,178	Leader	3,109,328	(577,851)	2,531,477
2,110,005	(1,374,914)	735,091	Planning & Strategic Growth	2,420,952	(1,698,527)	722,425
0	(1,665,207)	(1,665,207)	Redistributed levy from Business rates pool	0	(993,502)	(993,502)
39,304,051	(25,120,678)	14,183,373	Cost Of Services	41,191,005	(25,629,293)	15,561,712
4,620,807	(113,361)	4,507,446	Other Operating Expenditure (Note 11)	4,978,992	(66,472)	4,912,520
802,714	(2,794,914)	(1,992,201)	Financing and Investment Income and Expenditure (Note 12)	820,266	(2,660,765)	(1,840,499)
0	(18,958,048)	(18,958,048)	Taxation and Non-Specific Grant Income and Expenditure (Note 13)	0	(21,210,968)	(21,210,968)
		(2,259,430)	(Surplus)/Deficit on Provision of Services			(2,577,235)
		(1,952,223)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets			(676,228)
		(364,011)	Re-measurement of the net defined benefit liability			5,639,628
		(2,316,234)	Other Comprehensive Income and Expenditure			4,963,400
		(4,575,664)	Total Comprehensive Income and Expenditure			2,386,165

Movement in Reserves Statement

2025/26	General Fund Balance £	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £	Unusable Reserves £	Total Authority Reserves £
Balance at 31 March 2025	18,829,777	0	1,096,363	359,525	20,285,665	15,061,879	35,347,544
Movement in Reserves during 2025/26							
Surplus/(Deficit) on provision of Services	2,577,235	0	0	0	2,577,235	0	2,577,235
Other Comprehensive Income and Expenditure	0	0	0	0	0	(4,963,400)	(4,963,400)
Total Comprehensive Income and Expenditure	2,577,235	0	0	0	2,577,235	(4,963,400)	(2,386,165)
Adjustments between accounting basis and funding basis under regulations (Note 9)	2,405,935	0	(273,074)	(77,253)	2,055,608	(2,055,608)	0
Increase/(Decrease) in 2025/26	4,983,170	0	(273,074)	(77,253)	4,632,843	(7,019,008)	(2,386,165)
Balance at 31 March 2026	23,812,947	0	823,289	282,272	24,918,508	8,042,871	32,961,379

2024/25	General Fund Balance £ (restated)	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £ (restated)	Unusable Reserves £ (restated)	Total Authority Reserves £ (restated)
Balance at 31 March 2024	16,281,658	0	1,365,387	1,488,685	19,135,730	11,636,150	30,771,880
Movement in Reserves during 2024/25							
Surplus/(Deficit) on provision of Services	2,259,430	0	0	0	2,259,430	0	2,259,430
Other Comprehensive Income and Expenditure	0	0	0	0	0	2,316,234	2,316,234
Total Comprehensive Income and Expenditure	2,259,430	0	0	0	2,259,430	2,316,234	4,575,664
Adjustments between accounting basis and funding basis under regulations (Note 9)	288,689	0	(269,024)	(1,129,160)	(1,109,495)	1,109,495	0

2024/25	General Fund Balance £ (restated)	Collection Fund Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £	Total Usable Reserves £ (restated)	Unusable Reserves £ (restated)	Total Authority Reserves £ (restated)
Increase/(Decrease) in 2024/5	2,548,119	0	(269,024)	(1,129,160)	1,149,935	3,425,729	4,575,664
Balance at 31 March 2025	18,829,777	0	1,096,363	359,525	20,285,665	15,061,879	35,347,544

Balance Sheet

31 March 2025 £ (restated)		Note	31 March 2026 £
40,946,042	Property, Plant and Equipment	14	41,915,706
490,000	Investment Property	16	435,000
101,751	Intangible Assets	17	146,287
664,651	Long Term Investments	18	745,238
91,629	Long Term Debtors	18	91,629
42,294,073	Long Term Assets		43,333,860
14,590	Inventories		36,517
4,199,108	Short Term Investments		5,876,120
8,216,039	Short Term Debtors	19	7,712,355
18,977,571	Cash and Cash Equivalents	20	14,128,686
245,923	Assets Held for Sale	21	8
31,653,231	Current Assets		27,753,686
(890,155)	Short Term Borrowing	18	(259,080)
(18,010,872)	Short Term Creditors	22	(14,146,001)
(2,595,343)	Provisions	23	(2,541,821)
(2,415,252)	Grants Receipts in Advance - Capital		(1,835,480)
(23,911,622)	Current Liabilities		(18,782,382)
(7,228,742)	Long Term Borrowing	18	(7,646,955)
(7,459,396)	Other Long-Term Liabilities		(11,696,830)
(14,688,138)	Long Term Liabilities		(19,343,785)
35,347,544	Net Assets/Liabilities		32,961,379
(20,285,665)	Usable Reserves		(24,918,508)
(15,061,879)	Unusable Reserves	24	(8,042,871)
(35,347,544)	Total Reserves		(32,961,379)



Sarah Pennelli
Executive Director (S151)
30th June 2026

Cash Flow Statement

2024/25 £		Note	2025/26 £
(2,259,430)	Net (surplus)/deficit on the provision of services		(2,577,235)
	Adjustments to the net (surplus)/deficit on the provision of services for non-cash movements:		
(3,038,104)	Depreciation		(3,408,884)
(29,564)	Amortisation		(37,981)
254,002	(Increase)/decrease in creditors		329,778
1,402,000	Increase/(decrease) in debtors		(784,538)
(34,492)	Increase/(decrease) in inventories		21,927
688,989	Movement in pension liability		1,389,628
(73,536)	Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised		(151,678)
(575,849)	Contributions to/(from) Provisions		53,522
0	Other non-cash items charged to the net (surplus)/deficit on the provision of services		
(1,406,553)			(2,588,226)
(788,093)	Adjustments for items included in the net (surplus)/deficit on the provision of services that are investing and financing activities		1,855,517
(4,454,077)	Net cash flows from Operating Activities	25	(3,309,944)
4,703,422	Investing Activities	26	3,529,315
1,181,653	Financing Activities	27	4,629,514
1,430,998	Net (increase)/decrease in cash and cash equivalents		4,848,885
(20,408,569)	Cash and cash equivalents at the beginning of the reporting period		(18,977,571)
(18,977,571)	Cash and cash equivalents at the end of the reporting period		(14,128,686)

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1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-ended 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council's accounting policies have been developed to ensure that, as far as possible, the Council's accounts are understandable, relevant, free from material error or misstatement, reliable and comparable, and are applied consistently.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the common needs of most users.
- The objective of showing the results of stewardship and accountability of elected members and management of the resources entrusted to them.
- The underlying assumption of going concern.

Going Concern Basis:

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue raising powers arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. Therefore, it would not be appropriate for local authority financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a local authority's services will continue to operate for the foreseeable future.

The Council updated its Medium-Term Financial Strategy (MTFS) in February 2026 as part of the 2026/27 budget setting process. The MTFS sets out the financial forecast for the period through to 2030/31. Central Government have undertaken a fair funding review and a reset of the business rates baseline, both of which reduce the funding the Council receive going forward. The Draft Financial Settlement was announced on 18th December 2025 with a 3-year settlement covering 2026/27 to 2028/29. The final Settlement was received on the 9th February 2026 and following the consultation responses to the Draft Settlement, the Ministry for Housing Communities and Local Government (MHCLG) identified an error in their approach to the treatment of compensating authorities for lost income from growth in Business Rates and Income from the Business Rate Pools. The Final Settlement included the adjustments to correct the error. To offset the impact of this and the reduction of funding an Adjustment Support Grant had been included for 2026/27, however this is only included in the settlement for 2026/27 with no commitment that the grant will

continue for future years. A balanced budget was set for 2026/27, however this was supported by releasing funds from earmarked reserves and balances. An increase in demand on the Councils Services has been seen over the past year, particularly within the Homelessness Service, and demand for Temporary Accommodation reaching peak levels. There are increasingly significant budget shortfalls forecast from 2027/28 onwards with these pressures expected to continue. There is also considerable uncertainty over the future nature and level of central government funding. Defra funding of £1.5m was received for Extended Producer Responsibility for Packaging in 2025/26 and funding estimations have been included in the MTFs in future years, however MHCLG have recently raised concerns over the longevity of this funding stream. There is further uncertainty with the forthcoming Local Government Reorganisation (LGR), with no confirmation of how this will be funded and the impact on the Council's financial position. An allowance of £700,000 has been included in the 2026/27 budget for LGR, however further costs are expected to be incurred in future years as the Council transitions towards the new Unitary Authority.

In mitigation, the Council's balances and reserves are robust and this helps to underpin the assessment of going concern. Furthermore, the Council's cash flow forecast demonstrates that cash balances will remain in a positive position for a minimum of 12 months from the approval of these accounts, meaning that the going concern basis of accounting will continue to apply for the foreseeable future.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when, or as, the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as expenditure and income based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Expenditure is accrued where goods or services have been received before 31 March but the invoice relating to the goods or services is paid after 31 March. Similarly, income is accrued where it is due before 31 March, but an invoice has not been raised, or payment has not been received. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue, in financing and investment income and expenditure, for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

iv. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, that is, in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

In September 2022, the Council approved a change in its MRP Policy, effective from 1st April 2022.

- For supported capital expenditure incurred before 1st April 2008, the Council will apply the Asset Life Method using an annuity calculation over 50 years.
- For unsupported borrowing undertaken after 1st April 2008, MRP will be charged on an annuity basis over the weighted average life of the assets in question.

vi. Council Tax and Business Rates

The Council, as a billing authority, acts as agent in the collection of council tax and business rates (or non-domestic rates/NDR) on behalf of the major preceptors and government. The Council is principal in terms of collecting council tax and business rates for itself. Billing authorities are required by statute to maintain a separate account, known as the Collection Fund, for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework, billing authorities, major preceptors, and central government (for NNDR) share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the General Fund. As a result, the difference between the income included in the CIES and the amount credited to the General Fund under regulation is credited to the Collection Fund Adjustment Account and included as a reconciling amount in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the year end balances in respect of council tax and business rates arrears, impairment allowances for doubtful debts, overpayments and prepayments, and appeals.

Where debtor balances for the above are identified as impaired, due to a likelihood arising from a past event that payment might not be received, the balance is written down and a charge made to the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vii. Employee Benefits

Benefits Payable During Employment – short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account, so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits – termination benefits are amounts payable because of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accrual's basis to the appropriate service or, where applicable, to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits

and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end.

Post-Employment Benefits – employees of the Council are members of the Local Government Pensions Scheme, administered by Leicestershire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire pension scheme attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and so on, and estimates of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate set by the actuary.
- The assets of the pension fund attributable to the Council are included in the balance sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property - market value

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- current service cost – the increase in liabilities because of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employee worked.
- past service cost – the increase in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.
- Net interest on the net defined benefit liability, that is net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events

have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the Local Government Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Discretionary Benefits – The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise because of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial Liabilities - Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the type of borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified on a “classification and measurement” approach that reflects the business model for holding the financial assets, and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)

The Council’s business model is to hold investments to collect contractual cash flows. Financial assets are, therefore, measured at amortised cost. The only exception to this would be financial assets whose contractual payments are not solely payment of principal and interest, that is where the cash flows do not take the form of a basic debt instrument.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

Where material, the Council recognises expected credit losses on its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed based on 12 month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price.
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the authority when there is reasonable assurance that:

- The authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture. The Council's only heritage asset is the Ice House situated in the grounds of Bouskell Park, Blaby, a grade 2 listed building. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example, where an asset has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see note xvi below.

xii. Intangible Assets

Expenditure on non-monetary assets that do not have any physical substance but are controlled by the Council because of past events (for example, software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

xiii. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. They are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is also applied to gains or losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on

the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Leases

The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with £nil consideration, peppercorn, or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the authority is reasonably certain to exercise.
- Lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option.
- Penalties for early termination of a lease unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or £nil consideration leases, the asset is measured at fair value.

Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- Assets held under non-commercial leases.
- Leases where rent reviews do not necessarily reflect market conditions.

- Leases with terms of more than five years that do not have any provision for rent reviews.
- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate.
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- The authority changes its assessment of whether it will exercise a purchase, extension, or termination option, or
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- For low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments, and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairment are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Authority as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve (England and Wales) in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve (England and Wales).

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example, there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xv. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

xvi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition – expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (that is, repairs and maintenance) is charged as an expense when it is incurred.

Measurement – assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (that is, it will not lead to a variation in the cash flows of the authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. The Council revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where the Council cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of service where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Impairment – assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where there is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the amount of the accumulated gains.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation – depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (that is, freehold land and certain community assets) and assets that are not yet available for use (that is, assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture, and equipment – straight-line allocation over the useful life of the asset, based on the historic cost of that asset.
- Infrastructure – straight-line allocation over 1 to 15 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Additions are depreciated for six months of the accounting period in which they are acquired irrespective of when in the year they were acquired by the Council.

Disposals and Non-current Assets Held for Sale – when it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale (adjusted for depreciation, amortisation or revaluations that would have been recognised had the not been classified as held for sale), and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (that is, netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xvii. Provisions, Contingent Liabilities and Contingent Assets

Provisions – Provisions are made where an event has taken place on or before the Balance Sheet date:

- That gives the Council a present obligation.
- That probably requires settlement by a transfer of economic benefits or service potential.
- Where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists on the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example, from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities – a contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets – a contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xviii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xix. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xx. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income

2. Accounting Standards Issued but Not Yet Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information in relation to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified by the Code. This would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2026/27 Code where disclosures are required in the 2025/26 Financial Statements are as follows:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The above standards either do not apply to Blaby or are not expected to have a significant impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Local Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Embedded Leases and Derivatives

All material contractual arrangements have been reviewed in order to determine whether they contain embedded leases or embedded derivatives, although none have been identified as such.

Provision for Business Rates Appeals

The Council has set aside a provision which reflects its estimate of the potential cost of refunding ratepayers who successfully appeal against the rateable value of their property. The value of this provision has been determined as follows:

- 2017 Rating List – based on an assessment of outstanding appeals at 31 March 2026 in conjunction with an external expert. One key judgement made in arriving at the value of the provision is that appeals that are assessed as likely to be withdrawn have not been included.
- 2023 Rating List – based upon checks and challenges submitted as at 31st March 2026, potential threats based on our external expert's assessment of the rating list, and an internal review of businesses with a rateable value of £250,000 or more. As above, where appeals are expected to be withdrawn, they have not been included.

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £106,875 for every year that useful lives had to be reduced.

Assets are valued on a quinquennial basis (last valued at 31 March 2025), supported by indexation adjustments in years where assets are not valued. Where the authority is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle.

For those assets where indexation was applied, the average increase in the value of assets was 2% or an increase of £626,716. It would not be reasonable to compare this to the change in valuations due to the limited amount of valuations completed in year.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans Robertson LLP, is engaged by Leicestershire County Council on behalf of all Leicestershire authorities to provide specialist advice about the assumptions to be applied.

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of 2% (£1,189k).

Arrears

On 31 March 2026, the Council had a balance of sundry debtors for £1,770,443. A review of significant balances suggested that on average an impairment of doubtful debts of just over 77%

(1,371,532) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £208,854 to be set aside as an allowance.

5. Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

There were no material items of income and expenditure occurring during 2025/26.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Executive Director (Section 151) on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes.

There were no material post balance sheet events arising between 31 March 2026 and the date on which the accounts were authorised for issue.

7. Disclosure of the Impact of an Error

Blaby District Council discovered an error in the way in which IFRS16 was implemented on a finance lease in the preceding financial year 2024/25. The error meant the Council's year-end liabilities were understated and revaluation reserve overstated. The following is an extract from the disclosures in the financial statements setting out the nature of the error and the amount of correction required:

Error on reports of the Financing and Investment Income and Expenditure and (Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets for the financial year 2024/25

The Council discovered that on implementation of IFRS16 during 2025/26 a finance lease was still being accounted for under IAS17. This resulted in the Total Comprehensive Income and Expenditure being overstated by £2.387m. The Council has consulted with IFRS16 specialists on how the lease should have been treated in the financial statements with the lease liability being remeasured in accordance with 4.2.2.61 of the CIPFA code of practice. This is the only finance lease where the Council is the lessee and therefore the error isolated to this one lease and is unlikely to recur. However, this has meant that the (Surplus) or Deficit on Provision of Services has been understated by £0.082m and (Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets has been overstated by £2.469m. These transactions are adjusted for through the movement in reserves. A Minimum Revenue Provision of £0.001m has been charged to the General Fund.

In order to correct this error, the council has restated the prior year information for 2024/25 for the £2.367m in each of the following reported lines in the Comprehensive Income and Expenditure Statement. The following are the relevant extracted lines from the Comprehensive Income and Expenditure Statement. The Comprehensive Income and Expenditure Statement with appropriate restatement for 2024/25 can be found on page 45 of these financial statements.

Effect on Comprehensive Income and Expenditure Statement 2024/25	As Previously Stated 2024/25 £	Adjustment £	Restated 2024/25 £
Financing and Investment Income and Expenditure	(1,910,344)	(81,857)	(1,992,201)
(Surplus) or Deficit on Provision of Services	(2,177,573)	(81,857)	(2,259,430)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment Assets	(4,420,783)	2,468,560	(1,952,223)
Other Comprehensive Income and Expenditure	(4,784,794)	2,468,560	(2,316,234)
Total Comprehensive Income and Expenditure	(6,962,367)	2,386,703	(4,575,664)

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority present a Balance Sheet at the beginning of the preceding period when an authority makes a retrospective restatement. However, in this case the prior period error did not impact on the opening Balance Sheet for 2024/25. The error took place at year-end (2024/25) and therefore impacted on the reported General Fund balance, which has decreased by the £0.001m. The short-borrowing balance was understated by £0.002m, long-term borrowing balance was understated by £2.385m, and revaluation reserve overstated by £2.386m.

The following table demonstrates the effects on the following line items in the Balance Sheet for the financial year 2024/25. The restated (for the relevant line items) prior period Balance Sheet is provided with the current year information on page 47 of the financial statements.

Effect on line items in the Balance Sheet 31 March 2025	As Previously Stated 31 March 2025 £	Adjustment £	Restated 31 March 2025 £
Short Term Borrowing	(888,463)	(1,692)	(890,155)
Current Liabilities	(23,909,930)	(1,692)	(23,911,622)
Long Term Borrowing	(4,843,731)	(2,385,011)	(7,228,742)
Long Term Liabilities	(12,303,127)	(2,385,011)	(14,688,138)
Net Assets/Liabilities	37,734,247	(2,386,703)	35,347,544
Usable Reserves	(20,286,761)	1,096	(20,285,665)
Unusable Reserves	(17,447,486)	2,385,608	(15,061,878)
Total Reserves	(37,734,247)	2,386,704	(35,347,543)

The following restatement was also required for the Movement in Reserves Statement for usable reserves. The restated (for the relevant line items) prior period Movement in Reserves Statement is provided with the current year information on page 46 of the financial statements.

Movement in Reserves Statement – Useable Reserves 31 March 2025	As Previously Stated 31 March 2025 £	Adjustment £	Restated 31 March 2025 £
Balance at 31 March 2024	16,281,658	0	16,281,658
Surplus/(Deficit) on provision of Services	2,177,573	81,857	2,259,430
Adjustments between accounting basis and funding basis under regulations	371,642	(82,953)	288,689
Increase/(Decrease) in 2024/25	2,549,215	(1,096)	2,548,119
Balance at 31 March 2025	18,830,873	(1,096)	18,829,777
Total Usable Reserves	20,286,761	(1,096)	20,285,665
Movement in Reserves Statement – Unusable Reserves 31 March 2025			
Balance at 31 March 2024	11,636,150	0	11,636,150
Other Comprehensive Income and Expenditure	4,784,794	(2,468,560)	2,316,234
Adjustments between accounting basis and funding basis under regulations	1,026,542	82,953	1,109,495
Increase/(Decrease) in 2024/25	5,811,336	(2,468,560)	3,425,728
Balance at 31 March 2025	17,447,486	(2,385,608)	15,061,878
Total Unusable Reserves	17,447,486	(2,385,608)	15,061,878
Total Authority Reserves	37,734,247	(2,386,703)	35,347,544

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's various Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25	2024/25	2024/25		2025/26	2025/26	2025/26
Net Expenditure Chargeable to the General Fund Balance £ (restated)	Adjustments between the Funding and Accounting Basis £ (restated)	Net Expenditure in teCIES £ (restated)		Net Expenditure Chargeable to the General Fund Balance £	Adjustments between the Funding and Accounting Basis £	Net Expenditure in teCIES £
1,320,984	19,612	1,301,372	Housing, Community Safety & Environmental Services	627,342	86,061	541,281
4,722,802	(1,166,451)	5,889,253	Neighbourhood Services & Assets	3,835,232	(1,920,449)	5,755,681
5,533,876	(23,496)	5,557,372	Finance, People & Transformation	6,019,375	(764,706)	6,784,081
700,109	782,795	(82,686)	Health, Community & Economic Development	1,120,101	899,832	220,269
2,553,658	105,480	2,448,178	Leader	2,731,155	199,678	2,531,477
818,004	82,913	735,091	Planning & Strategic Growth	803,710	81,285	722,425
(1,665,207)	0	(1,665,207)	Redistributed Levy from Business Rates Pool	(993,502)	0	(993,502)
13,984,226	(199,147)	14,183,373	Net Cost of Services	14,143,413	(1,418,299)	15,561,712
(16,833,440)	(390,637)	(16,442,803)	Other Income and Expenditure	(19,375,486)	(1,236,539)	(18,138,947)
(2,849,214)	(589,784)	(2,259,430)	(Surplus) or Deficit	(5,232,073)	(2,654,838)	(2,577,235)
16,281,658			Opening General Fund Balance	18,829,777		
2,548,119			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	4,983,170		
18,829,777			Closing General Fund Balance at 31 March	23,812,947		

The General Fund Balance is made up of reserves which have been earmarked for specific purposes (see note 10) and those which are as yet unallocated.

	Earmarked Reserves £	Unallocated General Fund Balances £	Total General Fund Balance £
Balance as at 31 March 2025	11,584,406	7,245,371	18,829,777
Movement in Earmarked Reserves	3,966,541	0	3,966,541
Movement in Unallocated General Fund Balances	0	1,016,629	1,016,629
Balance as at 31 March 2026	15,550,947	8,262,000	23,812,947

8a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2025/26

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £	Net change for the Pensions Adjustments £	Other Differences £	Total Adjustments £
Housing, Community Safety & Environmental Services	(271,960)	357,923	98	86,061
Neighbourhood Services & Assets	(2,725,730)	483,115	322,166	(1,920,449)
Finance, People & Transformation	(319,022)	429,639	(875,323)	(764,706)
Health, Community & Economic Development	(307,716)	137,024	1,070,524	899,832
Leader	(6,689)	202,496	3,871	199,678
Planning & Strategic Growth	(71,589)	151,431	1,443	81,285
Net Cost of Services	(3,702,706)	1,761,628	522,779	(1,418,299)
Other income and expenditure from the Expenditure and Funding Analysis	1,657,859	(372,000)	(2,522,398)	(1,236,539)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,044,847)	1,389,628	(1,999,619)	(2,654,838)

Adjustments between Funding and Accounting Basis 2024/25 (restated)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £	Net change for the Pensions Adjustments £	Other Differences £	Total Adjustments £
Housing, Community Safety & Environmental Services	(219,761)	240,515	(1,142)	19,612
Neighbourhood Services & Assets	(1,634,558)	300,901	167,206	(1,166,451)
Finance, People & Transformation	834,862	267,897	(1,126,255)	(23,496)
Health, Community & Economic Development	(153,706)	42,645	893,856	782,795
Leader	(7,940)	119,344	(5,924)	105,480
Planning & Strategic Growth	(12,379)	97,687	(2,395)	82,913
Net Cost of Services	(1,193,482)	1,068,989	(74,654)	(199,147)
Other income and expenditure from the Expenditure and Funding Analysis	(508,086)	(380,000)	497,449	(390,637)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,701,568)	688,989	422,795	(589,784)

Adjustments for Capital Purposes

This column adds in depreciation and impairment, and revaluation gains and losses in the service line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing, that is, the Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted for those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- For services this represents the removal of employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For Financing and investment income and expenditure – the other differences column recognises adjustments to the General Fund for the accrual of compensated absences (holiday pay). Other items such as investment property, interest payable and receivable, and trading operations are reallocated between this line and services.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

8b. Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

	2025/26 £	2024/25 (restated) £
Expenditure		
Employee benefits expenses	16,849,861	15,764,756
Other services expenses	19,685,781	19,385,095
Depreciation, amortisation and impairment	4,709,101	4,107,082
Interest payments	766,528	849,831
Precepts and levies	4,978,992	4,620,807
Loss on the disposal of assets	0	0
Net of Non-Domestic Rates Income & Expenditure	0	0
Total Expenditure	46,990,263	44,727,571
Income		
Fees, charges, and other service income	(9,392,021)	(7,456,909)
Interest and investment income	(1,262,281)	(1,585,555)
Income from council tax	(11,696,429)	(11,156,607)
Government grants and contributions	(21,032,321)	(20,234,308)
(Gain) on the disposal of assets	(66,472)	(113,361)
(Surplus)/Deficit on Trading Operations	(1,362,831)	(1,172,070)
Net of Non-Domestic Rates Income & Expenditure	(3,761,641)	(3,602,984)
Redistributed Levy from Business Rates Pool	(993,502)	(1,665,207)
Total Income	(49,567,498)	(46,987,001)
(Surplus)/Deficit on the Provision of Services	(2,577,235)	(2,259,430)

Income received from services on a segmental basis is analysed in the following table:

	2025/26 £	2024/25 (restated) £
Housing, Community Safety & Environmental Services	(3,936,300)	(2,676,673)
Neighbourhood Services & Assets	(2,596,071)	(2,494,311)
Finance, People & Transformation	(405,075)	(354,425)
Health, Community & Economic Development	(2,103,489)	(1,913,338)
Leader	(283,822)	(232,927)
Planning & Strategic Growth	(1,579,200)	(1,087,550)
Total Revenue from External Customers	(10,903,957)	(8,759,224)

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Collection Fund Earmarked Reserve

The Collection Fund Reserve holds the surplus of Business Rates Section 31 grant and Tax Income Guarantee payment which is to be used to offset the Collection Fund Deficit. The reserve balance has been utilised during the year to mitigate against the loss of Business Rate income deficit.

2025/26	General Fund Balance £	Collection Fund Earmarked Reserve £	Capital Receipts Reserve £	Capital Grants Unapplied £
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	0	0	0	0
Pensions costs (transferred to/from the Pensions Reserve)	(1,389,628)	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	1,990,488	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	1,803	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	3,201,550	0	0	0
Total Adjustments to Revenue Resources	3,804,213	0	0	0
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(218,150)	0	218,150	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,042,843)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(137,285)	0	0	0
Total Adjustments between Revenue and Capital Resources	(1,398,278)	0	218,150	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(491,224)	0
Application of capital grants to finance capital expenditure	0	0	0	(77,253)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	0	0
Total Adjustments to Capital Resources	0	0	(491,224)	(77,253)
Total Adjustments	2,405,935	0	(273,074)	(77,253)

2024/25	General Fund Balance (restated)	Collection Fund Earmarked Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£	£	£	£
Adjustments to Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Section 31 grants surplus and Tax Income guarantee transferred to the Collection Fund Reserve	0	0	0	0
Pensions costs (transferred to/from the Pensions Reserve)	(688,989)	0	0	0
Council tax and NNDR (transfers to/from Collection Fund Adjustment Account)	(404,761)	0	0	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(6,061)	0	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,576,324	0	0	(547,497)
Total Adjustments to Revenue Resources	1,476,513	0	0	(547,497)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(186,898)	0	186,898	0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(911,616)	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(89,310)	0	0	0
Total Adjustments between Revenue and Capital Resources	(1,187,824)	0	186,898	0
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	(470,922)	0
Application of capital grants to finance capital expenditure	0	0	0	(581,663)
Repayment of Capital Loans (Transfer to Capital Adjustment Account)	0	0	15,000	0
Total Adjustments to Capital Resources	0	0	(455,922)	(581,663)
Total Adjustments	288,689	0	(269,024)	(1,129,160)

10. Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

	Balance at 31 March 2024	Reallocate d Reserves	Transfers In 2024/25	Transfers Out 2024/25	Balance at 31 March 2025	Reallocate d Reserves	Transfers In 2025/26	Transfers Out 2025/26	Balance at 31 March 2026
	£	£	£	£	£	£	£	£	£
Leisure Centre Renewal Fund	(73,607)	0	0	0	(73,607)	0	0	0	(73,607)
Computer Room Environme nt	(135,820)	0	0	12,472	(123,348)	0	0	7,528	(115,820)
Licensing Reserve	(27,868)	0	0	0	(27,868)	0	0	0	(27,868)
Insurance Reserve Fund	(100,000)	0	0	0	(100,000)	0	0	0	(100,000)
Blaby Plan Priorities Reserve	(365,452)	0	0	76,755	(288,697)	0	0	39,942	(248,755)
General Reserve Fund	(1,612,310)	0	0	0	(1,612,310)	0	0	0	(1,612,310)
Ongoing Projects Reserve	(2,289,974)	0	(3,021,712)	2,181,245	(3,130,441)	0	(3,981,756)	3,130,441	(3,981,756)
Elections Reserve	(87,259)	0	(35,000)	0	(122,259)	0	(14,500)	0	(136,759)
Choice Based Lettings Reserve	(104,952)	0	0	40,000	(64,952)	0	0	0	(64,952)
New Homes Bonus Reserve	0	0	0	0	0	0	0	0	0
COVID Support Reserve	(255,000)	0	0	0	(255,000)	0	0	63,750	(191,250)
Economic Developme nt Initiatives	(50,000)	0	0	0	(50,000)	0	0	0	(50,000)
Provision - ERIE Sinking Fund	(9,147)	0	0	660	(8,487)	0	(7,885)	0	(16,372)
Community Rights Reserve	(48,724)	0	0	0	(48,724)	0	0	0	(48,724)
Hardship Reserve	(325,000)	0	0	0	(325,000)	0	0	22,136	(302,864)
Parish New Homes Bonus Reserve	(881)	0	0	0	(881)	881	0	0	0
NNDR Income Reserve	(1,655,218)	0	0	222,716	(1,432,502)	(598,920)	(1,956,767)	0	(3,988,189)
Flexible Working Reserve	(161,792)	0	0	0	(161,792)	0	0	0	(161,792)
Local Plan Reserve	(414,576)	(221,070)	0	269,891	(365,755)	0	0	0	(365,755)
Lottery Reserve	(27,365)	0	(15,452)	6,233	(36,584)	0	(12,800)	15,451	(33,933)
IT System Replaceme nt Reserve	(39,815)	0	0	0	(39,815)	0	0	39,815	0
Property Fund Reserve	(167,573)	0	(34,055)	0	(201,628)	0	(27,355)	0	(228,983)
Tax Income Guarantee Reserve	0	0	0	0	0	0	0	0	0
S31 Grant Reserve	0	0	0	0	0	0	0	0	0
Huncote Major Reserve	(642,526)	0	0	0	(642,526)	0	0	0	(642,526)
Court Fees Income Reserve	(31,813)	0	0	0	(31,813)	0	0	0	(31,813)
Business Rates Pool Reserve	(1,065,210)	0	(1,665,207)	290,000	(2,440,417)	0	(993,502)	307,000	(3,126,919)

Total	(9,691,882)	(221,070)	(4,771,426)	3,099,972	(11,584,406)	(598,039)	(6,994,565)	3,626,063	(15,550,947)
Collection Fund – timing difference	0				0				0
Useable Earmarked Reserves	(9,691,882)				(11,584,406)				(11,550,947)

Earmarked Reserve	Purpose
Leisure Centre Renewals Fund	Periodic replacement of major plant and equipment.
I.T. Reserve Fund	Maintained to meet the costs of Information and Communications Technology (ICT) infrastructure issues, including plant and equipment.
Licensing Reserve	Licensing software developments and service improvements.
Insurance Reserve	Unforeseen claims liabilities in relation to self-funded public liability insurance policy.
On-Going Projects Reserve	Expenditure commitments from non-repeating budgets where delayed delivery results in deferral to a subsequent year.
General Reserve Fund	To offset the anticipated future reduction in grant funding from central Government, and to fund spend to save initiatives.
Blaby District Plan Priorities Reserve	A reserve for future expenditure in support of our district plan priorities.
Elections Reserve	To cover the cost of future District Council elections.
Choice Based Lettings Reserve	Support for setting up and development of new lettings system.
New Homes Bonus Reserve	Grant set aside to fund specific housing projects.
Contractual Losses Support Reserve	Set aside to mitigate the ongoing impact on services and key income that arose from the Covid-19 pandemic.
Economic Development Initiatives Reserve	To cover future economic development related projects.
ERIE Sinking Fund	To recognise the Service Charge income held in relation to future maintenance requirements at Enderby Road Industrial Estate.
Community Rights Reserve	Set aside monies to cover potential future costs associated with the Community Right to Challenge and/or Community Right to Bid initiatives.
Hardship Reserve	Set aside to mitigate the impact of the cost-of-living crisis on residents and businesses.
Parish New Homes Bonus Reserve	To hold the share of New Homes Bonus Grant awarded to parish councils/meetings which do not maintain their own bank account.
NNDR Income Reserve	Set aside to mitigate the potential risks and uncertainties in funding associated with the business rate retention scheme.
Agile Working Reserve	Set aside monies to cover potential future costs of introducing mobile and flexible working processes, a major corporate project.
Local Plan Reserve	To cover non-recurring expenditure linked to the delivery of the Council's Local Plan.
Lottery Reserve	To ring-fence the Council's share of proceeds from the Blaby Lottery, which will be used to support the Community Grants Programme.

IT System Replacement Reserve	Set aside to offset the cost of implementation of new IT systems, including additional maintenance and licensing costs.
Property Fund Reserve	To hold the interest earned from the Lothbury Property Fund to mitigate potential future fluctuations in the fund value.
Tax Income Guarantee Reserve	To hold the one-off compensatory Tax Income Guarantee payment to be used to offset the Collection Fund deficit that arose as a direct result of the Covid-19 pandemic.
S31 Grant Reserve	To hold the Council's share of Section 31 Grant, fully utilised during 2024/25.
Huncote Major Reserve	To allow immediate emergency mitigation works to be undertaken to make the Huncote Leisure Centre site safe following increased levels of Methane Gas.
Court Fees Income Reserve	Court costs reimbursed by HM Courts
Business Rates Pool Reserve	To hold the Council's share of Business Rates Pooled monies, to be used to support economic health and vibrancy of our community.

11. Other Operating Expenditure

	2025/26 £	2024/25 £
Parish Council Precepts	4,978,992	4,620,807
(Gains)/losses on the disposal of non-current assets	(66,472)	(113,361)
Total	4,912,520	4,507,446

12. Financing and Investment Income and Expenditure

	2025/26 £	2024/25 £ (restated)
Interest payable and similar charges	387,179	448,184
Net interest on the net defined benefit liability	372,000	380,000
Interest receivable and similar income	(1,262,260)	(1,573,584)
Expenditure in relation to investment properties and changes in their fair value	53,738	(25,471)
Income on investment properties	(35,653)	(37,289)
Movement in value of Property Fund	7,328	(11,972)
Net (Surplus)/Deficit on Trading Operations	(1,362,831)	(1,172,069)
Total	(1,840,499)	(1,992,201)

13. Taxation and Non-Specific Grant Income and Expenditure

	2025/26 £	2024/25 £
Council tax income	(11,696,429)	(11,156,607)
Non domestic rates	(3,761,641)	(3,602,984)
Non ring-fenced government grants	(4,990,011)	(5,464,593)
Capital grants and contributions	(762,887)	1,266,136
Total	(21,210,968)	(18,958,048)

14. Property, Plant and Equipment

Movement on Balances

Movement on Balances in 2025/2026	Other Land & Buildings £	Other Land & Buildings RoUA £	Vehicles, Plant, Furniture & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 April 2025	29,740,033	3,650,576	11,329,012	482,312	2,342,261	1,034,984	48,579,178
Additions	770,037	739,638	1,935,506	13,020	93,629	0	3,551,830
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(701,773)	(55,678)	8,073	0	156,719	(23,750)	(616,409)
Revaluation increases / (decreases) recognised in the surplus/deficit on the provision of services	(210,203)	(40,051)	(8,073)	0	(90,905)	0	(349,232)
Derecognition – disposals	(1,001)	0	(1,412,899)	0	(3,125)	0	(1,417,025)
Transfer between asset groups	(2,500)	0	0	0	(48,958)	(54,984)	(106,442)
Assets reclassified to / from held for sale	0	0	0	0	(8,130)	0	(8,130)
At 31 March 2026	29,594,593	4,294,485	11,851,619	495,332	2,441,491	956,250	49,633,770
Accumulated Depreciation and Impairment							
At 1 April 2025	(42,418)	(15,212)	(6,767,214)	(481,737)	(311,570)	(14,985)	(7,633,136)
Depreciation charge	(1,424,598)	(126,290)	(1,159,001)	(1,373)	(104,211)	0	(2,815,473)
Derecognition – disposals	19	0	1,266,581	0	0	0	1,266,600
Depreciation written out to Revaluation Reserve	1,421,391	55,678	0	0	(173,666)	0	1,303,403
Transfers between asset groups	0	0	0	0	39,115	14,985	54,100
At 31 March 2026	(45,606)	(85,824)	(6,659,634)	(483,110)	(550,332)	0	(7,824,506)
Net Book Value							
At 31 March 2026	29,548,987	4,208,661	5,191,985	12,222	1,891,159	956,250	41,809,264
At 31 March 2025	29,697,615	3,635,364	4,561,798	575	2,030,691	1,019,999	40,946,042

Movement on Balances in 2024/2025 (Restated)	Other Land & Buildings £	Vehicles, Plant, Furniture & Equipment £	Infrastructure Assets £	Community Assets £	Surplus Assets £	Assets under Construction £	Total Property, Plant & Equipment £
Cost or Valuation							
At 1 April 2024	27,392,150	2,640,181	10,366,696	482,312	2,414,607	241,000	43,536,946
Additions	1,192,137	2,822,811	1,609,382	0	188,328	0	5,812,658
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,672,087	(1,771,125)	0	0	(16,925)	630,677	514,714
Revaluation increases / (decreases) recognised in the surplus/deficit on the provision of services	(547,624)	(41,291)	0	0	0	(96,000)	(684,915)
Derecognition – disposals	0	0	(566,785)	0	0	0	(566,785)
Transfer between asset groups	(168,717)	0	(75,607)	0	(14,983)	259,307	0
Assets reclassified to / from held for sale	200,000	0	(4,674)	0	(228,766)	0	(33,440)
At 31 March 2025	29,740,033	3,650,576	11,329,012	482,312	2,342,261	1,034,984	48,579,178
Accumulated Depreciation and Impairment							
At 1 April 2024	(175,790)	0	(6,261,482)	(469,056)	(252,983)	0	(7,159,311)
Depreciation charge	(1,238,951)	(35,261)	(1,009,330)	(12,681)	(93,342)	(1,539)	(2,391,104)
Derecognition – disposals	0	0	493,248	0	0	0	493,248
Depreciation written out to Revaluation Reserve	1,361,074	20,049	0	0	16,925	18,462	1,416,510
Transfers between asset groups	11,249	0	10,350	0	17,830	(31,908)	7,521
At 31 March 2025	(42,418)	(15,212)	(6,767,214)	(481,737)	(311,570)	(14,985)	(7,633,136)
Net Book Value							
At 31 March 2025	29,697,615	3,635,364	4,561,798	575	2,030,691	1,019,999	40,946,042
At 31 March 2024	27,216,360	2,640,181	4,105,214	13,256	2,161,624	241,000	36,377,635

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 1 to 50 years
- Other Land and Buildings RoUA – remainder of the lease
- Vehicles, Plant, Furniture & Equipment – 1 to 20 years
- Infrastructure – 1 to 15 years
- Community Assets – 1 to 50 years

Assets under construction are not depreciated until brought into use.

Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost £925,260. Similar commitments at 31 March 2025 were £2,325,418.

The major commitments are:

Capital Commitments	£
Food Waste Vehicles	520,550
Electric Vehicle Infrastructure at Council Depot	404,710
	925,260

Effects of Changes in Estimates

The Council has reviewed its assumptions with regard to the useful economic life of its non-current assets but has concluded that no material changes are required to its accounting estimates.

Revaluations

The authority ensures that all property, plant and equipment to be measured at current value is subject to one of the following processes:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years.
- For non-property assets only, appropriate indices.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

Land and buildings are valued by an independent external valuer. A full valuation was last completed in the 2024/25 financial year. For the financial year 2025/26 valuations were undertaken at 31 March 2026 externally by Mr K. Shirer (Principal Surveyor – RICS Registered Valuer), of the Valuation Office Agency. The valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. For non-specialised operational assets, fair value equates to existing use value, and for specialised operational assets fair value is estimated using a depreciated replacement cost approach.

Vehicles, plant, and equipment are valued internally by reference to current replacement costs provided by suppliers and estimated disposal values (open market value in existing use). Assets not yet re-valued are shown at depreciated value based on historical cost but are not considered to be materially under or overvalued. The Council is not aware of any material change in value and these valuations have not been updated.

Surplus assets are measured at fair value, representing highest and best use value from a market participant's perspective.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- Changes in BCIS all-in tender price index rates used as a suitable index for buildings revalued on a depreciated replacement cost basis.
- Consumer Price Index (CPI) applied as a suitable index for assets valued based on rental income.
- CoStar Office and Industrial Indices applied as a suitable index for assets similar in nature to those located in varying regional economic areas.
- Savills Residential Development Land Index applied as a suitable index for land earmarked for residential development based on a national average.
- UK House Price Index applied as a suitable index for assets similar in nature to private residence.

Index	Average change %	Valuation change £
BCIS all-in Tender Price Index	3.8	677,625
Consumer Price Index (CPI)	3.5	83,335
CoStar Offices Index	0.8	24,129
Savills Residential Development Land	(2.5)	(23,750)
CoStar Industrial Index	(1.4)	(62,042)
UK House Price Index	(1.8)	(72,581)
Total indexation applied in 2025/26	2.0	626,716

	Land & Buildings	Land & Buildings RoUA	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£	£	£	£	£	£	£
Carried at historical cost	5,939	713,266	5,191,985	12,222	1,891,159	30,000	7,844,571
Valued at fair value as at:							
31 March 2026	5,000	0	0	0	0	0	5,000
31 March 2025	28,825,540	3,557,437	0	0	0	950,000	33,332,977
31 March 2024	0	0	0	0	0	0	0
Indexation applied to valuations above	712,508	(62,042)	0	0	0	(23,750)	626,716
Total	29,548,987	4,208,661	5,191,985	12,222	1,891,159	956,250	41,809,264

15. Heritage Assets

A heritage asset is defined by the Code as an asset with “historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture”.

The Council currently has only one asset that meets the definition of a heritage asset, and that is the Ice House situated in Bouskell Park, Blaby. Most of the Ice House is underground and part has been dated back to medieval times. It is a grade 2 listed building and is considered to be of historical interest. The Council secured external funding to enable it to undertake structural works which have now been completed. These works have enabled visitors to access the Ice House and learn its history.

The Ice House has previously been reported within Community Assets within the Balance Sheet. A valuation has not been obtained as it's considered the cost of obtaining such information outweighed the benefit to the users of the financial statements. Since the completion of the renovation project in 2020, the asset is now held at the historical cost.

Reconciliation of the carrying value of heritage assets held by the authority.

	Heritage buidings	Total assets
Cost of Valuation		
At 1 April 2024	0	0
Additions	0	0
Derecognition – disposals	0	0
Transfer between asset groups	0	0
At 31 March 2025	0	0
Accumulated Depreciation and Impairment		
At 1 April 2024	0	0
(Impairment losses)/reversals recognised in surplus or deficit on the provision of services	0	0
Derecognition – disposals	0	0
Transfer between asset groups	0	0
At 31 March 2025	0	0
Net book value		
At 31 March 2025	0	0
Cost of Valuation		
At 1 April 2025	0	0
Additions	0	0
Disposals	0	0
Transfer between asset groups	106,442	106,442
At 31 March 2026	106,442	106,442
Accumulated Depreciation and Impairment		
At 1 April 2025	0	0
(Impairment losses)/reversals recognised in surplus or deficit on the provision of services*	54,100	54,100
Derecognition - disposals	0	0
Transfer between asset groups	(54,100)	(54,100)
At 31 March 2026	0	0
Net book value		
At 31 March 2026	106,442	106,442

*The Ice House at Bouskell Park has previously been held within Community Assets within PPE. The reclassification of the asset as a Heritage Asset has resulted in the net book value being revised to the assets gross book value.

16. Investment Properties

The Council owns just one investment property, The Old Bank (previously The Grange) in Narborough which it converted into 4 flats. These are currently rented out at market rate.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

	2025/26 £	2024/25 £
Rental income from investment property	35,653	37,289
Dilapidations	0	0
Operating expenses arising from investment property	(10,511)	(9,285)
Net gain/(loss) from fair value adjustments	(44,000)	34,000
Net gain/(loss)	(18,858)	62,004

	2025/26 £	2024/25 £
Balance as at 1 April	490,000	450,000
Additions and Transfers In	0	0
Net gain/(loss) from fair value adjustments recognised in the revaluation reserve*	(11,000)	6,000
Net gain/(loss) from fair value adjustments recognised in surplus or deficit on the provision of services	(44,000)	34,000
Balance as at 31 March	435,000	490,000

*Net gain/(loss) from fair value adjustments for Investment Properties are recognised in surplus or deficit on the provision of services. Net gain/(loss) from fair value adjustments previously recognised in the revaluation reserve have been reversed during the 2025/26 financial year.

17. Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licences, but the Council has no internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The Council has no Intangible Assets that it has assessed as having an indefinite useful life.

The useful lives assigned to the major software suites used by the Council are:

Useful Life	Intangible Asset
10 years	Northgate Revenues & Benefits System
5 years	Customer Relationship Management/Electronic Document and Records Management System (CRM/EDRM) Xpress Elections Software Real Asset Management (Asset Register System) Idox/CAPS Planning System COA Solutions eFinancials (Financial Management System) Whitespace Waste Management Software

The movement on Intangible Asset balances during the year is as follows:

Movement on Intangible Asset Balances	2025/26 £	2024/25 £
Balance at 1 April		
• Gross carrying amount	360,743	306,277
• Accumulated amortisation	(258,992)	(229,428)
Net carrying amount at 1 April	101,751	76,849
Additions	83,771	54,466
Revaluation increases / (decreases) recognised in the Revaluation Reserve	234	0
Revaluation increases / (decreases) recognised in the surplus/deficit on the provision of services	(234)	0
Disposals	(62,011)	0
Amortisation for the period	(37,981)	(29,564)
Write back amortisation on disposals	60,757	0
Net carrying amount at 31 March	146,287	101,751
Comprising:		
• Gross carrying amount	382,503	360,743
• Accumulated amortisation	(236,216)	(258,992)
	146,287	101,751

There have been no changes in accounting estimates (e.g. residual values, useful lives, amortisation method) for Intangible Assets that have had an effect on the current period or that are expected to have an effect in subsequent financial years. Software assets are valued at historic cost.

18. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current 31/03/26 £	Current 31/03/26 £	Non-Current 31/03/25 £	Current 31/03/25 £
Cash and Bank Balance	0	234,890	0	291,852
Investments at amortised cost	0	19,759,832	0	22,768,292
Investments at Fair Value through Profit or Loss	745,238	0	664,651	0
Debtors carried at contract amounts	91,629	2,396,738	91,629	1,629,070
Total Financial Assets	836,867	22,391,460	756,280	24,689,214

Financial Liabilities	Non-Current 31/03/26 £	Current 31/03/26 £	Non-Current 31/03/25 £ (Restated)	Current 31/03/25 £ (Restated)
Borrowings at amortised cost	(4,000,000)	(259,080)	(4,000,000)	(890,155)
Other Long-Term Liabilities at amortised cost	(3,646,955)	0	(3,228,742)	0
Creditors carried at contract amounts	0	(7,535,078)	0	(8,385,025)

Financial Liabilities	Non-Current 31/03/26 £	Current 31/03/26 £	Non-Current 31/03/25 £ (Restated)	Current 31/03/25 £ (Restated)
Total Financial Liabilities	(7,646,955)	(7,794,158)	(7,228,742)	(9,275,180)

Income, Expense, Gains and Losses

Income, Expense, Gains and Losses in 2025/26	Financial Liabilities measured at amortised cost £	Financial Assets loans and receivables £	Financial Assets Fair Value through profit or loss £	Total £
Interest expense – financial liabilities measured at amortised cost	387,200	0	0	387,200
Interest revenue – financial assets measured at amortised cost	0	1,234,905	27,355	1,262,260
Interest revenue – financial assets measured at Fair Value through Profit or Loss	0	0	252,631	252,631
Loss on Revaluation of Property Fund	0	0	0	0
Net gain/(loss) for the year	387,200	1,234,905	279,986	1,902,091

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and investments and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to be approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	Carrying Amount 31 March 2026	Fair Value 31 March 2026	Carrying Amount 31 March 2025	Fair Value 31 March 2025
	£	£	£	£
PWLB Debt	4,004,775	1,850,982	4,872,124	2,509,562
Non PWLB Debt	0	0	0	0
Short Term Creditors	7,535,078	7,535,078	8,385,025	8,385,025
Short Term Finance Lease Liability	254,305	254,305	18,031	18,031
Long Term Finance Lease Liability	3,646,955	3,646,955	3,228,742	3,228,742
Total Financial Liabilities	15,441,113	13,287,320	16,503,922	14,141,360

The fair value of Public Works Loan Board (PWLB) and market loans of £1,850,982 measures the economic effect of the terms agreed with the PWLB, and other lenders compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB and other lenders, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £4,004,775 would be valued at £1,850,982. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans, including the penalty charge, would be £1,880,832.

	Carrying Amount 31 March 2026	Fair Value 31 March 2026	Carrying Amount 31 March 2025	Fair Value 31 March 2025
	£	£	£	£
Cash and Bank Balance	234,890	234,890	291,852	291,852
Money Market Loans less than 1 Year	20,505,070	20,505,070	23,432,943	23,342,897
Short Term Debtors	2,396,738	2,396,738	1,629,070	1,629,070
Long Term Debtors	91,629	91,629	91,629	91,629
Total Financial Assets	23,228,327	23,228,327	25,445,494	25,355,448

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The Council's long-term debtors include mortgage advances and renovation loans in excess of twelve months. The balances are increased by payments/loans advanced during the financial year and reduced as repayments are made.

19. Debtors

	31 March 2026 £	31 March 2025 £
Central government bodies	480,854	1,606,259
Other local authorities	4,689,807	3,761,495
NHS Bodies	9,616	0
Other entities and individuals	2,532,078	2,848,285
Total	7,712,355	8,216,039

Each line item in the table above is presented net of impairment (that is, any allowance for non-collection). The impairment allowance for short term debtors (including council tax and non-domestic rate income) as at 31 March 2026 is £1,811,460 (£1,691,598 as at 31 March 2025).

20. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2026 £	31 March 2025 £
Cash held by the Council	216	256
Bank current accounts	1,438,574	1,561,837
Deposits in Money Market Funds	2,571,176	3,208,118
Short-term deposits with banks and building societies	10,118,720	14,207,360
Deposits with other Local Authorities	0	0
Total Cash and Cash Equivalents	14,128,686	18,977,571

21. Assets Held for Sale

As at 31 March 2026, the Council had the following assets held for sale. The sites are:

- Holt Crescent Allotments, Thurlaston
- Jubilee Park and Car Park, Enderby
- Trinity Road, Whetstone
- College Road, Whetstone
- Church Lane / High Street, Whetstone
- Glen Hills Nature Reserve, Glen Parva
- Southey Close Recreation Ground, Enderby
- Narborough Park, Narborough

The value of these sites are as shown in the below table.

	Current 2025/26 £	Current 2024/25 £
Balance as at 1 April	245,923	205,004
Assets newly classified as Held for Sale	8,129	25,919
Revaluation Gains/(Losses)	0	15,000
Disposals	0	0
Impairment losses	(254,044)	0
Balance as at 31 March	8	245,923

22. Creditors

	31 March 2026 £	31 March 2025 £
Central government bodies	(3,215,420)	(5,561,887)
Other local authorities	(7,733,505)	(7,070,945)
NHS bodies	(132,847)	(624,194)
Other entities and individuals	(3,064,229)	(4,753,846)
Total	(14,146,001)	(18,010,872)

Included within Central government bodies as at 31 March 2026 is £614,661 (£310,338 as at 31 March 2025) relating to the balance of Section 31 Grant which is owed back to the Government.

23. Provisions

The Council maintains an Insurance Reserve Fund to meet its own liability in relation to claims which may be made against the Council, not currently notified, which would not be fully met within the terms and conditions of its insurance policies. The principal policy to which this applies is the Council's public liability policy under which the Council is required to meet the first £12,500 costs of any claim. Movements in the Insurance Reserve Fund are included within note 10.

A provision has also been made in respect of potential claims liabilities arising under the above policies, based on Insurers' assessment of claims notified, limited to the amount of claim excess. Although the timing of outcomes is uncertain, claims may be paid either fully or in part, or may be repudiated, and so the cost cannot be estimated with certainty. The level of provision required is reviewed annually.

The Council also holds a provision to cover potential liabilities in relation to the Municipal Mutual Insurance (MMI) Scheme of Arrangement. In November 2012 it was announced that a levy of 15% would be applied to the total value of insurance claims paid through MMI since 1993 (less £50,000). For Blaby, this amounts to £295,000 in settled claims, less £50,000. Due to the uncertain position in respect of the most volatile classes of claim, such as mesothelioma, the scheme administrator increased the levy by 10% to 25%. Whilst the Council currently has no outstanding claims reserves with MMI, the provision level has been maintained at the same level to allow for the possibility of new liabilities arising out of past events, e.g., mesothelioma cases.

The Council also provides for losses that may arise due to appeals made by businesses against their rateable value. The timing of the outflows in the event of a successful appeal is entirely dependent upon the Valuation Office Agency, with many appeals not settled for several years after

they are submitted. The table below reflects the Council's 40% share of the cost of potential appeals, in accordance with the business rates retention scheme.

	Insurance Claims Provision £	MMI Scheme of Arrangement £	NNDR Appeals Provision £	Total £
Balance as at 31 March 2025	(4,028)	(180,377)	(2,410,938)	(2,595,343)
Additional Provisions made in year	(15,416)	0	(312,315)	(327,731)
Provisions used in year	4,076	0	361,809	365,885
Unused Provisions returned in year	15,368	0	0	15,368
Balance as at 31 March 2026	0	(180,377)	(2,361,444)	(2,541,821)

24. Unusable Reserves

	31 March 2026 £	31 March 2025 £ (Restated)
Revaluation Reserve	(13,225,732)	(13,136,852)
Capital Adjustment Account	(7,805,021)	(8,663,290)
Pensions Reserve	11,558,000	7,308,000
Collection Fund Adjustment Account	1,096,566	(893,922)
Accumulated Absences Account	80,685	78,882
Financial Instruments Adjustment Account	252,631	245,303
Total	(8,042,871)	(15,061,879)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26 £	2024/25 £ (Restated)
Balance at 1 April	(13,136,852)	(11,706,167)
Upward revaluation of assets	(789,995)	(4,880,201)
Downward revaluation of assets	113,767	2,927,979
Surplus or Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(676,228)	(1,952,222)

	2025/26 £	2024/25 £ (Restated)
Difference between fair value depreciation and historical cost depreciation	594,433	521,877
Accumulated gains/(losses) on assets sold or scrapped	(7,085)	(340)
Balance at 31 March	(13,225,732)	(13,136,852)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, or enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2025/26 £	2024/25 £ (Restated)
Balance at 1 April	(8,663,290)	(8,144,040)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	2,815,473	2,387,189
Impairment losses	549,411	684,915
Increase / (decrease) in fair value of investment properties	44,000	(34,000)
Amortisation of intangible assets	37,981	29,564
Revenue expenditure funded from capital under statute	1,320,961	1,128,558
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	158,764	73,876
	4,926,590	4,270,102
Adjusting amounts written out of the Revaluation Reserve	(594,433)	(521,877)
Net amount written out of the cost of non-current assets consumed in the year	4,332,157	3,748,225
Capital financing applied in the year:		
<ul style="list-style-type: none"> Use of Capital Receipts Reserve to finance new capital expenditure 	(491,225)	(470,922)
<ul style="list-style-type: none"> Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing 	(1,725,282)	(2,228,965)
<ul style="list-style-type: none"> Application of grants to capital financing from the Capital Grants Unapplied Account 	(77,253)	(581,663)

	2025/26 £	2024/25 £ (Restated)
<ul style="list-style-type: none"> • Statutory provision for the financing of capital investment charged against the General Fund balance. • Capital expenditure charged against the General Fund balance. 	(1,042,843)	(911,616)
	(137,285)	(89,309)
	(3,473,888)	(4,282,475)
Repayment of private sector housing loan	0	15,000
Balance at 31 March	(7,805,021)	(8,663,290)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are employed by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements ensure that benefits earned are financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2025/26	2024/25
Balance at 1 April	7,308,000	8,361,000
Re-measurements of the net defined benefit liability	2,399,000	(15,724,000)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,271,000	2,540,000
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,661,000)	(3,236,000)
Asset ceiling adjustment	3,241,000	15,367,000
Balance at 31 March	11,558,000	7,308,000

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2025/26 £	2024/25 £
Balance at 1 April	(893,922)	(489,160)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(5,435)	(97,285)
Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	1,995,923	(307,477)
Balance at 31 March	1,096,566	(893,922)

During 2020/21 In response to COVID-19 pandemic and lockdown, the Government gave a retail relief to certain business sectors. This resulted in an extraordinary deficit on the Collection Fund which local authorities were permitted to spread across three financial years. To recompense local authorities, the Government paid Section 31 Grant, and this grant was transferred to an earmarked reserve to help offset the deficit. The grant was fully utilised during 2023/24.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, for example, annual leave entitlement carried forward at forward 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2025/26 £	2024/25 £
Balance at 1 April	78,882	84,943
Settlement or cancellation of accrual made at the end of preceding year	(78,882)	(84,943)
Amounts accrued at the end of the current year	80,685	78,882
Balance at 31 March	80,685	78,882

Financial Instruments Adjustments Account

The Financial Instruments Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to the Council's Property Fund investment and for bearing losses or benefiting from gains per statutory provisions.

	2025/26 £	2024/25 £
Balance at 1 April	245,303	257,274
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	7,328	(11,971)
Balance at 31 March	252,631	245,303

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2025/26 £	2024/25 £
Interest received	(1,197,354)	(1,580,163)
Interest paid	387,200	457,563

The (surplus)/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2025/26 £	2024/25 £
Proceeds from Short Term and long-term Investments	(87,915)	(2,656,459)
Proceeds from the sale of property, plant and equipment	218,150	186,898
Capital grants and contributions received	1,725,282	1,681,468
	1,855,517	(788,093)

26. Cash Flow Statement – Investing Activities

	2025/26 £	2024/25 £
Purchase of property, plant and equipment, and intangible assets	3,048,084	3,123,161
Purchase of short-term and long-term investments	1,780,587	4,768,430
Other payments from investing activities	6,109	6,846
Proceeds from the sale of property, plant, and equipment	(153,846)	(77,973)
Other receipts from investing activities	(1,151,619)	(3,117,042)
	3,529,315	4,703,422

27. Cash Flow Statement – Financing Activities

	2025/26 £	2024/25 £
Cash payments for the reduction of finance lease liabilities	77,918	1,389
Repayments of short and long term borrowing	631,075	838,099
Other payments/receipts for financing activities	3,920,521	342,165
	4,629,514	1,181,653

28. Reconciliation of Liabilities Arising from Financing Activities

	1 st April 2025	Financing Cash Flows	Non-Cash Changes Acquisition	Non-Cash Changes Other	31 st March 2026
	£ (Restated)	£	£	£	£
Long Term Borrowing	(4,000,000)	0	0	0	(4,000,000)
Short Term Borrowing:	(872,124)	857,602	0	9,747	(4,775)
Lease Liabilities	(3,246,773)	(654,487)	0	0	(3,901,260)
Total Liabilities from Financing Activities	(8,118,897)	203,115	0	9,747	(7,906,035)

29. Agency Arrangements

Blaby District Council is the lead authority for Lightbulb which brings together the various services involved in the provision of Disabled Facilities Grants under one umbrella, including Occupational Therapists employed by Leicestershire County Council. As lead authority, Blaby employs Housing Support Co-ordinators, Technical Officers and Administrative Officers on behalf of most of the districts across Leicestershire, as well as running the Central Hub that oversees the delivery of services through Lightbulb. The district councils and the County Council contribute towards the cost of running the Central Hub, as well as reimbursing Blaby for the running costs associated with the various district localities. This ensures that Blaby's financial position remains cost neutral in terms of the services it provides to its partners. Expenditure and income is included within the Community Services line in the Comprehensive Income and Expenditure Statement.

As part of the Lightbulb service, Blaby also manages, administers and pays for Disabled Facilities Grants on behalf of Harborough District Council, Melton Borough Council, North West Leicestershire District Council, and Oadby and Wigston Borough Council. Under this arrangement the partner authorities have agreed to transfer their capital grant funding to Blaby in return for Blaby paying the disabled facilities grants on their behalf. Blaby also has responsibility for the procurement and administration of stairlift installations on behalf of the above authorities as well as Hinckley and Bosworth Borough Council and Charnwood Borough Council. This function was previously performed by Leicestershire County Council, prior to 2018/19.

The table below provides a summary of the expenditure and income for the year.

2025/26	Harborough District Council	Melton Borough Council	NW Leics. District Council	Oadby and Wigston Borough Council	Hinckley and Bosworth Borough Council	Charnwood Borough Council	Total
	£	£	£	£	£	£	£
Balance at 1 April 2025	61,337	(287,446)	(2,320,875)	(301,443)	(3,499)	105	(2,851,821)
Income received	(554,554)	(331,887)	(884,196)	(485,314)	(217,554)	(363,404)	(2,836,909)
Other contributions	0	0	0	0	0	0	0
Grant expenditure	550,946	192,018	458,890	485,255	217,475	362,868	2,267,452

2025/26	Harborough District Council	Melton Borough Council	NW Leics. District Council	Oadby and Wigston Borough Council	Hinckley and Bosworth Borough Council	Charnwood Borough Council	Total
	£	£	£	£	£	£	£
Balance at 31 March 2026	57,729	(427,315)	(2,746,181)	(301,502)	(3,578)	(431)	(3,421,278)

Comparative figures for 2024/25 are shown in the table below.

2024/25	Harborough District Council	Melton Borough Council	NW Leics. District Council	Oadby and Wigston Borough Council	Hinckley and Bosworth Borough Council	Charnwood Borough Council	Total
	£	£	£	£	£	£	£
Balance at 1 April 2024	(10,484)	(269,873)	(2,235,912)	(400,881)	(3,697)	845	(2,920,002)
Income received	(515,062)	(307,030)	(708,897)	(450,374)	(331,552)	(263,431)	(2,576,346)
Other contributions	0	0	0	0	0	0	0
Grant expenditure	586,883	289,457	623,934	549,812	331,750	262,691	2,644,527
Balance at 31 March 2025	61,337	(287,446)	(2,320,875)	(301,443)	(3,499)	105	(2,851,821)

The balances carried forward are included within debtors or creditors in the Balance Sheet.

30. Members Allowances

Allowances are paid to elected members in accordance with the Council's Members' Allowance scheme.

	2025/26 £	2024/25 £
Basic Allowances	225,555	218,838
Special Responsibility Allowances	120,240	105,152
Travel and Other Expenses	601	73
	346,396	324,063

31. Officer Remuneration

The Accounts and Audit Regulations require authorities to disclose details of senior officers' remuneration. In cases where the individual's salary exceeds £150,000 per annum (or pro rata to that amount) then the individual's name shall be disclosed. There was one senior officer of Blaby District Council whose salary exceeded £150,000 per annum in 2025/26 (2024/25 – 0). Where the

salary exceeds £50,000 per annum (or pro rata to that amount), the authority is required to provide a disclosure by job title.

Position	Year	Salary, Fees, Allowances £	Expenses Allowances £	Bonuses £	Pension Contribution £	Total £
Chief Executive – Julia Smith	2025/26	123,289	1,239	0	28,049	152,577
	2024/25	119,466	1,239	0	26,986	147,691
Executive Director (S151)	2025/26	101,298	1,239	5,000	23,279	130,816
	2024/25	103,158	1,239	0	22,592	126,989
Executive Director (Place)	2025/26	96,398	837	0	21,111	118,346
	2024/25	89,099	835	0	19,513	109,447
Executive Director (Communities)	2025/26	96,398	1,239	0	21,111	118,748
	2024/25	89,705	1,239	0	19,646	110,590
Corporate Services & Monitoring Officer Group Manager	2025/26	79,947	963	3,000	18,165	102,075
	2024/25	46,562	401	0	10,206	57,169
Assets & Major Projects Group Manager	2025/26	79,947	1,239	0	17,508	98,694
	2024/25	72,884	1,239	0	15,962	90,085
Neighbourhood Services Group Manager	2025/26	82,486	1,239	0	18,064	101,789
	2024/25	79,928	1,239	0	17,504	98,671
Planning & Strategic Growth Group Manager	2025/26	72,952	1,239	0	15,976	90,167
	2024/25	66,434	1,239	0	14,549	82,222
Environmental Health, Housing Services Group Manager	2025/26	82,486	1,239	0	18,064	101,789
	2024/25	77,469	1,239	0	16,965	95,673
Resources Group Manager	2025/26	72,952	1,239	0	15,976	90,167
	2024/25	22,775	212	0	4,100	27,087
ICT & Transformation Group Manager	2025/26	79,947	1,239	0	17,508	98,694
	2024/25	74,880	1,239	0	16,398	92,517

The Group Manager – Resources position commenced employment with the Council on 16th September 2024. The annualised salary for the post in 2024/25 was £68,966.

In accordance with Regulation 7(3) of the Accounts and Audit Regulations 2015 the Council is also required to disclose the number of other employees whose remuneration is in excess of £50,000 per annum, starting at that level and increasing in multiples of £5,000. There are 17 employees in this category in 2025/26 as follows.

Remuneration Band	No. of Employees 2025/26	No. of Employees 2024/25
£50,000 - £54,999	15	9
£55,000 - £59,999	1	1
£60,000 - £64,999	1	1

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the following table:

Exit Package Cost Band (including special payments)	Number of Compulsory Redundancies 2025/26	Number of Compulsory Redundancies 2024/25	Number of Other Departures Agreed 2025/26	Number of Other Departures Agreed 2024/25	Total Number of Exit Packages by Cost Band 2025/26	Total Number of Exit Packages by Cost Band 2024/25	Total Cost of Exit Packages in each Band 2025/26 £	Total Cost of Exit Packages in each Band 2024/25 £
£0 - £20,000	1	1	0	2	1	3	17,436	26,964
£20,001 - £40,000	3	0	2	1	5	1	361,024	21,152
Total	4	1	2	3	6	4	378,460	48,116

32. External Audit Costs

The Council has incurred the following costs in relation to the audit of the statement of accounts and certification of grant claims.

The Councils External Auditor for 2025/26 and 2024/25 is Azets.

	2025/2026 £	2024/2025 £
Fees payable to the external auditors with regard to external audit services carried out by the appointed auditor	158,705	154,383
Fees payable to the external auditors for the certification of grant claims and returns	28,000	28,000
Total	186,705	182,383

33. Grant Income

Capital grants recognised in the year

The Council received the following capital grants in 2025/26.

Capital grants recognised in the year The Council received the following capital grants in 2025/26. These grants are analysed between those credited to the Comprehensive Income and Expenditure Statement and those held as receipts in advance, in line with the Council's accounting policies

	2025/26 £	2024/25 £
Credited to Taxation & Non-Specific Grant Income		
Disabled Facilities Grant	0	89,470
DEFRA - Air Particulates	15,100	(30,810)
UK Shared Prosperity Fund	6,000	70,000
Section 106 Contributions	234,713	73,715
Local Authority Housing Fund	0	1,000
DEFRA - Food Waste Grant	507,074	0
Total Credited to Taxation & Non-Specific Grant Income	762,887	203,375

	2025/26 £	2024/25 £
Credited to Services (all REFCUS related)		
Disabled Facilities Grant	892,230	702,974
Three Oaks Contributions	69,550	36,879
DEFRA - Air Quality Grant	0	65,046
UK Shared Prosperity Fund	0	1,220,690
Other	616	0
Total Credited to Services	962,396	2,025,589

Capital grants received in advance

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that have not yet been met. The balances at the year-end are as follows:

	2025/26 £	2024/25 £
Capital Grants Receipts in Advance		
Disabled Facilities Grant	321,474	458,027
Local Authority Housing Fund	332,395	332,395
DEFRA Air Particulates Grant	15,710	30,810
DEFRA Food Waste Grant	414,938	922,011
DEFRA Dry, Non-Packaging Recycling Grant	1,655	0
UK Shared Prosperity Fund	152,187	0
Section 106 Contributions	597,120	672,008
Total Capital Grants Receipts in Advance	1,835,479	2,415,251

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2025/26:

	2025/26 £	2024/25 £
Debited / (Credited) to Taxation and Non-Specific Grant Income		
Non-Domestic Rates Contribution	(3,761,641)	(3,602,984)
New Homes Bonus Grant	(426,048)	(14,280)
Section 31 Grants – Business Rates	(2,790,803)	(3,081,775)
Funding Floor	(1,573,114)	0
Lower Tier Services Grant	0	(2,245,863)
Services Grant	0	(15,571)
Revenue Support Grant	(95,767)	(79,550)
Other non-ring-fenced Government Grants	0	(27,554)
Government Grants	(632,453)	1,340,851
Section 106 Contributions	(234,713)	(74,715)
Total	(9,514,539)	(7,801,441)
Credited to Services		
Housing Benefit Subsidy	(8,244,095)	(9,197,007)
Other DWP Grants	(25,686)	(60,526)
NNDR Cost of Collection Allowance	(107,977)	(106,386)
Disabled Facilities Grant	(2,100,072)	(1,052,753)
Council Tax Support Grant	0	(14,317)
DEFRA Air Quality Monitoring Grants	(25,482)	(6,846)
Government contributions towards the cost of Elections	3,742	(462,465)
Redmond Review Grant	(63,383)	(19,594)
New Burdens Grant – Electoral Registration	0	(20,137)
New Burdens Grant – Transparency	0	(8,103)
New Burdens Grant – Renters Rights	(22,057)	0
Home Office Grant – Syrian and Afghan Vulnerable Persons Resettlement Scheme	0	(66,229)
Home Office Grant – Ukrainian Refugee Scheme	(13,098)	(130,623)
Biodiversity Net Gain Grant	(77,142)	(26,807)
Neighbourhood Planning Grant	0	(30,000)
UK Shared Prosperity Fund	(564,210)	(1,345,083)
Other Grants	(1,743,703)	(421,248)
Leicestershire and Rutland Sport Commissioning Programme	(45,184)	(56,224)
Better Care Fund – Hospital Housing Enabler	(380,420)	(386,695)
Leicestershire Partnership NHS Trust – Hospital Housing Enabler	(204,000)	(204,000)
Leicester City Clinical Commissioning Group – Hospital Housing Enabler	(305,065)	(315,848)
Children’s Support Contributions – Other Local Authorities	(50,669)	(65,997)
Major Schemes Funding	0	(3,500)
Early Years Physical Activity	(40,803)	(39,352)
GP Referral Scheme	(860)	(8,322)
Other Contribution	(1,269,259)	(1,987,789)
Total	(15,279,423)	(16,035,851)

The Council sometimes receives grants and contributions that are not immediately recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

Revenue grants and contributions which do not have conditions attached to their use are transferred to an earmarked reserve pending use in the following financial year.

34. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (for example council tax bills, housing benefits). Grants received from government departments are set out in Note 8b, Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31 March 2026 are shown in Note 33.

Other Local Authorities

The Council administers, manages, and pays for disabled facilities grants on behalf of certain other Leicestershire districts. Further details are contained within Note 29, Agency Arrangements.

Members and Senior Officers

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 30. Members are appointed to represent the Council on various outside bodies, some of which give or receive funding to/from the Council. Members and senior officers are required to complete an annual return in which they must declare any related party transactions in which they have been involved during the financial year. This exercise highlighted no material transactions requiring disclosure in 2025/26.

35. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, including the value of assets acquired under finance leases, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed and is analysed in the second part of this note.

	2025/26 £	2024/25 £ (restated)
Opening Capital Financing Requirement	20,075,202	17,365,910
Capital Investment		
Property, Plant and Equipment	3,551,830	5,812,658
Intangible Assets	83,770	54,467
Revenue Expenditure Funded from Capital under Statute	1,320,961	1,128,558
Sources of Finance		
Capital receipts applied	(491,224)	(470,922)
Government grants and other contributions	(1,802,536)	(2,810,628)
Sums set aside from revenue:		
Direct revenue contributions	(137,285)	(89,309)
Minimum revenue provision	(1,042,843)	(911,616)
IFRS16 adjustment	0	(3,916)
Closing Capital Financing Requirement	21,557,875	20,075,202
Explanation of movements in year		
Increase/(decrease) in underlying need for borrowing: - unsupported by Government financial assistance	1,560,591	2,729,197
Assets acquired under leases	(77,918)	(15,989)
IFRS16 adjustment	0	(3,916)
Increase/(decrease) in Capital Financing Requirement	1,482,673	2,709,292

36. Leases

Authority as Lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease of industrial units at Enderby Road, Whestone commenced in July 1978 for a term of 99 years with no extension options. Open market rent reviews are completed every five years. The value of the asset as at 31 March 2026 was £2,820,705

Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by the authority:

	Other Land and buildings £	Vehicles, plant, and equipment £	Total £
At 1st April 2025	3,635,363	0	3,635,363
Additions	739,639	0	739,639
Revaluations	(40,051)	0	(40,051)
Depreciation charge	(126,290)	0	(126,290)
Disposals	0	0	0
At 31st March 2026	4,208,661	0	4,208,661

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

Comprehensive income and expenditure statement	2025/26 £	2024/25 £
Interest expense on lease liabilities	300,219	283,876
Cash Flow Statement	2025/26 £	2024/25 £
Total cashflow for leases	378,138	298,740
Cash payments for interest portion of lease liabilities	300,219	283,876

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected payments):

	31 March 2026 £	31 March 2025 £
Not later than one year	573,869	312,894
Later than one year and not later than five years	1,644,506	1,205,194
Later than five years	14,324,250	14,619,750
Total undiscounted liabilities	16,542,625	16,137,838

Authority as Lessor

Finance Leases – the Council does not lease any property, plant or equipment to a third party under the terms of a finance lease.

Operating Leases - The Council leases out property and equipment under operating leases for the following purposes:

- for economic development the Council leases units at the Enderby Road Industrial Estate, Whetstone to various local businesses.
- as part of the Council's investment portfolio four apartments at The Old Bank, Narborough are leased to tenants.

Transactions under leases

The authority made the following gains and losses as a lessor during the year:

Operating leases	2025/26 £	2024/25 £
Total lease income	458,226	421,671

37. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered locally by LeicestershireCounty Council - this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2025/26	2024/25
	£	£
Comprehensive Income and Expenditure Statement		
Cost of Services		
• Current Service Cost	1,670,000	2,130,000
• Past Service Cost/(Gain)	229,000	30,000
• (Gain)/Loss from Settlements	0	0
Financing and Investment Income and Expenditure		
• Net Interest Expense	372,000	380,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	2,271,000	2,540,000
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:	(3,893,000)	(1,009,000)
• Return on plan assets (excluding the amount included in the net interest expense)		
• Actuarial gains and losses arising on changes in demographic assumptions	(1,547,000)	(141,000)
• Actuarial gains and losses arising on changes in financial assumptions	(1,805,000)	(13,223,000)
• Other experience gains and losses	11,269,000	(736,000)

	2025/26	2024/25
	£	£
Comprehensive Income and Expenditure Statement		
Changes in the effect of the asset ceiling	1,616,000	15,367,000
Total Post-Employment Benefits charged to Comprehensive Income and Expenditure Statement	7,911,000	2,798,000
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,271,000)	(2,540,000)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to the scheme	3,356,081	3,136,549
• Capital costs	22,991	39,847
• Retirement benefits payable to pensioners	52,303	52,592

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2025/26	2024/25
	£	£
Present value of the defined benefit obligation	(106,290,000)	(98,317,000)
Fair value of plan assets	94,732,000	91,009,000
Net liability arising from defined benefit obligation	(11,558,000)	(7,308,000)

Asset Ceiling Adjustment

The Council's share of the net pension liability at 31st March 2026 had decreased by £1,055,000, giving an overall surplus of £20,183,000. The most significant contributory factor leading to this change is the increase in the net discount rate (net of CPI inflation).

Under IAS19 the authority is required to measure the defined benefit asset reported as the lower of the surplus in the defined benefit plan and the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Under IFRIC14 there is no option for refunds from the plan, and the component of the asset ceiling available through reductions in contributions, is calculated as the Present value of future service costs less the Present value of future service contributions:

Annuity (into perpetuity) x 2026-27 future service cost, less

Annuity (into perpetuity) x future service element employer contribution, so

38.3 years x £1.676m = £64.191m, less

38.3 years x £2.079m = £79.626m

As B is greater than A, then the economic benefit available as a reduction in future contributions is floored at 0, meaning that the net asset becomes an additional liability.

The authority also has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall in respect of services already received. This is calculated by taking the funding 'time horizon' of 17 years and multiplying by the present value of agreed past service contributions. The present value of agreed past service contributions equates to £11.099m. These agreed Past service contributions have been committed to be paid to the pension fund and are added to the net asset position (£20.183m + £11.099m = £31.282m). This position is then compared to the economic benefit available as a reduction in future contributions to determine if there is an additional liability to recognise.

	£'000
Net Asset (unadjusted)	20,183
Add back present value of unfunded obligations	(459)
Net Asset (adjusted)	19,724
Expected net asset after past service contributions	(31,282)
Economic benefit available as a reduction in future contributions	0
Adjusted Net Liability	(11,558)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	2025/26 £	2024/25 £
Opening fair value of scheme assets	91,009,000	84,608,000
Interest income	5,324,000	4,131,000
Re-measurement gain/(loss):		
The return on plan assets, excluding the amount included in net interest expense	3,893,000	1,009,000
Other experience gains and losses	(7,089,000)	0
Contributions from employer	3,661,000	3,236,000
Contributions from employees into the scheme	802,000	737,000
Benefits paid	(2,868,000)	(2,712,000)
Closing fair value of scheme assets	94,732,000	91,009,000

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2025/26 £	2024/25 £
Opening balance at 1 April	98,317,000	92,969,000
Current service cost	1,670,000	2,130,000
Interest cost	4,071,000	3,896,000

	2025/26 £	2024/25 £
Contributions from scheme participants	802,000	737,000
Re-measurement (gains) and losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	(1,805,000)	(13,223,000)
Actuarial (gains)/losses arising from changes in demographic assumptions	(1,547,000)	(141,000)
Other	4,180,000	(736,000)
Asset Ceiling Adjustment	3,241,000	15,367,000
Past service cost	229,000	30,000
Benefits paid	(2,868,000)	(2,712,000)
Closing balance at 31 March	106,290,000	98,317,000

	Quoted prices in active markets 2025/26 £	Quoted prices not in active markets 2025/26 £	Total 2025/26 £	Quoted prices in active markets 2024/25 £	Quoted prices not in active markets 2024/25 £	Total 2024/25 £
Equity securities	704,400	0	704,400	588,300	600	588,900
Debt securities:						
• UK Government	3,441,400	8,800	3,450,200	3,309,600	9,200	3,318,800
• Other	979,800	0	979,800	465,000	0	465,000
Private equity	0	4,991,200	4,991,200	0	5,247,700	5,247,700
Real estate:						
• UK property	0	5,638,500	5,638,500	0	6,190,900	6,190,900
Investment finds and unit trusts:						
• Equities	41,652,200	0	41,652,200	38,318,000	162,200	38,480,200
• Bonds	0	0	0	0	0	0
• Hedge funds	0	0	0	300	0	300
• Commodities	165,800	1,813,500	1,979,300	0	1,819,800	1,819,800
• Infrastructure	0	8,609,600	8,609,600	0	8,344,800	8,344,800
• Other	13,454,800	5,534,500	18,989,300	11,209,800	6,363,800	17,573,600
Derivatives	48,700	0	48,700	(451,500)	0	(451,500)
Cash and cash equivalents	7,688,800	0	7,688,800	8,872,500	0	8,872,500
	68,135,900	26,596,100	94,732,000	62,312,000	28,139,000	90,451,000

Local Government Pension Scheme assets comprised:

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and so on. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, with estimates for the Local Government Pension Scheme being based on the latest full

valuation of the scheme as at 31 March 2025. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme 2025/26	Local Government Pension Scheme 2024/25	Discretionary Benefits 2025/26	Discretionary Benefits 2024/25
Mortality Assumptions:				
Longevity at 65 for current pension:				
• Men	21.8 years	21.1 years	21.8 years	21.1 years
• Women	25.0 years	24.2 years	25.0 years	24.2 years
Longevity at 65 for future pensioners:				
• Men	22.6 years	21.8 years	22.6 years	21.8 years
• Women	26.3 years	25.8 years	26.3 years	25.8 years
Rates of Inflation	3.00%	2.75%	3.00%	2.75%
Rates of Increase in Salaries	3.50%	3.25%	3.50%	3.25%
Rates of Increase in Pensions	3.00%	2.75%	3.00%	2.75%
Rates for Discounting Scheme Liabilities	6.20%	5.80%	6.20%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The Sensitivity analyses in the following table have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assume for each change that the assumption analysed changes while all the other assumptions remain constant. For example, the assumptions in longevity assume that life expectancy increases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, that is on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis in the following table did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £	Decrease in Assumption £
Rate of increase in salaries (increase or decrease by 0.1%)	53,000	(53,000)
1 year increase in member life expectancy	3,000,000	(3,000,000)
Rate of increase in pensions (increase or decrease by 0.1%)	1,135,000	(1,135,000)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	1,289,000	(1,289,000)

Pension Fund Risk Management Strategy

The pension fund's primary long-term risk is that the fund's assets will fall short of its liabilities (that is the promised benefits payable to members of the scheme). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the fund's required cash flows. These investment risks are managed as

part of the overall pension fund risk management programme. Responsibility for the fund's risk management strategy rests with the Pension Fund Management Board and is monitored annually or more frequently if required.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2028.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to public servants.

The Council anticipated to pay £2,883,000 expected contributions to the scheme in 2026/27.

As at the date of the most recent valuation, the duration of the funded obligations is 16 years.

38. Contingent Assets and Liabilities

Contingent Liabilities

- As at 31 March 2026, the Council has a Planning Appeal lodged for Sycamore Street, Blaby. The hearing has been heard, and, following the year end, the decision was made and there were no direct costs to the Council.
- The Council is a member of the Association for Public Service Excellence (APSE). APSE has been put on notice by Thurrock Borough Council that it intends to issue proceedings against 23 APSE representative councils. Blaby District Council is not one of these representative defendants, however, they may be affected by any judgement or settlement obtained against the representative defendants. Thurrock Borough Council is looking to recover sums it alleges it lost as part of its investments in solar farms. Agreement has been reached to stay proceedings between the 23 representative councils and Thurrock Borough Council. This essentially means that with the consent of the Court, through a court order, the legal proceedings are suspended and no further update is available.

39. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments bmake payments.
- Re-financing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

Overall Procedure for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services, and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution.
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures for the maturity structure of its debt
 - Its maximum annual exposure to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 24th February 2025 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2024/25 was set at £23,000,000. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary was expected to be £20,700,000. This is the expected level of debt and other long-term liabilities during the year.
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard and Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after the initial criteria are applied.

The Council uses the credit worthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies named above, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following data:

- Credit watches and credit outlooks from credit rating agencies.
- Credit default swap (CDS) spreads to give an early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Details of the Investment Strategy can be found on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2025 that this was likely to occur.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for customers and amounts that are due, but not impaired, can be analysed by age as follows:

	31 March 2026 £	31 March 2025 £
Less than three months	81,848	147,637
Three to six months	159,634	(13,849)
Six months to one year	58,676	37,143
More than one year	1,409,448	1,403,882
	1,709,606	1,574,813

Collateral – During the reporting period the Council held no collateral as security.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loans Board and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council as part of the Treasury Management Strategy on 24th February 2025):

	Approved Minimum Limits	Approved Maximum Limits	31 March 2026 £	31 March 2025 £
Less than one year	0%	100%	259,080	890,155
Between one and two years	0%	100%	0	0
Between two and five years	0%	100%	0	0
Between five and ten years	0%	100%	0	0
Over ten years	0%	100%	4,000,000	4,000,000
			4,259,080	4,890,155

Market Risk

Interest rate risk - The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial

instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise,
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances),
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise, and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

Price Risk

The Council does not generally invest in equity shares or marketable bonds.

The Council invested £1m in the Lothbury Property Trust on 2 December 2019, and the price of shares in the property fund can vary. At the end of financial year 2022/23 the value of the fund was £844,874. At the end of financial year 2023/24 the value of the fund has fallen to £742,726. This is due to the current economic and market conditions and their impact on the property sector. Any movements in the price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

In 2024/25 the Lothbury Property Trust Contract was terminated and the valuation at the redemption date 30 May 2024 was £739,172.32. The council has invested in a new fund UBS Triton Property Fund to which capital transfers were made from Lothbury Property Trust after the sale of assets. Lothbury has sold 88.3% and the total capital transfer value is £652,905. The valuation as at 31 March 2025 for UBS Triton Property Fund is £664,651 and Lothbury Property Trust £90,045.82.

SUPPLEMENTARY FINANCIAL STATEMENTS AND EXPLANATORY NOTES

The Collection Fund

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Note	2025/26 £	2024/25 £
INCOME			
Council tax	2	(83,732,846)	(79,542,070)
Non-domestic rates	3	(54,818,398)	(53,917,119)
Transitional Protection Payments - NNDR		0	(381,195)
Contributions towards previous year's estimated Collection Fund deficit:		(298,450)	(626,809)
Non-domestic rates		0	(592,886)
Total Income		(138,849,694)	(135,060,079)
EXPENDITURE			
Precepts and demands from major preceptors and the authority – council tax	4	83,449,560	79,105,186
Shares of non-domestic rating income to major preceptors and the authority		27,404,499	26,324,993
Payment of the central share of non-domestic rating income to be paid to central government by the billing authority		27,404,498	26,324,991
Transitional protection payments – non-domestic rates		514,234	0
Impairment of debts/appeals for council tax:			
- write-offs and uncollectable amounts		254,233	40,196
- allowance for impairment		289,994	329,600
Impairment of debts/appeals for non-domestic rates:			
- write-offs and uncollectable amounts		796,026	(19,895)
- allowance for impairment		29,023	(179,758)
- allowance for appeals		(123,736)	1,523,304

	Note	2025/26 £	2024/25 £
Charge to General Fund for allowable collection costs for non- domestic rates		107,977	106,386
Contribution towards the previous years NNDR Surplus		3,513,764	0
Interest charged to Collection Fund		161,921	42,488
Total Expenditure		143,801,993	133,597,491
Movement on Collection Fund Balance – (surplus)/deficit for the year		4,952,299	(1,462,588)
Opening Collection Fund Balance:			
- Council tax		121,485	815,382
- Non-domestic rates		(2,277,744)	(1,509,052)
		(2,156,259)	(693,670)
Closing Collection Fund Balance:			
- Council tax		83,975	121,485
- Non-domestic rates		2,712,065	(2,277,744)
		2,796,040	(2,156,259)
Analysis of Movement on Collection Fund Balance:			
- Council tax		(37,510)	(693,897)
- Non-domestic rates		4,989,809	(768,691)
		4,952,299	(1,462,588)

Notes to the Collection Fund

General Information

The Collection Fund is an agent's statement that reflects the Council's transactions, as a billing authority, in relation to the collection of Council Tax and Business Rates from taxpayers, and its distribution to local government bodies and the Government. Billing authorities have a statutory obligation to maintain a Collection Fund as a separate account to the General Fund. The administrative costs associated with the collection of Council Tax and Business Rates are, however, charged to the General Fund.

Collection Fund surpluses or deficits in relation to Council Tax are credited or charged to the relevant precepting bodies in the subsequent financial year, in proportion to the precepts levied by those organisations. For Blaby, the precepting bodies are Leicestershire County Council, The Office of the

Police and Crime Commissioner for Leicestershire (OPCC) and the Leicester, Leicestershire, and Rutland Combined Fire Authority.

The current Business Rates Retention Scheme was introduced for local government in April 2013. The main aim of this scheme is to give local authorities a greater incentive to encourage business growth. However, it brings with it a greater financial risk in terms of non-collection and the voluntary of the Business rates base. The scheme allows the Council to retain 40% of the total rates received, with the remainder going to the Government (50%), the County Council (9%), and the Fire Authority (1%). Surpluses or deficits are credited or charged to the relevant precepting bodies in the subsequent financial year in line with their respective proportions.

Council Tax

Council Tax is based upon the value of residential properties which have been classified into nine valuation bands (A to H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund for the forthcoming year and dividing this by the Council Tax Base. The Council Tax Base represents the estimated number of Band D equivalents dwellings in the district.

The calculation of the Council Tax base for 2025/26 is set out in the table below:

	A*	A	B	C	D	E	F	G	H	TOTAL
Properties	0.00	5,035.00	15,684.00	10,262.00	6,930.00	4,623.00	1,659.00	550.00	41.00	44,784.00
Exemptions	0.00	-164.73	-171.16	-176.32	-80.00	-49.08	-7.00	-9.00	0.00	-657.29
Disabled Relief	15.00	87.00	-4.00	-27.00	-8.00	-36.00	-12.00	-10.00	-5.00	0.00
Discounts	-2.06	-798.33	-1,436.28	-705.29	-373.56	-204.84	-62.83	-22.29	-3.07	-3,608.55
Council Tax Support	0.0	-990.63	-961.19	-369.25	-134.49	-59.40	-12.87	-6.43	0.00	-2,534.26
Effective Properties	12.94	3,168.31	13,111.37	8,984.14	6,333.95	4,273.68	1,564.30	502.28	32.93	37,983.90
Ratio	0.56	0.67	0.78	0.89	1.00	1.22	1.44	1.67	2.00	
Band D Equivalents	7.20	2,112.21	10,197.77	7,985.91	6,333.95	5,223.40	2,259.54	837.15	65.86	35,022.29

Table Notes: *Band A with Disabled Relief. Expected in year collection rate = 99.00% Tax Base = 34,672.75.

Income received from Council Tax-payers in 2025/26 was £83,732,846 (£79,542,070 in 2024/25)

National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is another name for Business Rates. The Council collects NNDR from Business Rate payers within the district based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by the Government. The following table provides details of the total rateable value and the multipliers for 2024/25 compared with the previous financial year.

	2025/26	2024/25
	£	£
Total Non-Domestic Ratable Value at 31 March	117,422,242	119,464,845
National Non-Domestic Multipliers for Year: Standard Rate	0.5550	0.5460
National Non-Domestic Multipliers for Year: Small Business Rate	0.4990	0.4990

The Business Rates shares payable are estimated in advance of the financial year and are drawn from the Collection Fund in the year.

	2025/26	2024/25
	£	£
Central Government	27,404,498	26,324,991
Blaby District Council	21,923,599	21,059,994
Leicestershire County Council	4,932,810	4,738,499
Leicester, Leicestershire, and Rutland Combined Fire Authority	548,090	526,500
	54,808,997	52,649,984

Upon the introduction of the Business Rates Retention scheme, the Government set a baseline level for each local authority identifying the expected level of retained business rates, and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs payable from authorities to the Government are used to finance the top-ups for authorities who do not achieve their targeted baseline funding. In 2025/26, Blaby paid a tariff of £14,909,826 into the Leicestershire Pool (£14,711,345 in 2024/25). Total income received from Business Rates payers in 2025/26 was £54,818,398 (£53,917,119 in 2024/25).

In addition to the tariff, a 50% levy is payable on any growth above the baseline funding level. The levy payable by Blaby to the Leicestershire Business Rates Pool in 2025/26 was £2,661,714 (£2,815,988 in 2024/25).

Precepts and Demands on the Collection Fund – Council Tax

Details of the precepting authorities are set out below together with the respective precept amount.

	2025/26	2024/25
	£	£
Leicestershire County Council	58,302,212	55,263,868
Leicestershire Police Authority	10,409,807	9,876,611
Leicester, Leicestershire, and Rutland Combined Fire Authority	3,004,491	2,817,498
Blaby District Council (including Parish Councils)	11,733,050	11,147,209
	83,449,560	79,105,186

Collection Fund (Surplus)/Deficit

The Council Tax Collection Fund deficit as at 31 March 2026 is £83,975 (£121,486 as at 31 March 2025). The Council Tax deficit is apportioned between the Council and the three major precepting authorities as shown in the table below.

	2025/26 £	2024/25 £
Leicestershire County Council	59,045	84,864
Leicestershire Police Authority	10,260	15,188
Leicester, Leicestershire, and Rutland Combined Fire Authority	2,930	4,258
Blaby District Council (including Parish Councils)	11,740	17,175
	83,975	121,485

The deficit in respect of non-domestic rating income is £2,712,066 as at 31 March 2026 (£2,277,743 surplus as at 31 March 2025). This is apportioned between the Council, Central Government, and major precepting authorities as follows:

	31/03/2026 £	31/03/2025 £
Central Government	1,356,033	(1,138,872)
Leicestershire County Council	244,086	(204,997)
Leicester, Leicestershire, and Rutland Combined Fire Authority	27,121	(22,777)
Blaby District Council	1,084,826	(911,098)
	2,712,066	(2,277,744)

Glossary of Financial Terms

Accruals

The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in CIPFA's Service Reporting Code of Practice (SeRCOP). Acquired operations are those operations of the local authority that are acquired in the period.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) Actuarial assumptions have changed.

Amortisation

The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (that is wear and tear).

Assets Held for Sale

Non-current assets which meet the relevant criteria to be classified as held for sale.

Capital Adjustment Account

This is a capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Charge

A charge to service revenue accounts to reflect the costs of fixed assets used in the provision of service.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Grant

A grant that is intended to fund capital expenditure.

Capital Grants Unapplied Account

A capital reserve reflecting the value of capital grants received where there are no conditions outstanding, and where expenditure on the associated asset has not yet been incurred.

Collection Fund Adjustment Account

A revenue reserve representing the difference between the council tax income received by a local authority and the amount attributable to that authority.

Community Assets

Assets held in perpetuity for the benefit of residents of the district, and which may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Liability

Potential costs that the Council may incur in the future because of something that happened in the past, but there is no certainty that a cost will occur.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Defined Benefit Scheme

A pension scheme sometimes known as a final salary scheme. A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

Depreciation is the measure of the wearing out, consumption, or other reduction in the useful life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

Derecognition

The process upon which assets are no longer deemed to belong to the authority either by sale, destruction, or other form of disposal.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following statements are approved:

- (a) the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved,
- (b) the activities related to the operation have ceased permanently,
- (c) the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations,
- (d) assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Discounted Cash Flow

A method of analysing future cash flows, by removing the impact time has on the value of money and producing an equivalent current value.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award, and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or The Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority, and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value

The fair value of a fixed asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Costs

Reflects the element of annual payment for leased assets which relates to the interest payable on the loan liability.

Finance Lease

A finance lease transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all the fair value of the leased asset.

Financial Assets

A right to future economic benefits controlled by the authority.

Financial Liabilities

An obligation to transfer economic benefits controlled by the authority.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by Government and intra-government agencies and similar bodies, whether local, national, or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

Impairment

Impairment is a reduction in the valuation of a fixed asset or goodwill below its balance sheet value and occurs where something adverse has happened either to the asset itself or to the economic environment in which the asset is operated.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Non-current assets which do not have physical form, such as software.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories

Fair value of current assets purchased which have not yet been consumed.

Investment Property

Assets held solely for the purpose of rental generation or for increasing the value pre-sale (capital appreciation).

Loans and Receivables

Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Long Term Contract

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as contracts if they are sufficiently material to the activity of the period.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision

A minimum amount, set by legislation, which the Council must charge to the Comprehensive Income and Expenditure Statement, for debt redemption or for the discharge of other credit liabilities (for example a finance lease).

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, such as land, buildings, and vehicles.

Non-Distributed Costs

These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease

An operating lease is a lease other than a finance lease, and where an asset is used only for a small proportion of its economic life.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

Prior Period Adjustment

These are material adjustments to the accounts for a prior period, arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior periods.

Projected Unit Method

This is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (that is, individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN36 issued by the Faculty and Institute of Actuaries

Provisions

Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred and a reliable estimate can be made of the costs.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure Funded from Capital Under Statute

This is expenditure that is classified as capital although it does not result in the creation of a fixed asset (for example, improvement grants).

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method, reflect the benefits that the employer is committed to provide for service up to the valuation date.

Service Reporting Code of Practice (SeRCOP)

Establishes proper practice with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. Settlements include:

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits,
- b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Straight Line Basis

The method of calculating depreciation by way of charging services with the same amount each year over the life of an asset.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies, and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The useful life of a fixed asset is the period over which the local authority will derive benefits from that asset.

Vested Rights

In relation to a defined benefit scheme, these are:

- a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme,
- b) for deferred pensioners, their preserved benefits,
- c) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants

ANNUAL GOVERNANCE STATEMENT – 2025/2026

1. Executive Summary (Key messages and overall opinion)

This Annual Governance Statement (AGS) reports the outcome of Blaby District Council's annual review of the effectiveness of its governance arrangements and system of internal control for 2025/26. It is prepared to meet the requirements of the Accounts and Audit Regulations 2015 and is consistent with the CIPFA/Solace Delivering Good Governance in Local Government framework.

Overall opinion: The result of the review of the effectiveness of the governance framework carried out by members of the Senior Leadership Team conclude that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Key messages from 2025/26:

The Council retained a strong governance framework aligned to the CIPFA/SOLACE principles of good governance.

No significant governance issues were identified during the year.

An assessment of governance arrangements has taken place and a programme of improvements developed for 2026/27.

Governance Outlook

Looking forward we expect to continue to face challenges arising from financial pressures; speed with which government policy is implemented; resourcing and retention pressure as progression is made towards LGR; service demand continuing to rise, with community cohesion needing strengthening and the ever-present threat of digital and cyber risks. Our governance improvement plan has been aligned accordingly.

Approval of the Annual Governance Statement

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Senior Leadership Team and in consultation with the Audit and Governance Committee and are satisfied that the arrangements continue to be regarded as fit for purpose and compliant with statutory requirements.

Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made through reports to the Audit & Governance Committee and as part of our next annual review.



Signed _____
Leader of the Council
30th June 2026



Signed _____
Chief Executive
30th June 2026

2. Scope of Responsibility

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and the Addendum published May 2025. A copy of the authority's code is on our website or can be obtained from the Finance Service at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

3. Significant Events

3.1 External Audit Sign Off of Statement of Accounts and Build Back

Over recent years there have been issues nationally around the audit profession not being able to offer prompt auditing of accounts for local authorities. For Blaby, although the Finance Team had published the draft accounts within Government timescales, the external auditor had not completed the audit of those accounts for the historic financial years 2020-21, 2021-22 and 2022-23.

In December 2024 audits were completed for the historic years and in February 2025 the audit for 2023-24 was completed and signed off by the external auditors.

Given the limited timescales given to the external auditors to sign off the accounts, all were disclaimed opinions. Azets, the Council's current external auditors, have informed the Council that they will be unable to provide a 'clean' opinion on the Statement of Accounts going forward without additional work to build back the assurance in the audit opinion. Officers of the Council's finance team continue to work with Azets to ensure the Council is in a position to gain a 'clean' audit opinion in the future.

3.2 Local Government Reorganisation and Devolution

Following the publication of the White Paper on Devolution and Local Government Reform in December 2024, the Council has continued to engage with Local Authorities across Leicestershire and Rutland to meet the government's request to put forward proposals to reorganise into larger unitary councils. Along with the seven District Councils and Rutland County Council, Blaby has put forward 'The North, City, South proposal' which proposed that three unitary councils were formed and this Final Proposal was submitted on the 28th November 2025 to MHCLG (Ministry Housing, Communities and Local Government). Alternative Final Proposals were also submitted in the 'Leicestershire County Council Proposal' and the 'Leicester City Council Proposal'.

- 'The North, City, South proposal' includes three well-balanced unitary councils which:
- Keeps councils connected and accountable to local communities
- Simplifies services for residents, businesses and partners

- Focuses on protecting and supporting vulnerable people in our communities with a focus on prevention
- Meets the Government's requirements for devolution and supports economic growth
- Will boost efficiency, saving £44 million per year

The Government carried out a public consultation on the proposals that had been put forward in Leicestershire, Leicester and Rutland that closed in March 26. We are now awaiting the government decision as to which proposal is to be accepted detailing which Unitary Authorities are to be formed. The decision is expected to be received in July with the Structural Change Order to follow in December 2026.

Authorities across Leicestershire, Leicester and Rutland are currently working together on 'No Regrets' activity in advance of the decision in preparation.

3.3 Development of the Local Plan

The Council continued to progress preparation of the new Local Plan, which will guide development in the district to 2042. Work during the year focused on completing and refining the evidence base, drafting the Pre-Submission Draft Plan and preparing for the Regulation 19 stage. A major milestone achieved was the unanimous signing of the Statement of Common Ground relating to Housing Distribution for Leicester and Leicestershire.

At year end the Council remained committed to taking the Local Plan forward and a report will be considered at Council on June 30th after remaining evidence is finalised, with the expectation that the Regulation 19 consultation will take place in Summer 2026 and be submitted by 31st December 2026.

3.4 Transition of ICT Service to In-house provision

Recognising the importance of utilising digital capability, the Council made the decision in February 2024 to give notice to the ICT Partnership and transition to an in-house solution by 31st March 2025. Whilst this transition was delayed, the transition to bring the service in-house occurred on 1st July 2025 with a number of staff from the partnership transferring under TUPE. The in-house service provides BDC a complete level of assurance, influence and decision making to meet its digital aspirations for ongoing transformation of services and accelerate BDC towards achieving the ambitions of the Blaby District Plan adopted in 2023.

4. The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby District Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blaby District Council for the year ended 31 March 2026 and will continue to be in place up to the date of approval of the Statement of Accounts.

5. The Governance Framework

The Authority's vision is set out in the Blaby District Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes, and behaviours required to deliver good governance to all.

5.1 Communicating the Authority's Vision

The Blaby District Plan applicable to the 2025/26 year was adopted by Council on the 28th November 2023 and has set our Vision, Values and Priorities for the District spanning 2024-2028. Our vision is for the District to be "a great place to live, work and visit". Sitting below this vision are five strategic themes under which our plans are listed:

- Enabling our communities and supporting our vulnerable residents
- Enhancing and maintaining our natural and built environments
- Growing and supporting our economy
- Keeping you safe and healthy
- Ambitious and well-managed Council, valuing our people

This document serves as our roadmap for continually improving Blaby District and to ensure it is a great place to live, work and visit. Alongside the Plan our Transforming Blaby Together Strategy has been developed encompassing how the authority aligns our objectives for delivering Equality and Diversity; People and Organisational Development; Customer Insight, Experience and Engagement as well as Transformation, Project and Digital agendas. The Medium-Term Financial Strategy (MTFS) continues to be updated alongside the annual budget process to ensure the Plan is affordable and the Council is in a position to respond to funding gaps that may be forthcoming.

Each year an action plan is produced detailing how the Blaby District Plan will be delivered; this was approved by Council in April 2025 for the year 2025/26.

5.2 Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are regularly planned. Through the enhancement of the staff PDA process with linkages into the vision and the Blaby District Plan we have developed the Performance Framework to record and track both the corporate plan and service plans. This Performance Framework continues to become embedded within the organisation.

6. Compliance with the Principles of Good Governance (A-G)

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary evidencing how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government and the Addendum as follows:

6.1 Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council has adopted the national Code of Conduct for Members supported by the Grievance and Standards Committee which monitors issues in relation to standards of behaviour. The Code of Conduct for Members was approved by Council in December 2021 and was adopted as of 1 April 2022.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive.

Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

In January 2025 Council endorsed and supported the Local Government Association (LGA) Debate not Hate campaign by signing the LGA Debate not Hate public statement and each councillor was invited to demonstrate the pledge by signing the statement following the Council Meeting. The Council also launched the 'Debate Not Hate: Councillor Handbook for personal safety and healthy debate'.

In November 2025 the Council launched an initiative to support the White Ribbon Campaign (WRC) focusing on encouraging men to speak up against sexism and violence towards women. Rather than this be a one-day event, both officers and Councillors have pledged and taken part in events to raise awareness and encourage action to challenge misogyny. Sessions have been delivered in both primary and secondary schools within the district and plans are in place to incorporate WRC policies into BDC plans to ensure safer spaces for women and girls.

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was updated in April 2026. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters.

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner (i.e. beyond its legal authority), supported by the Assistant Director for Finance and the Council Tax, Income and Debt Manager who facilitate the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function along with managers, through the use of Performance Development Appraisals, assesses (and provides

a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

6.2 Principle B. Ensuring openness and comprehensive stakeholder engagement

The Blaby District Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our Transforming Blaby Together Strategy. Objectives are set that link with the priorities and these are monitored through the year by the Senior Leadership Team within the Project Management reporting structure. The authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

The development of the new Blaby District Plan 2024-28 saw extensive engagement with both staff, residents and stakeholder groups to gain valuable input into the themes and objectives identified within the Plan.

We have an active voluntary forum, which meets quarterly, through which the Authority provides support to those groups in our community whilst engaging with them to understand how we can improve our services. This is also strengthened by the voluntary sector being represented on partnership groups such as the Health and Well Being Partnership.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular e-newsletters for residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues.

Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council carries out a bi-annual Residents Survey and an annual Budget Survey which includes consultation on potential Council Tax increases.

The Council works closely with its 24 Parish Councils. Officers attend a Parish Liaison Group, which has representatives from all other districts and Leicestershire County Council. We regularly send information through to our parishes in relation to funding opportunities and pay for yearly support from the Leicestershire & Rutland Association for Local Councils (LRALC).

The Council has established effective Business Breakfast meetings, engaging particularly with small and medium sized enterprises. More recently a new Blaby Business Board has been established which brings together small and medium sized businesses to help inform and shape policy.

Regular meetings are also held with the head teachers of the Academies in the district and engagement with academies and primary schools in the district continued, working with them to explore career opportunities, with a number of events spanning a range of sectors including, construction, tourism, logistics and hospitality.

The Council has a thriving Youth Council which has been active this year, in raising awareness about the discrimination, climate change and vaping; a particular concern that they continue to champion.

The Council held a Youth Conference in February 2026 which was an opportunity for young people to have their say with elected members regarding issues most important to them. Those young people that attended voted on the subjects that the Youth Council will concentrate on this forthcoming year; Habits that Harm, Anti-social behaviour/Crime and Sexism.

In order to demonstrate its openness, the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides
- Its Pay Policy
- Gender Pay Gap Report
- Council, Cabinet and Committee Reports
- Payments over £250

To keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award-winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively.

Scrutiny of the Council's budget for 2025/26 took place over two meetings in January 2025. These meetings were open to all Members and attendance levels were high.

Engagement with Stakeholders in preparation for the Final Proposal for Local Government Reform was extensive. Whilst it was carried out jointly with the local authorities within the proposal, the Council took an active role in this speaking directly with stakeholders to understand their views on the proposal being put forward. Over 10,000 responses were received across two consultations in respect of the North, City, South Proposal and just under 6,500 responses were received in response to the Governments own consultation on the proposals that were put forward.

6.3 Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The Blaby District Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our Transforming Blaby Together Strategy.

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

The Blaby Health and Wellbeing Partnership continued to deliver the Community Health and Wellbeing Plan (CHWP). The plan for Blaby District brings together a wide range of partners with the common purpose of improving the health and wellbeing of the local population. Forming partnerships between organisations on a local footprint is key to planning and delivering joined up services to improve the lives of people who live and work in the area.

The Council is a member of the Leicester, Leicestershire and Rutland Chief Housing Officers Group who consider the wider consequences of housing issues.

The Group has continued to work well with partners and in particular in relation to the increase in homelessness presentations which have remained high across the County but also in relation to other key housing areas including, Children and Young People, Care Leavers, Prison Releases, Community Safety, Strategic Housing as well as being reactive to emergency occurrences e.g. accommodating families from the Afghanistan resettlement schemes and the Ukrainian Refugees. Blaby has also led on initiatives such as the bids for the Rough Sleepers Accommodation

Programme which have been successful in providing self-contained accommodation for Rough Sleepers or those threatened with Rough Sleeping.

The council took advantage of the Local Authority Housing Fund (LAHF2) monies to purchase housing to be utilised for temporary accommodation and reduce the need for the authority to house people in bed and breakfast accommodation. These 15 properties have enabled the Council to reduce reliance upon bed and breakfast accommodation which is considered unsuitable for households with children. The social benefits of being in a position to provide self-contained accommodation, particularly to families with children, are considerable for those facing homelessness. In 2025/26 further investment in the purchase of temporary accommodation was authorised by Council, ensuring affordable housing on new developments wasn't instead sold as market housing. In total a further 41 houses will be purchased over the next few years utilising LAHF4 and the Council's own funds.

The Council leads on the Lightbulb programme; a nationally recognised transformational project designed to improve and integrate housing related support services across the County.

The service now offers a more streamlined and person-centred service model that brings together multiple partners to address the housing and health needs of residents effectively. This includes the core Lightbulb Service focused on delivery of Disabled Facilities Grants and a range of pilots developed by district councils to provide critical insight and innovation to support communities.

The Housing Enablement Team plays a key role within this integrated approach running as a standalone project working closely with service users across Leicester, Leicestershire, and Rutland to support discharge from hospital. The service plays part of a strategic partnership model and is designed as an embedded NHS service supporting patients who have housing issues that prevent and delaying discharge from hospital.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe.

The Council has, over recent years, invested considerably to promote the economic development of the district. This has continued with a new Economic Development Framework being adopted by Cabinet in September 2023 with a vision "for Blaby District to be a great place to live, work and visit, with a strong, successful economy where everyone can build great businesses, careers and lives, supported in a green and environmentally friendly way, with superb connectivity." The Economic Development Framework sets out the aspirations of the Council and provides a framework that brings together all economic development activities that are occurring within the district and considers how they complement each other to maximise the benefits for our residents, businesses and visitors.

The Council leads a Building Control Partnership on behalf of five other local authorities including Harborough, Oadby and Wigston, Hinckley and Bosworth, Melton and Rutland County Council. A governance structure has been set up which includes a Management Board that meets quarterly to review performance of the service, income generation and make decisions on future priorities. Initially the partnership was delivered through a shared service agreement however, in November 2021 a decision was made by Council to operate the Building Control Partnership under delegated authority and this structure has been in place since April 22.

Through a delegation of statutory responsibility, Blaby provides a Local Land Charge service for both Hinckley and Bosworth Borough Council and Oadby and Wigston Borough Council. Through this arrangement Blaby maintains local land charges registers, processes official searches and provides access to the local land charges register for Hinckley & Bosworth Borough and Oadby &

Wigston Borough (until July 2025) under the Environmental Information Regulations for personal searches. This arrangement has provided resilience in service across all authorities.

In April 2023 Blaby District successfully collaborated with neighbouring authority Oadby and Wigston Borough Council to manage and run their sport, physical activity, health and well-being programme and this arrangement is continuing into 2026/27. Blaby District undertakes work on their behalf to run regular programmes and initiatives. In January 25 OWBC finalised their Community Health and Wellbeing Plan, providing opportunities to now work collaboratively to tackle gaps in provision or work in partnership on the same identified health inequalities.

The Council continues to work closely with the academies in our District and meetings cover a wide breadth of matters including creating workplace opportunities in Blaby District and gaining benefit from developments under construction in our district; workplace health initiatives and creating linkages in our community to promote community safety. This meeting has also facilitated closer relationships being developed with the academies and both the police, local community groups and officers from children's support services at Leicestershire County Council.

The Council via the Chief Executive Chairs the Counties Early Help Partnership and sits on the Corporate Parenting Board to ensure a systems-based approach to children and families across the relevant partners who touch the lives of children and their families.

In addition, via the Chief Executive we engage in the recently refreshed Strategic Partnership Board which includes leaders from across the public sector such as Police, Fire, Health and Local Government including representatives from MHCLG and DWP, to ensure strategic matters across the public sector and discussed and addressed as appropriate.

6.4 Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Council's service and financial planning process ensures that resource redirection and allocation is aligned to the priorities emanating from the Blaby District Plan. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

The system of internal financial control is based on a framework of regular management information sharing, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium-Term Financial Strategy is now part of the Blaby District Plan. It includes a Financial Summary spanning future year which is revised annually.
- A 5 Year Capital Programme including asset investment.
- An effective system of budgetary control.
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts.
- Clearly defined capital appraisal, funding and expenditure controls.
- Formal project management disciplines where appropriate
- Performance management reports

The Councils "programme board" approach is now established implementing change and transformation. A focus has been placed on project management and the regular monitoring of project delivery with the SLT meeting monthly to review progress.

Alongside this, performance measures are now aligned with actions within the Blaby Plan and Members are fully engaged in this process with visibility extended to all members. The Scrutiny Commission, through its working groups, are actively involved in examining the detail of processes, performance indicators and change reviews.

A Six Monthly Performance Report is presented to Council which provides a summary of progress and performance against the priorities within the Blaby District Plan. This report encompasses a whole Council approach focused on the three priorities; A Place to Live, A Place to Work, A Place to Visit, and it is recognised that all services contribute to the successful delivery of the Council's Plan.

This report is also presented at Scrutiny Commission meetings. The responsibility for Performance Management sits with the Portfolio Holder for Finance, People and Transformation. All Cabinet members provide challenge through our reporting channels.

During this year the Council completed the transition of its ICT Service from a shared service, provided by Hinckley and Bosworth Borough, to an in-house solution.

The in-house service is providing BDC a complete level of assurance, influence and decision making to meet its digital aspirations for ongoing transformation of services, and accelerate BDC towards achieving the ambitions of the both the Blaby District Plan and the Transforming Blaby Together Strategy.

To continue to strengthen our governance arrangements the Council has carried out a self-assessment against the Best Value Guidance issued in May 2024. The self-assessment was an entirely voluntary process and represents 'best practice'. It is intended to act as a broad 'barometer' of our organisational performance, providing assurance of aspects that are delivered well and an indication of where improvements could be made.

The assessment was scored against the seven Best Value themes and 66* 'characteristics of a well-functioning authority' that are described in the statutory Best Value guidance (Blaby opted to assess themselves against 66 of these, excluding 4 from the process after they were agreed as 'not relevant' for Blaby District Council), the following heat map illustrates the scores that have been assigned for Blaby District Council.

Score Description	Score and Colour Code Applied
Fully delivering best value	5
Mostly delivering best value	4
Partly delivering best value	3
Mostly not delivering best value	2
No evidence of delivering best value	1

Theme	Assessment Results against all Characteristics of a Well-Functioning Authority'											
Continuous Improvement	CI001 3	CI002 Exc*	CI003 Exc*	CI004 4	CI005 5	CI006 5	CI007 4	CI008 5	CI009 4	CI010 4	CI011 5	
Leadership	L001 4	L002 4	L003 5	L004 5	L005 5	L006 3	L007 3	L008 4	L009 4	L010 5		
Governance	G001 4	G002 3	G003 4	G004 3	G005 5	G006 5	G007 5	G008 Exc*	G009 3	G010 3		
Culture	C001 3	C002 4	C003 4	C004 5	C005 5	C006 4	C007 4	C008 5	C009 5	C010 5	C011 5	
Use of Resources	R001 4	R002 4	R003 5	R004 5	R005 5	R006 3	R007 5	R008 5	R009 3	R010 5	R011 Exc*	R012 3
Service Delivery	SD001 3	SD002 3	SD003 3	SD004 4	SD005 5	SD006 3	SD007 3	SD008 3	SD009 4	SD010 3		
Partnerships & Community Engagement	PC001 4	PC002 4	PC003 3	PC004 4	PC005 2	PC006 6						

* Exc = Excluded as the characteristic is not relevant to Blaby District Council

Note : References in the table relate to characteristics within each theme.

The Council considers social value when procuring services and when decisions are brought before Council for consideration.

6.5 Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.

The Council has adopted the national Code of Conduct for Members supported by the Grievance and Standards Committee which monitors issues in relation to standards of behaviour. The Code of Conduct for Members was approved by Council in December 2021 and was adopted as of 1 April 2022.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council’s Constitution which provides a comprehensive framework for the management of the authority’s business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members.

The Chief Executive, Monitoring Officer and S151 Officer meet regularly to ensure that they work collaboratively; providing independent and professional challenge and balanced advice to Members. They have actively considered how the Council meets the Code of Practice on Good Governance for Local Authority Statutory Officers and attended SOLACE events to enhance the function of the ‘Golden Triangle’.

The Council carried out a review of compliance with the Financial Management Code in advance of 2022/23. It was considered by the Audit and Standards Committee in July 2021 and the action plan arising from the review approved by Cabinet Executive in September. The document was made available to the public. The action plan was followed and all areas addressed to ensure compliance. The Council continues to keep this under review to ensure compliance with the code.

The CIPFA Statement on the Role of the Chief Financial officer in Local Government was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council’s Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The

Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

During this year, the Executive Director (S151 Officer) held the position of S151 Officer.

The "Monitoring Officer" function was carried out by the Assistant Director of Corporate Services for the year 2025/26. This position reports directly to the Executive Director of Communities. Regardless of reporting lines, the Monitoring Officer meets directly with the Chief Executive on a monthly basis and has ability to report directly to him/her any concerns he/she may have as Monitoring Officer.

The "Head of Paid Service" role is undertaken by the Council's Chief Executive. The Executive Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position. The HR Manager and respective Assistant Director also attends the regular statutory officers meeting to highlight any areas of concern.

The district election held in May 2023 saw significant numbers of new members elected. Since then a comprehensive induction programme which included 25 training sessions being delivered to new members. This programme included sessions on a variety of subjects including ICT, Democratic Process, Code of Conduct, Planning Essentials, Local Plan, Enforcement, Scrutiny introduction and questioning skills. This programme has continued to be built upon with various training sessions delivered to both new and more experienced members to ensure they are fully equipped to fulfil their roles. Whereby Elections have taken place, training and development has been replicated on a one to one basis with the new Councillors. The Member Development Group meets to discuss member training and identifies further requirements for member training.

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation. The Council continues to invest in development for officers and managers. All people managers continue to be supported to understand staff wellbeing and manager participation in HR workshops delivered both virtually and face to face. Mandatory modules have been released using the online system, Skillgate, including topics such as sexual harassment awareness, work health and safety, recruitment, equality and diversity and cyber awareness.

We've also supported staff with talks on the Pensions scheme and Planning for retirement.

The Council has accessed LGA, Solace, CIPFA and DCN development programs that a number of staff have benefitted from. A group of officers attended the East Midlands Solace conference in February and Blaby will be hosting a Solace event in June.

We have continued to collaborate with local Councils on an ILM Manager Development programme and we are currently in the process of procuring management training for people managers across the authority.

The Council has supported a group of officers to attend the East Midlands Challenge Event recently, giving them an insight into issues faced when in strategic roles. The Team were awarded the 'Behaviours' award demonstrating behaviors such as assertiveness, political awareness, emotional intelligence and empathy throughout the day.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

The Council prides itself on the arrangements in place to support the wellbeing of both staff and Members and the provision was recognised in the most recent Peer Review. The Council's employee assistance programme extends to Members and provides a 24/7 helpline with information

experts available to provide assistance on a range of issues affecting daily life. In addition to this counselling is available to assist with work or personal issues. Alongside this health webinars are delivered; mental health first aiders are present in the workplace and support is offered through occupational health assessments. A more informal mechanism to support staff is also in place in the form of our staff led, wellbeing coffee mornings which touch on a wide range of subjects and give an opportunity for staff from all areas to get together.

6.6 Principle F – Managing risks and performance through robust internal control and strong public management

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level with both Members and senior officers having specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive who is supported by the Assistant Director for Finance who has specific responsibility to co-ordinate the management of risk across the Council. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Project Plans. The Council utilises a software package, Iplan, to assist with the management and monitoring of both corporate and service risks. The Audit and Corporate Governance Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

CIPFA developed and implemented the Financial Management Code for good practice in financial management, following concerns about the financial resilience and management of local authorities. The Council assessed compliance with the code in 2021 and continue to demonstrate alignment with aspects of the code, ensuring awareness of the financial landscape throughout the authority whilst maintaining good financial management practices. The Council subscribes to a Financial Resilience Benchmarking Service to enable it to monitor and compare its financial position and resilience with other similar local authorities. The benchmarking service enables us to monitor trends and provide an early warning of any areas of concern.

Internal Control Arrangements are in place as follows:

Cyber security – Since the Council has brought back in house the ICT service greater assurance has been gained from mechanisms put in place including, managed endpoint protection; managed infrastructure protection; utilisation of a security operations centre which operates 24/7/365 monitoring, following the National Cyber Security Centre's Cyber Assessment Framework v4 best practice and gaining Cyber Essentials accreditation. Supporting this the Council has put in place conditional access policies, geographical protection, phishing resistant multi-factor authorisation, change management procedures. The Council has also carried out end-user training and phishing attack simulations for both staff and members and information governance processes are in place for reporting breaches.

Use of AI – the Council has recently commenced utilising AI and digital assistance in the workplace. During 2025/26 the Council strengthened its governance of AI and digital tools through the introduction of an AI policy and procedure, the use of approved tools only, and the development of governance arrangements to support safe adoption, oversight and accountability. Alongside this, the Council established a Power Platform Centre of Excellence to improve visibility, control and monitoring of digital tools, automation and AI-enabled solutions. Capability and culture change have been supported through structured learning, peer sharing and controlled trials, helping staff adopt new tools safely and in ways that support service outcomes.

Information Governance – The Council has an Information Governance Team who ensure that the Council process and respond to complaints and statutory requests such as Freedom of Information, Subject Access and Environmental Information. This team is also responsible for providing data

protection advice; information security; records management and the management of data breaches. The recording of staff gifts and hospitality also sits within their remit.

Procurement & Contract management – the Council utilises the services of a shared service; the Welland Procurement Service. Expert advice is provided by the service along with training for council officers who carry out procurement activity supported by the Welland. The Assistant Director for Finance along with the Assistant Director for Corporate Services ensure compliance with procurement legislation and ensure that contractual arrangements are put in place.

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. It is managed on a day-to-day basis by the Shared Audit Manager who reported to the Executive Director of Communities during the year. There is however also an indirect reporting line to the Executive Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2025/26 this responsibility was carried out following an approved risk based annual audit plan. The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit and Corporate Governance Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Assistant Director and/or Service Manager. The report includes an action plan that details areas where control weaknesses have been identified. The action plan requires a response from the relevant manager detailing the way in which the control issue will be addressed, or alternatively, the way in which the risk associated with the control issue will be managed. The process also includes regular reviews of agreed actions to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit and Corporate Governance Committee meeting. The Senior Leadership Team regularly review the progress made towards the recommendations from internal audits being actioned.

The Public Sector Internal Audit Standards (PSIAS), introduced on 1 April 2013, and revised in April 2016 and again in 2017, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in November 2020 and found that the internal audit function at Blaby District Council conforms with the PSIAS and there were no areas of non-compliance identified. The final report was presented to the Audit and Standards Committee on 1 February 2021 along with an action plan containing minor action points which the Shared Audit Manager has implemented to improve overall compliance with the Standards.

The Council Internal Audit Strategy has been written to confirm with the requirements of the Global Internal Audit Standards (GIAS) with areas identified as actions to ensure compliance. Members of the Senior Leadership Team were given an overview of the GIAS in the UK Public Sector and a training session given to the Audit and Governance Committee.

The External Quality Assessment (EQA) against the requirements of the GIAS in the UK Public Sector has been postponed while awaiting further guidance from CIPFA due to internal audit being a shared service. This postponement was agreed with the S151 officer and Audit and Governance Committee members were advised and in agreement. The EQA will be carried out during 2026/27.

The Council has an established Audit Committee (the Audit and Governance Committee) whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives

regular reports from both the Section 151 Officer, Assistant Director for Finance and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so. Future Committee Meetings have been structured to facilitate planned time alone with the Audit Manager. During this year the Council has continued to enhance the function of Audit Committee in line with the CIPFA guidance. The appointing of an independent member to the Committee in October 2023 has encouraged the challenge and questions raised by Committee members and training has continued to be provided to members. The Chief Executive has attended the Audit & Governance Committee meetings when her diary has allowed.

The Council follows the core principles detailed within the Code of Practice on Managing the Risk of Fraud and Corruption to protect public assets, support good governance, and ensure effective financial stewardship. In April 2026 the Audit & Governance Committee reviewed and approved the updated Anti-Fraud and Corruption policy, Whistleblowing policy and Anti-Money Laundering Policy. The Committee also considered and accepted the Council's self-assessment against the six principles of 'reasonable prevention' for the new offence of 'failure to prevent fraud' that was introduced by the Economic Crime and Corporate Transparency Act 2023 (ECCTA). An improvement plan was developed from the self-assessment that will be progressed in the coming year.

6.7 Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Council takes measures to respond on a timely basis to support the work of both the external and internal auditors and to respond to any inspections or regulatory action.

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Senior Leadership Team and the Council's Audit and Governance Committee on all matters appertaining to audit outcomes.

The Senior Leadership Team monitor the outcomes and recommendations of the internal audits that have been carried out and actively ensures that recommendations are addressed in a timely manner.

7. Assessment of Effectiveness

7.1 Annual review

The annual review was undertaken in accordance with the CIPFA/Solace Delivering Good Governance in Local Government framework and the 2025 Addendum and assessed the effectiveness of the governance framework and the system of internal control. The review was informed by the following:

- Senior Leadership assessment and evaluation against the seven principles
- Review of the Local Code and core governance arrangements
- Assurance from the Internal Audit Annual Opinion
- Performance and Risk reporting

- Management Assurance
- External Assurance Mechanisms

The review was led by the Executive Director (S151 Officer) with contributions from the Senior Leadership Team and Head of Internal Audit. A consensus as to the overall opinion was agreed with all members of the Senior Leadership Team and Audit & Governance Committee Members were also consulted on the outcome.

The comprehensive detail of the assurance review completed will be presented as an appendix to the Annual Governance Report which will be considered by Cabinet Executive in June 2026.

Consideration of the following was taken into account:

- The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2025/26 which have required the full Council to exercise its role.

- The Internal Audit Manager is due to provide an independent opinion on the internal control environment to the Audit and Corporate Governance Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2026, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Shared Audit Manager has formed the opinion that she is able to give **reasonable assurance** on the Council's overall internal control arrangements. This means that, in the areas reviewed, systems are operating adequately, although some weaknesses and opportunities for improvement were identified, which may put at risk the achievement of objectives if not addressed.

This is a positive assurance opinion overall which will be detailed in the report of the Shared Manager's 'Internal Audit Annual Report 2025/2026' which will be presented to the Audit and Governance Committee on 27th July 2026.

The Procurement and Contract Management audit report was issued with limited assurance. Areas highlighted for improvement are in progress and are being monitored through the reporting of the progress of the audit recommendations.

- Positive Outcome of the Best Value Self-Assessment
- The Council has welcomed external challenge and improvement mechanisms through the LGA Peer Review process, engaging in the first review in 2015 and with further visits in 2018 and 2022.
 - The Peer Review in March 2022 (now referred to as a Corporate Peer Challenge) was very positive with the report summarising that "Blaby District Council (BDC) is a well-run local authority; it has a sound financial position, strong leadership, particularly through its Leader and Chief Executive, and committed staff. There is real ownership by members and officers, and everyone wants to do their best for Blaby as a council, place and for its communities."

- The final report was reported to Council in July 2022 alongside an action plan that has been put in place to address recommendations made for improvement. The LGA Peer Challenge team returned to the Council in December 2022 to review the Council’s progress reporting that “Blaby DC is clearly committed to addressing all the CPC’s recommendations and has made excellent progress in doing so. This is all the more impressive, given that the council, like others, is responding to the ongoing challenging, economic environment.”
- In November 2021 the Council invited the LGA to carry out a Finance Health Check which gave a view of the robustness of the Council’s financial arrangements. The report, received in December 2021, concluded that the Council is well managed financially and has consistently spent within its budget. The report went on to provide a number of recommendations all of which were either completed or have been incorporated into our financial considerations on an ongoing basis.
- In October 2025 the LGA carried out an Annual Assurance Conversation, with no concerns raised but some opportunities were identified to gain further support from the Planning Advisory Service in relation to the Local Plan and review/training for the Planning Committee, along with support and further training/mentoring opportunities for Members. Alongside this, further practical support was offered to assist with the increasing demand of homelessness.
- In May 2026 the Investigatory Powers Commission’s Office (IPCO) carried out a remote inspection of the powers available to Blaby District Council to authorise directed surveillance and Covert Human Intelligence Sources (CHIS) under the Regulation of Investigatory Powers Act 2000 (RIPA) and Investigatory Powers Act 2016 (IPA). The inspector reported that they were satisfied that the response provided a level of assurance and that a physical inspection would not be required. A number of actions were taken from this inspection and these form part of the actions identified within the AGS assurance review.
- In May 2026 the Council received the Annual Review Letter from the Local Government Ombudsman (LGO). This detailed that 14 cases had been received by the LGO. 11 of those had been decided, 7 of which were closed after an initial investigation, 1 was invalid and 3 were referred back to the Council for a local resolution, given that the complainant hadn’t given the authority an opportunity to respond before making contact with the LGO. No cases were upheld by the LGO.

8. Governance Improvements for 2026/27

Whilst a number of actions were identified through the annual review process, no significant gaps were identified in the core governance arrangements. The actions are listed in the table below for completeness and these will be developed into an action plan; progress against which will be reported to the Audit and Governance Committee.

Action Plan for 2026/27 Governance Improvements
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> ● Culture audit to be carried out by internal audit ● Review information on lessons learnt from new complaints process
<p>Principle B: Ensuring Openness and Comprehensive Stakeholder Engagement</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> ● Ensure communication with public and stakeholders is continued as LGR decisions and process are progressed

<ul style="list-style-type: none"> • Develop a forward plan for the Youth Council to engage on key Council policies • Continue to expand engagement with the business community, working with the Business Board to develop networks and understand how services and policies can be shaped to improve economic growth for local businesses
<p>Principle C: Defining Outcomes in terms of sustainable economic, social and environmental benefits</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> • Ensure that benefits of partnership working arrangements are retained within LGR proposals • Enhancing the new officer and member governance arrangements for Climate Action priorities • Prepare the new Blaby District Health and Well Being Partnership plan, working with partners to scope and shape outcomes and delivery plan • Continue to expand engagement with the business community, working with the Business Board to develop networks and understand how services and policies can be shaped to improve economic growth for local businesses • Consider taking actions in support of the policy paper 'Protecting What Matters: Towards a more confident, cohesive and resilient UK'
<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcome</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> • Align performance measures specifically with the corporate action plan actions • Progress Action Plan arising from Best Value Self-assessment
<p>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> • Procurement and delivery of Management Training to staff • Ensure officer compliance with skillgate mandatory training • Monitor Member use of skillgate • Plan for retention of staff during LGR process
<p>Principle F: Managing risks and performance through robust internal control and strong public management</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> • Progress Action Plan arising from Best Value Self-assessment • Progress Actions from self-assessment against reasonable prevention of fraud • Closely monitor use of AI as it is utilised more widely across the organisation • Review Risk Management Strategy
<p>Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p> <p>Improvement Actions</p> <ul style="list-style-type: none"> • Support external auditors to build-back assurance following disclaimed Statutory Accounts • Undertake a peer review of the new Housing Stock Management processes and procedures to identify improvement opportunities and then produce a plan to implement the agreed improvements. The Peer review will be undertaken by East Midlands Housing

9. Governance Improvements made in 2025/26

This year we strengthened governance by:

- Reinforcing the organisational values
- Entered new arrangements with partners for Lightbulb and HET services
- Fully engaged with stakeholders and residents for LGR proposals including our young people of the district

- Employment of Learning & Development resource and commenced a programme of development across the organisation.
- Carried out staff survey to understand workforce concerns/perceptions
- Utilisation of system to manage projects, record service plans and KPI's increasing visibility to wider member group
- Increased availability of data to inform decision making
- Reviewed the complaints process and provided guidance for staff to provide consistency to responses
- Ensured Members understood the financial landscape following the Fair Funding Review and Business Rates Reform
- Carrying out Best Value Self-assessment
- Implemented the decision to bring ICT service in-house

An action to carry out a culture audit was not completed in 2025/26 as planned. This has been included in the Internal Audit plan in 2026/27. All other actions identified in the assurance review were completed.

10. Forward Look on Governance

Our Governance will be shaped by pressures and changes as follows:

- **Financial sustainability and pressures from demand** (changes to settlement funding, demand for temporary accommodation)
- **Speed of implementation of Government Policy**
- **Community Cohesion** – social cohesion currently under strain in the UK
- **Local Government Reform** – cost, capacity, resourcing and retention pressures
- **Digital, Cyber Risk and safe use of AI** – controls to ensure safe use
- **External pressures beyond the Councils control**

The governance improvement plan has been aligned accordingly and it is recognised that measures to retain strong governance arrangements is of great importance, particularly during such a period of change.