



**Melton  
Borough  
Council**

# **Narrative Statement**

Helping People. Shaping Places.



**2019/20**

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# **1. Preface Introduction to the 2019/20 Statement of Accounts by Councillor Joe Orson, Leader and Lead Member for Resources**

At a time of great national challenge, as we respond to the COVID-19 pandemic, I am very pleased to present Melton Borough Council's Statement of Accounts for 2019/20 in this my third full year as Leader of Melton Borough Council. Whilst by their very nature the accounts are backward looking they provide the context of the challenging financial position, exacerbated by the current situation, within which I will be leading the Council.

The Council has continued to receive cuts in funding from central government with more to come. In 2010 the Council's general fund budget was £6.7m. In 2019/20 it was £4.9m. This represents a real terms reduction of 27% and if you adjust for inflation it represents a 42% reduction in our spending power. In light of the current circumstances, public finances will be under even greater pressure and we are aware the Fair Funding review has been postponed by a further year. The ongoing uncertainty regarding local government finance continues to represent a challenge and we hope that government will recognise the valuable contribution districts make to local communities, economic and housing growth and support us accordingly, particularly given the outstanding response provided by district councils recently.

In February 2020 we approved our new Corporate Strategy to take us up to 2024. This was developed following an extensive piece of work and public consultation with over 1,700 residents. Naturally we will have to take stock of our strategy to ensure we incorporate any response to the current crisis but it will remain as the cornerstone for our focus for the years ahead. I am delighted that as part of the strategic approach taken we were able to set a balanced budget for 2020/21 for the first time in three years.

Over the last year we have made our council housing a key priority and in November 2019 approved an ambitious Housing Improvement Plan to deliver a step change in the services we provide to our tenants.

We introduced the first Public Spaces Protection Order and are taking more action now to tackle environmental crime and became the first council in the East Midlands to secure Disability Confident Status. We have reviewed our Community Grants scheme and ensured the funding we provide better meets our local priorities and can demonstrate good value for money. We have adopted a new Debt Management Policy to ensure we get the right balance between protecting vulnerable people and securing the income we need and have introduced cashless payment facilities at all of our car parks.

As part of our response to COVID-19, we created a completely new infrastructure, establishing support hubs both for our community and local businesses. We have helped hundreds of residents and businesses during this time delivering nearly 1,000 food parcels, over 150 prescriptions and made nearly 1,200 awards of Council Tax support totalling £175,000. We have paid over 800 businesses nearly £9.8m in support grants and facilitated the governments extended business rates relief scheme. I am proud of what we have achieved and want to reassure everyone that we are here for Melton and will continue to be so into the future.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that the reader can:

- Understand the overarching financial position of the Council and the outturn for 2019/20;
- Have confidence that public money has been used and accounted for in an appropriate manner; and
- That the financial position of the Council is sound and secure.

The style and format of the accounts complies with the CIPFA standards and is similar to previous years. The narrative report provides information about Melton, including the key issues affecting the accounts. It also provides a summary of the financial position at 31 March 2020.

I would like to thank all of our finance team and other officers who have supported the process and have worked so hard to meet this challenging target. In addition my thanks also go to the team and services who have managed the budgets throughout the year in order to bring actual expenditure in at the year-end well under budget whilst delivering on service promises. This enables the Council to have confidence in our financial estimates which therefore assists with sound decision making.

Councillor Joe Orson

Leader of the Council

## 2. Melton Today – A Portrait

Located within the heart of the East Midlands, the main activities of the borough are centred within the market town of Melton Mowbray. Melton Mowbray Town Centre has a rich and diverse retail and other uses offer, enhanced by a weekly Livestock Market and twice-weekly Farmers Market. A large number of attractive villages surround the rural area, including the larger settlements of Asfordby, Bottesford, Long Clawson and Waltham on the Wolds.

Melton Borough has a total population of approximately 50,376 (Census 2011). More recent data compiled from the ONS Annual Population Survey estimated the total population in 2018 to be 51,100. The working age population is made up of 30,500 (59.7%) of the total resident population. On average the population of those under 15 is lower (17.5%) than the England average of 18.9%, whilst the population of those that are aged over 64 is 3.8% higher than the England average of 18.2% (ONS, 2018).

Melton Mowbray is England's 'Rural Capital of Food' and food and drink related manufacturing is the single largest employment sector in the borough. Whilst this specialisation provides bespoke opportunities and a degree of local resilience, there is a need to closely monitor how this sector will perform in the future. Other key sectors are emerging within the borough and will be explored further as part of this plan.

With strong productivity improvements, influenced by the strong manufacturing sector in the borough, employment growth is expected to be relatively modest at 2,400 jobs during 2011-2036. The borough's economy is however relatively small and thus investment or disinvestment decisions by individual businesses could have a greater influence on the overall scale of growth.

There have been an increasing number of business start-ups and a growing trend for home working within the rural area. Melton Borough self-employment was 11.9% compared to England with 11.1% (Leicester and Leicestershire Enterprise Partnership (LLEP) Labour Market Dashboard, 2020).

The borough currently has relatively low levels of unemployment and high levels of low skills and low wage employment. This is attributed to the presence of a number of large manufacturers, particularly in food related businesses, relying on a lower skilled workforce. Of the working age population in Melton Borough, the proportion qualified NVQ level 2 and above is 76.0% and the proportion qualified NVQ level 4 and above is 27.5%. This gap in attainment between NVQ level 2 and 4 reflects the relatively low skilled jobs that are available in the town and represents a significant challenge for the economy, particularly in providing a labour force to service higher

skilled jobs. This has led to the borough having the lowest average income in the sub-region.

According to ONS data, resident earnings in 2019 were £512.70 per week, which represents the second lowest rate in Leicestershire, a fall from third based on 2017 ONS data. English median resident earnings in 2019 were £591.30. In the LLEP area the figure was £543.50 and in Melton district £512.70 which is £78.60 below average. Workplace earnings for the same period placed Melton being the second lowest district within Leicestershire at £487.90. England median workplace earnings in 2019 were £591.40. In the LLEP area they were £525.10. In Melton district median workplace earnings stood at £487.90. This is £103.50 below average. Melton has a high proportion of low skilled workers which indicates the divergence of housing prices and wage will further increase the housing affordability ratio, thus decreasing housing affordability.

Workers in predominantly rural areas tend to work longer hours when in full time employment, but for less weekly pay. This indicates that lower levels of productivity improvement are experienced in rural areas, hindering future economic growth. Melton's gross weekly resident earnings are higher than workplace earnings. This indicates that occupations with higher skills and earnings are leaving the borough for employment with higher pay. Thus, it becomes a challenge for local businesses to attract the skills required whilst providing competitive pay.

Growth in a range of economic sectors and greater diversity of jobs is essential for the borough's economic future. It is essential that this growth is sustainable to achieve a more resilient economy and continued growth within the borough over a long period of time. Achieving the right balance of economic growth and opportunities between Melton Mowbray and the rural communities is also crucial to achieving a stronger, more competitive economy.

In order to achieve this balance, the concept of Inclusive Growth 'is characterised by a rising level of prosperity which opens up opportunities for all parts of the population and ensures a fair distribution in society of the prosperity which has been generated' (Annual Economic Report: For Inclusive Growth in Germany and Europe, 2017). The Inclusive Growth Commission (2017) suggests that 'too many families, communities and places were being left behind by the economy'.

Governments and businesses are under pressure to find economic solutions that spread prosperity, opportunity and reward more fairly. Much of this centres on the nature of local economies in towns and cities across the UK, where devolution opens up the opportunity to recast our model of growth to one that works for everyone. The Inclusive Growth Commission identifies that whilst inclusive growth needs to be a

national agenda, clearly defined and supported by the centre, its design and implementation should ideally be local.

As well as Inclusive Growth, we must also consider the impact of the Social Mobility Index. This identifies the most and the least socially mobile areas of the country. It does so by examining in detail the chances available to young people from poorer backgrounds, in each of the 324 local authority areas in England, to get the educational qualifications they need to succeed in life and the qualifications in the local area to convert these qualifications into a good job and a decent standard of living. Rural and largely affluent areas are often some of the worst performing areas.

Unfortunately, at this time, Melton Borough is performing within the worst 20% in the country. However, there are grounds for optimism. The Index identifies key areas to address in order to improve our Social Mobility Score, including improving transport connectivity, improvements in secondary education and improving digital connectivity. As this Growth and Prosperity Plan highlights, these are all actions the local authority are progressing currently through a variety of projects and initiatives.

The aim of the Social Mobility Index is to help inform national and local policymakers and to encourage them to take action in tackling ‘social mobility cold spots’ – where outcomes are relatively bad – drawing on the ‘social mobility hot spots where they are relatively good.

Using these two concepts as a starting point, we will ensure Inclusive Growth and Social Mobility are embedded into the subsequent actions and outcomes of the *Melton Growth and Prosperity Plan* and its supporting Action Plan.

## **2.1 Local Plan delivery and Strategic Growth Plan**

Demographic characteristics have a fundamental influence on the social and economic development of an area. Population change has an impact on levels of economic growth through the size of the resident workforce and on the demand for services such as health, education and housing.

In order to fully comprehend the linkages between population change, economic development and housing, the Leicester and Leicestershire Enterprise Partnership and all local authorities within the area commissioned a Housing and Economic Development Needs Assessment (HEDNA). This report assessed future housing needs, the scale of future economic growth and the quantity of land and floor space required for B-class economic development uses (office, industrial and warehouse/distribution space) between 2011 and 2031/36. A further study ‘Towards a Housing Requirement’ was commissioned to calibrate the findings of HEDNA to the specific configuration of Melton’s local economy.

Sub-National Population Projections (2014) projected population growth of 191,600 persons (19.5%) across Leicester and Leicestershire between the years 2011 and 2036. This represents population growth of 0.7% per annum. During the same period, employment growth of 99,200 is expected, representing growth of 0.7% per annum, matching that expected nationally and exceeding regional performance. This significantly exceeds the historical growth rate of 0.4% per annum between the years 1993 and 2010 (HEDNA, 2017).

The Melton Local Plan was adopted in October 2018 and works hand in hand with key council strategies including the Growth and Prosperity Plan and wider sub-regional strategies to ensure that the Borough Council is doing everything possible to support delivery of sustainable growth to enhance the prosperity of its residents and businesses.

The Local Plan has identified the challenges the Borough faces in terms of its ageing population and the impact this might have on the economic growth of the Borough through the ability to service businesses with an appropriate workforce. It proposes a level of growth significantly above basic demographic need (by around 40%) to address these trends and to address serious deficiencies in the housing market in relation to the affordability of market housing and availability of affordable housing. It also provides a blueprint for the delivery of key infrastructure in order to enable the Borough to unlock its potential and allow growth to flourish.

Key within this is the Melton Mowbray Transport Strategy which includes an outer Distributor Road as a key element to alleviate congestion within the town centre of Melton Mowbray, one of the main constraints on growth and influences on the quality of the town centre environment, and facilitating development. Working with the local Highways Authority, around £50million central government funding has been awarded to develop the Distributor Road, Leicestershire County Council and Melton Borough Council are forward funding the remaining balance through a voluntary agreement for this project (£14 million) to enable its early delivery. Planning permission has been obtained, compulsory purchase procedures for land is underway and work is due to start in 2021 with the road to be completed in 2023. A further award of £15 million has been offered to the local Highways Authority (LHA) for the southern leg of the Melton Mowbray Distributor Road (MMDR) from Burton Rd (A606) to Leicester Rd (A607) which is required to be similarly 'forward funded' but has been declined by the LHA due to the risk associated with recovering their investment from developers. The council will be pursuing other sources of funding and support and it will now revert to the approach anticipated in the Local Plan and be dependent on developers contributions and the pace at which the developments in the area concerned progress.

Melton Borough Council is a partner in the production of the Leicester and Leicestershire Strategic Growth Plan (SGP) alongside other Councils, the City and County Council and the LLEP. This is a long term plan to address the growth and



development challenges in the Leicester and Leicestershire area and the opportunities they present beyond the lifespan of existing Local Plan (i.e. 2031 - 2050). It is a non-statutory plan that sets out an agreed strategy for the period to 2050. Each of the partner authorities has agreed that the strategy will be delivered through their Local Plans. The SGP identifies Melton Mowbray as a Growth Area, maintaining the level of growth presented by the Melton Local plan into the longer term future to 2050. Accessibility will be improved by the A46 Expressway, and local improvements will provide better connectivity. Melton and neighbouring Authorities have joined the 'A46 Partnership' and signed up to the Trans Midlands Trade Corridor to work together to demonstrate to Government the priority that should be given to investing in upgrade of the A46 along its entire length from Tewkesbury to the Humber ports.

The strategic growth facilitated by the proposed Melton Mowbray Distributor Road, will be complemented by further strategic development in the town to support economic growth and regeneration of the town centre. Masterplans are being produced to guide the fulfilment of the largest scale developments.

This development strategy is delivering positive outcomes with a step change in housing completions in 2018/19 of 157 and 222 in 2019/20. Planning permission has been granted for some 1000 further dwellings and several sites are under construction; many will deliver high levels of affordable housing of various types. At present, delivery is ahead of anticipated trajectories. Wide ranging s106 contributions have been secured for vital infrastructure such as schools and health facilities, including land for the MMDR and some £9million financial support.

## **2.2 Delivering growth and prosperity**

Delivering sustainable and inclusive growth in Melton remains a key strategic priority for the Council. The following objectives have been identified to drive Growth and Prosperity in the Borough:

- Animate and regenerate the town centre
- Reinforce Melton's identity as 'Rural capital for food'
- Encourage inclusive growth and tackle low wage economy
- Increase housing supply and accelerate housing delivery
- Facilitate delivery of transport infrastructure and community facilities to support growth

Melton Borough Council has a good track record for securing funding and taking a proactive approach to delivering growth. The Council was successful in receiving £80,000 grant funding from LLEP to develop the next phase of delivery of the cattle market development following the successful implementation of phase 1 utilising £3.5m LLEP funding. To enable the delivery of employment sites identified in the

Local Plan, and to support the food production and processing sectors, the Council received £75,000 grant funding from Midlands Engine. Recently, the Council has been successful in receiving £100,000 grant money for the development of Food Enterprise Centre, £100,000 grant money for the development of Melton Health and Leisure Hub and £500,000 grant money for the development of Council owned sites from the Business Rate Pool funding administered by the LLEP.

Leicestershire County Council has been successful in receiving an offer of £14.5m of the Housing Infrastructure Fund (HIF) to deliver the road infrastructure for the Southern Sustainable Urban Neighbourhood delivering approximately 2000 homes but has yet to accept it. It has been declined by the LHA due to the risk associated with recovering their investment from developers, projecting forwards to 2036. This bid was from the homes England accelerated funding but in its absence the development is intended to proceed on the basis of the Local Plan, on a phased basis as outlined above. This was the basis on which the Local plan anticipated the development to take place - it was produced before this funding opportunity became available. MBC is not exposed to greater risk by this approach. The infrastructure is not dependent upon this award and the Council will work with developers to secure the infrastructure as part of the progression of their developments. This is in addition to the £50m DFT funding received for the North-Eastern section of the Melton Mowbray Distributor Road (MMDR).

Moving forward, the Council will work with the stakeholders and delivery partners in utilising the funding received, along with the Council's assets with development potential and the skills and experience of the workforce to achieve sustainable growth.

## **2.3 Political Structure**

Melton has 16 wards and there are 28 Councillors serving on Melton Borough Council. They are each elected for a 4-year term. During the financial year 2019/20 the Leader of the Council was Councillor Joe Orson (Conservative). The Borough Election was held on 2 May 2019. The political balance of the Council is 20 Conservative seats, 6 Independent Group seats and 2 non-aligned member. This balance determines how seats on Committees are allocated.

Following the Annual Meeting on 16 May 2019 the Council has operated a Leader and Cabinet model of governance. Cabinet members have improved accountability and decision making within the Council supported by positive check and challenge from a cross party Scrutiny Committee.

The calendar of meetings will be confirmed at the Annual Meeting. It is intended that Cabinet will meet on 11 occasions in the next financial year.

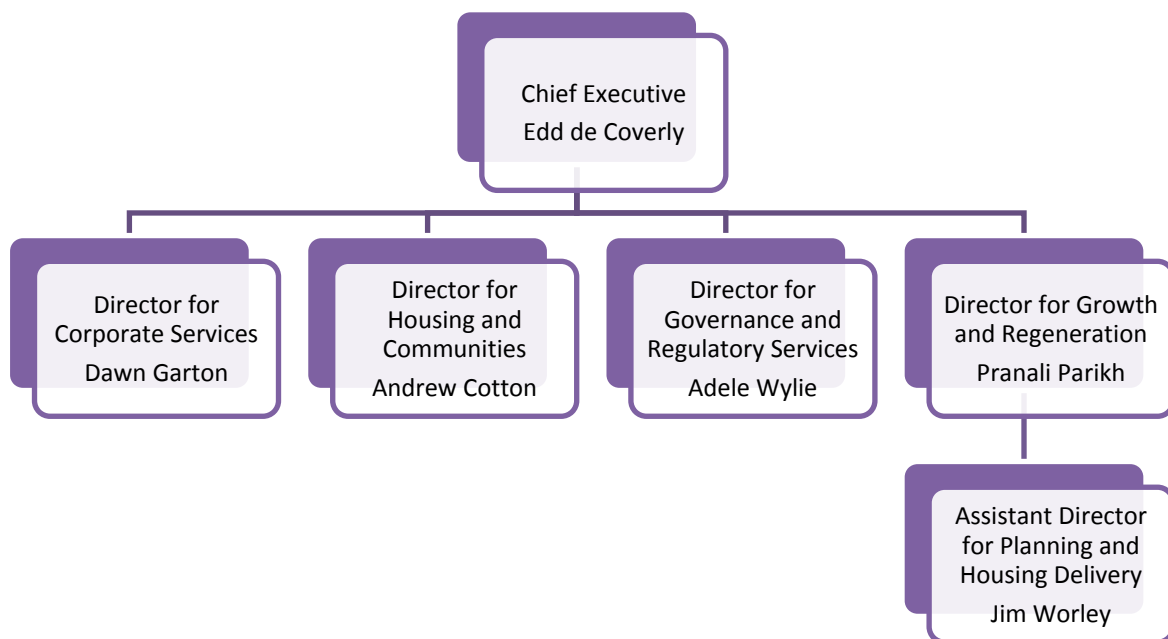
Membership of Committees is determined each year at the Annual Meeting which was held on 14 May 2020.

## 2.4 Management Structure

Supporting the work of Councillors is the organisational structure of the Council. This was revised during the year and is reflective of the Council's key corporate activity:

- Growth and Regeneration
- Corporate Services
- Governance and Regulatory
- Housing and Communities

The Chief Executive has overall responsibility for these services supported by four Directors. As at 31 March 2020 we employed 189 staff (160 full time equivalents).



## Trade Union Time

<b>1. Total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)</b>	<ul style="list-style-type: none"> <li>➤ 3 staff (3.0 FTE) 8.1 days union activity per year</li> </ul>
<b>2. Percentage of working hours spent on facility time</b>	<ul style="list-style-type: none"> <li>➤ 0% of working hours: 0 representatives</li> <li>➤ 1 to 50% of working hours: 3 representatives</li> <li>➤ 51 to 99% of working hours: 0 representatives</li> <li>➤ 100% of working hours: 0 representatives</li> </ul>
<b>3. The names of all trade unions represented in the local authority</b>	<ul style="list-style-type: none"> <li>➤ UNISON, GMB</li> </ul>
<b>4. Total pay bill and facility time costs</b>	
<ul style="list-style-type: none"> <li>• <b>Total pay bill:</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ £6,223,450.50</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Total cost of facility time</b> - A basic estimate of spending on unions (calculated as the number of full time equivalent days spent on union duties multiplied by the average salary), and</li> </ul>	<ul style="list-style-type: none"> <li>➤ £698</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Percentage of pay spent on facility time</b> - A basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill</li> </ul>	<ul style="list-style-type: none"> <li>➤ 0.03</li> </ul>

## 2.5 Corporate Delivery Plan

The vision and strategic priorities for the Borough provide a 'golden thread' that run through this narrative statement. The Council's goal is to enhance the quality of life for everyone in the borough of Melton to achieve a sustainable, prosperous and vibrant community a place where enterprise can flourish and where people want to live, work and visit.

The Corporate Delivery Plan (CDP) 2018-2020 which provided the strategy in place in 2019-20 is a refreshed version arising from the new Leader and Chief Executive and the Extraordinary Council Meeting in May 2018. This derives the 'line of sight' from the Council's Corporate Mission:

- Helping people. Shaping places.

and from the Council's Corporate Values:

- We are ambitious for Melton's future. We want to enhance the quality of life for everyone by enabling more homes to be built, attracting quality jobs and supporting strong and prosperous communities.

Following the local elections in May 2019, the Council's new Constitution and Cabinet system came into effect. The process for updating the Corporate Delivery Plan then commenced, beginning with workshop sessions at the beginning of June 2019, to determine what the Council should start doing, what activities it should strengthen, what it should do less of, and what it should cease to do. Further development over the summer with the Cabinet and Strategic Leadership Team, combined with feedback from the Council's Place Survey, culminated in the priority-setting session with elected Members and a wider presentation to Members beyond the Cabinet. The new Plan was formally approved in February 2020, but, with the advent of the COVID-19 coronavirus outbreak, and the changes to national and local government priorities as a result, the Plan was not formally launched as intended, and the timetable for its implementation will be conditional on the next phases of national action in dealing with coronavirus.

The Corporate Priorities shown below reflect those of the 2018-20 Plan, which ends with the finalisation of the Annual Statement of Accounts for 2019-20.

## Corporate Priorities

### Place



Promoting aspiration in a vibrant economy, attracting quality jobs.

Developing a thriving town centre and rural offer; recognised as a great place to invest, live and visit.

Increasing the availability of good quality homes which meet local needs.

Achieving a clean and attractive local environment.

Working with partners to improve physical and digital infrastructure.

### People

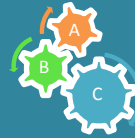


Helping people fulfil their potential and achieve their ambitions.

Work with our partners to address vulnerability and tackle the root causes of social problems, building safe, happy and healthy communities.

Focussing on our priority neighbourhoods, support people to overcome disadvantage and live well independently.

### Organisational



Delivering quality services to business and residents; understanding what really matters to our customers.

Maintaining a personal approach, but harnessing appropriate technology to make our services more accessible and fit for the digital economy.

Becoming a more agile and commercial council; securing our financial future.

Being a great place to work and build a career.

## Corporate Values

Valuing others and developing ourselves; committed and passionate about what we do.

Creative and resourceful; taking responsibility and responding positively to challenges.

Ambitious and seeking excellence; always proud to serve.

We care



We innovate



We achieve



We are Melton

## 2.6 Policy Context

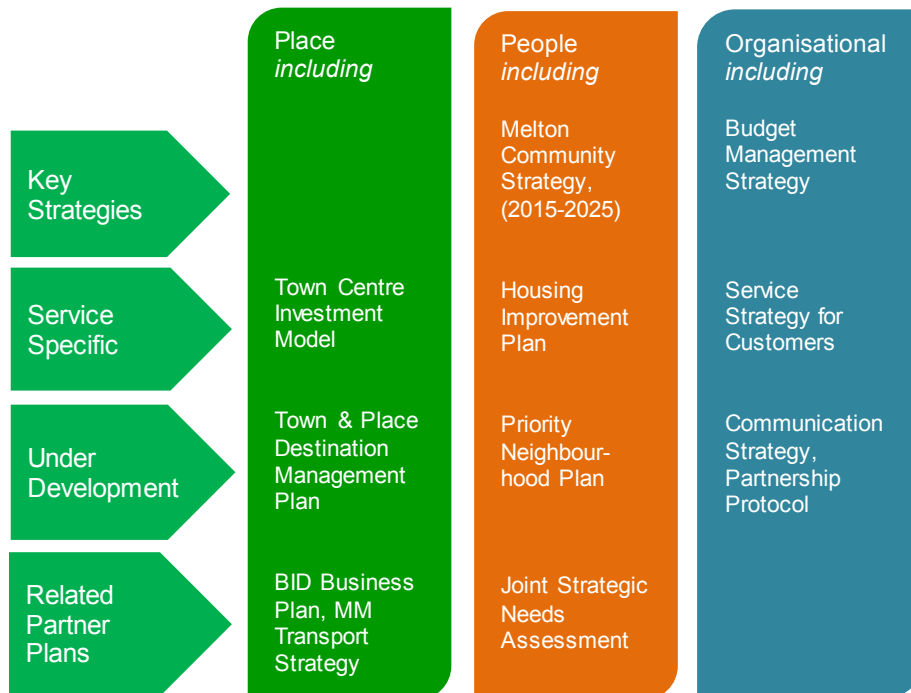
### Regional & Sub-regional Policy

Leicester & Leicestershire Enterprise Partnership (LLEP) Strategic Economic Plan (2014-2020) & Sector Growth Plans  
 Local Industrial Strategy Prospectus 2018  
 Leicester & Leicestershire Economic Development Strategy (2011-2030)  
 Leicester & Leicestershire Strategic Growth Plan (2018-2050)

### Corporate Strategies

Corporate Delivery Plan 2018-2020  
 Medium Term Financial Strategy  
 Treasury Management Strategy  
 Capital Strategy  
 Workforce Strategy  
 Melton Local Plan  
 Melton Growth & Prosperity Plan (2015-2020)  
 Housing Improvement Plan  
 Commercial Strategy  
 Single Equality Scheme

### Priority Strategies



### 3 Key Factors that have influenced the financial position of the Council in 2019/20

The key factors that have influenced the Council and the services that it provided in the financial year 2019/20 are presented and analysed in the table below using a PESTLE technique to examine and frame the impacts of certain macro forces on the Council's business.

The Government is also reviewing the funding of local government which could see significant changes in how resources are distributed across the country and different classes of authority. This was due to be implemented from 2020/21 but this has now been deferred to 2021/22. Changes to New home Bonus have been implemented however and the planned business rates baseline reset is still due to be implemented from 2020/21. This creates great uncertainty for the Council's finances.

An important focus continues to be on how economic growth can be enabled to bring in medium to longer term financial returns through NNDR, and council tax, which will help underpin the financial viability of the Council over the longer term.

FORCE	FACTOR
Political	<p><b>Response to COVID-19</b></p> <ul style="list-style-type: none"><li>The current pandemic represents the biggest crisis within Britain and the wider world for a generation. The impact on the economy and public sector finances is likely to be similar to that felt during the World Wars or Great Depression of the 1930s. Government has currently provided huge public sector investment to prop up key sectors and has provided additional funding to local government. The current levels of investment are not, at this stage, likely to be sufficient to prevent negative economic or service impacts in the medium term. It is currently unclear whether the strain on public finances created by the current situation will lead to austerity measures being reinstated.</li></ul> <p><b>Public Sector Reform – Local Government Re-organisation:</b></p> <ul style="list-style-type: none"><li>In July 2018 Leicestershire County Council expressed an interest in exploring whether a single unitary council for Leicestershire would represent better value for local people. It was suggested at the time that £30m per annum could be saved. Having considered the initial proposal the 7 District Councils confirmed that they did not support the proposal for a single unitary and expressed a preference to explore multiple public service reform options both in terms of structural and functional re-organisation. Due to the</li></ul>



requirement for unanimity it is unlikely structural reform will take place in the short term but the Council may choose, with its partners, to invest resources in exploring wider collaborative models for reform to ensure maximum value for money and democratic accountability.

### **UK Exit from the EU**

On 31<sup>st</sup> January 2020 the UK left the EU. Currently the UK is in a transition period which is due to end on December 31<sup>st</sup> 2020. Unless a trade deal is signed before then the exit will replicate a 'no deal' scenario with a number of potential risks to the economy and public finances. It is unclear what the impact on this date will be given the current COVID-19 situation. Further costs may also be incurred in providing support to local communities and businesses should the UK and EU fail to reach a new agreement.

### **Fair Funding Review**

- There is a long-standing review being undertaken of the level of funding for local government as a whole along with the distribution between tiers and individual authorities. This results in great uncertainty over the funding sources and level of funding moving forward for individual authorities. The level of any transition funding is also unknown. This review was intended to be complete and inform councils' 2020/21 core grants. In August 2019 the Chancellor announced that the more fundamental review had been delayed and instead there would be a one year spending review for 2020/21. Following the general election in December 2019 the finance settlement for 2020/21 was issued. Despite the successful bid by Leicestershire authorities to be a 75% business rates pilot for 2019/20 Central Government announced that there would be no 75% pilots for 2020/21 pending the review of local government. In addition it was confirmed that New Homes Bonus funding would discontinue from 2021/22 onwards. This would mean 2020/21 would be the last year of in-year NHB payments but these would not form part of any future legacy payments. Melton would continue to receive legacy funding from previous years with all NHB payments ending in 2022/23. For Melton this results in a NHB payment for 2020/21 of £305k, which is then phased out with £152k in 2021/22 and a final payment of £82k in 2022/23. If this funding stream is not replaced in full or in part it has the potential to create a financial challenge for the council over the life of the MTFS. The Government is intending to consult on the future of the housing incentive in the future with the aim of moving to a new more targeted approach that rewards local authorities that are ambitious in delivering homes, and which is aligned to other measures

concerning planning performance. Following the COVID-19 crisis the government has indicated it still intends to continue with consultation over the future of local government funding later in the year. The key impact of all these changes alongside the existing financial impact of the COVID-19 response is the great uncertainty this brings and the impact on the level of savings the Council needs to look to make along with how any infrastructure such as the distributor road for Melton can be funded which is key to growth within the area. Alongside this review the mechanism for redistributing business rates across the sector is also being examined again creating uncertainty over funding levels.

- Due to the need to make savings in net expenditure the Council is looking at mechanisms for generating additional income through acting more commercially. This does bring additional risk which needs to be managed alongside the associated rewards.

#### **Governance Review**

- In November 2018 the Council made a significant decision to move to a Cabinet and Scrutiny Model. Since then the Council has adopted a fully re-written Constitution and Procedure Rules. This represents a significant change to the way in which the Council does its business and support will be provided to both Councillors and Officers to assist with the transition. The new approach will change the way in which decisions are made and one of the key aspirations of the change was to enable the council to become more agile and business-like, as well as to increase accountability and transparency.

### **Economic**

#### **Rate Relief**

- The Council used its discretionary powers to continue to support local businesses through discretionary rate relief schemes: one targeted at Public Houses; a second focussing on businesses which had lost small business rate relief following the revaluation of all businesses.
- A third scheme supported businesses that had seen their rates increase in April 2017 and was particularly aimed at supporting small businesses. Overall more than £100K worth of relief was awarded from these schemes.

#### **Business and Employment**

- Nationally, business investment, in volume terms, was estimated to have increased by 0.4% to £46.9 billion between Quarter 4 (Oct to Dec) 2018 and Quarter 1 (Jan to Mar)

2019; this follows four consecutive quarter-on-quarter falls in business investment. The level of self-employment in the UK increased from 3.8m in 2008 to 4.9m in the first quarter of 2019. The rising trend in self-employment in Melton Borough is evident. The growth in self-employment lies as much in the structural changes to the local economy as in the short-term cyclical fluctuations of the past few years. Comparing the rate of self-employment, Leicestershire reached 9.4% in England was 11.1% and Melton Borough was 11.9% (LLEP Labour Market Dashboard, April 2020).

- Of the working age population in Melton Borough, the proportion qualified NVQ level 2 and above is 74.9% which is above the LLEP area average of 71.6%. Of the working age population in Melton Borough, the proportion qualified NVQ level 4 and above is 38.7% which is above the LLEP area average of 34.5%. This gap in attainment between NVQ level 2 and 4 reflects the relatively low skilled jobs that are available in the town and represents a significant challenge for the economy, particularly in providing a labour force to service higher skilled jobs.
- Local and national data indicates Melton is an area with low skills and a low wage economy in order to improve social mobility and promote sustainable growth in Melton, additional higher value sectors and jobs need to be attracted and encouraged into the area.

### **Commercialism**

- The Council developed a Commercial Strategy and Framework for Delivery following its success in obtaining £7K funding from the Local Government Association (LGA) to employ a consultant to support the Council in its ambition to move from commercial ambition to commercial delivery. Commercialism is a priority in the newly approved Corporate Strategy with a number of planned areas of focus. The recent change in structure of the Property Team will enable resources to be dedicated to this agenda.

### **Manufacturing Zone**

- In January 2019, Melton Borough Council was successful in securing funding from Midlands Engine to undertake feasibility studies in support of establishing a Manufacturing Zone (MZ) in and around Melton Mowbray. Three locations on the edge of the town, together with a centrally located site, were identified as potentially suitable locations for a distinctive Food and Drink focused Manufacturing Zone.
- A Melton MZ would help to sustain and grow the already higher than average percentage of jobs in the area that are mainly in Food and Drink Manufacturing, by providing an attractive portfolio of land allied with bespoke streamlined pathways through planning and other regulatory processes. It

would also build on the existing strength of our food and drink sector and fortify Melton's role in supporting the national economy after the UK finally leaves the EU after the transition period ends.

- An additional element of this project involved collaborating with the University of Nottingham's Food Innovation Centre (FIC) to develop and refine business support opportunities that could be offered to food and drink businesses located within a potential Food Enterprise Centre (FEC) and the wider borough area, thus maximising potential in this sector. It was proposed that the FEC will be a multi-functional facility or facilities, for promotion, visitor display, learning, training, networking, innovation and celebrating the heritage and legacy of local and future food. Consideration was given to incorporating the FIC's specialisms i.e. technical advice, support with productivity, processing, shelf life, testing, provenance, product development, nutritional content of food, food waste, future food, proteins, packaging, as well as delivering events and workshops.
- All of this work has the potential to build upon our brand as the 'Rural Capital of Food' and strengthen our position within this growing sector.

#### **UK failure to agree a deal with the EU post-December 2020**

- Short and medium terms disruption leading to increased demand on Council services (e.g. assisting with response scenarios and issues such as export licences)
- Longer term economic trends having a major impact on financial markets – impacts on development industry which feature so prominently in our growth ambitions
- Political turbulence affecting central government and its priorities; grants and funding regimes may be affected (Melton Mowbray Distributor Road and especially the Housing Infrastructure Fund) in the shorter term
- General economic trends affecting jobs and welfare in Melton – considered to be limited because nature of the business of key employers
- Possible unforeseen supply chain issues (imports)

## **Social**

### **Welfare Reform**

- The Welfare Reform and Work Act 2016 – received royal assent in March 2016 and includes wide ranging provisions covering employment, apprenticeships, support for troubled families and life chances, and benefit cap, social security and tax credits, loans for mortgage interest and social housing rents. In general we want as many people as possible in the Borough to be able to live their lives independent of public services, including welfare dependency. We will support

people to help them do that.

### **Children and Young People**

- The Council recognises the importance of early years development and will continue to play its part in whole systems leadership to support good outcomes for very young children.

### **Universal Credit**

- The Government are continuing the rollout of universal credit in supporting independence of vulnerable members of society but the long term impact on both finances and success will need to be understood and monitored. The next phase for full roll out of Universal Credit in Melton will see some of the most vulnerable individuals and families impacted. This will need to be carefully monitored with appropriate support provided as necessary.

### **Social Mobility**

- Social Mobility Index – highlighted the low mobility of the population of Melton Borough, including a low wage economy and significant disparity between high and low earners. When looking at the social mobility index, which measures a range of indicators from early years to adulthood, Melton is ranked overall in the worst performing 10% of areas across England. When taking into account the relatively low level of multiple deprivation the Borough ranks 8<sup>th</sup> worst overall in England. The key role of housing is being recognised both through the Housing Improvement Plan and the focus on achieving sufficient affordable housing in the Borough as part of growth plans.

### **Economic Growth**

- In March 2017 the Inclusive Growth Commission published a report emphasising the importance of economic growth benefiting everyone. This is particularly important for Melton given that we have a very high number of working age people who earn less than the National Living Wage. The Centre for Progressive Policy has identified that Inclusive Growth is one of the most urgent questions facing advanced economies where stagnant real wages are squeezing living standards and wealth is increasingly concentrated. The same organisation has also identified, using data from the Office for Budget Responsibility, that Melton will be the 5<sup>th</sup> worst local authority area in terms of economic impact as a result of COVID-19.

### **Co-production of services with communities**

- The Council continues to develop an approach to case management that will see co-production of services at the

individual level. There is evidence that in areas such as physical activity this is starting to have an impact with adults in the Melton area now performing well above average for both Leicestershire and England. The Council was able to respond very well to the Pandemic crisis and established a working solution in partnership with the local community and will be looking to build on the success of this moving forward. The recently adopted Housing Improvement Plan will also provide opportunities for improving co-production and there are already some good examples here, such as implementation of Mobility Scooter Pods at St John's Court. The Council has also worked well with the Melton Mowbray Tennis Club and Melton Town Football Club to secure improvements in facilities at the Melton Sports Village. The review of Community Grants has been achieved following consultation and provides an interim step as the Council moves towards a more commissioned based approach to the use of community grant money.

#### **Partnership approach to service delivery**

- As services across all our partnerships (Health, Community Safety etc) face increasing financial challenges it is incumbent on us to encourage, co-ordinate and facilitate joined up holistic service delivery. Melton's co-located design and the People Board are enablers of this approach; whilst an increased focus internally on case management across all our services within the People Directorate ensures we lead by example. The next challenges include building upon the work developed in response to the COVID-19 Pandemic and continuing to work on early intervention, particularly working with the Violence Reduction Network and Public Health agendas where there are some big challenges to address.

### **Technological**

#### **Transformation**

COVID-19 has tested the organisational ability to transform rapidly. Achieving a modern workplace has been an ongoing issue for the Council in recent years and this will continue as advances in technology continue at rapid pace. With the continued focus on Transformation and 'Digital First' and rising customer expectations, the dynamics of technology innovation is becoming increasingly more important. The acquisition of a new customer engagement and self service platform provides an opportunity to make a step change in designing services and creating fantastic self service experiences for users.

#### **Connectivity**

- Nationally 5G connectivity is being introduced and as a rural area Melton needs to keep pace with this change. Historically

as a place Melton is behind in terms of both mobile connectivity and high speed broadband, with many places in the Borough where no mobile coverage is possible and some places that still lack broadband coverage.

### **Customer Insight**

- Increase in online activity has led to the increased availability of information about Council customers; this level of customer insight is improving the Council's design of key services such as MyAccount and enhancing access options for registering for Council Tax, Benefit applications and rent account view. Nationally 5G connectivity is being introduced and as a rural area Melton needs to keep pace with this change. Historically as a place Melton is behind in terms of both mobile connectivity and high speed broadband, with many places in the Borough where no mobile coverage is possible and some places that still lack broadband coverage.

### **Partnership Digital Strategy**

- Through the ICT Partnership the Council continues to give consideration to utilising new technologies such as cloud and web-hosted software in order to continually drive improvements to service delivery and deliver transformation objectives. The impact of Covid on the way the council works in the future will be a key driver in terms of digital developments. The approval of the Partnership Digital Strategy provides greater scope for more joined up working on this agenda. The Partnership has been working on the strategic direction of the digital agenda and how they wish to work more in partnership. In addition the current outsourced ICT contract expires at the end of December 2021 and this provides an opportunity to review the delivery model that will best assist in delivering these digital aspirations.

## **Legal**

### **Accounting Changes**

- The Government made changes to the accounting treatment required for certain categories of investment. This relates to property funds which the Council has been investing in and has benefitted from higher level of returns. The Council will need to look at how to mitigate any impact fluctuations in valuations might have on the council revenue position to continue to benefit from the returns such investments can yield.

### **Governance Review**

- In November 2018 the Council made a significant decision to move to a Cabinet and Scrutiny Model which has led to the Council's decision making becoming more agile, efficient and transparent. The Council has undertaken a process of

embedding the new governance requirements into services and this has a positive effect on the governance framework of the Council.

## **Environmental**

- Local Plan and sustainable development, planning and delivering of the level of growth required and co-ordinating infrastructure requirements to support it.
- Increased certainty regarding the delivery of the MMDR (north and east sections in particular) provides a significant boost to development opportunity and realisation of strategic/local plans.
- Longer term strategic planning through the Strategic Growth Plan reinforces continued growth and opportunity for infrastructure benefits, including the realignment and improvement of the A46 to Expressway standard south and east of Leicester.
- The new waste contract for the Council (from 1<sup>st</sup> October 2018) provides greater opportunity for environmental impacts in terms of recycling.
- Impact of COVID-19 on the development industry (i.e. build out programmes) which impacts of growth and delivery of infrastructure.
- Impact of COVID-19 crisis on town centre and other businesses and resultant effect of vitality and vibrancy of the town centre, car park use and ultimately the future use of the built fabric itself. Melton Mowbray Conservation Area is registered as being 'at risk' and concern that economic downturn may hinder its recovery or exacerbate a decline.

## **3.1 COVID-19**

### **Provision of services**

In March 2020, the Council, along with other agencies in Leicestershire, declared a Major Incident. Major Incident governance structures were stood up and daily situation updates meetings were put in place to understand what is happening and how the council is/ can respond to COVID was instigated. In line with the regularly updating government guidance at the time a number of services were suspended or reduced to support the initial lockdown and focus on public health. This included closure of the Council's leisure centres, public toilets and country park café, and suspension of non-essential housing repairs and inspections and cessation of the Council's bulky waste service. Concurrently, the Council established and re-directed resources to support the establishing of a Community Support Hub and a Business Support Hub. This all took place in the first few weeks of the incident during March 2020. Working in partnership with other LRF partners, the Council delivered humanitarian support through food and medical supplies to vulnerable people. The



Council also implemented government policies relating to Council Tax support. For businesses, grants of over £10m were paid, as well as new invoices issued to support the enhanced business rates relief schemes.

### **Council's workforce**

Protecting and supporting our workforce during the pandemic has been an important part of our COVID-19 response. This has been focused on:

- Supporting the wellbeing of our colleagues
- Making temporary changes to some related policies and procedures
- Effective redeployment and provision of mutual aid
- Providing practical support and advice to teams

Video conferencing technology has been supported and encouraged as a means for teams to remain connected with each other. As remote working from home has become the new normal for many teams, the ability to enable social interaction, has been vital for maintaining positive mental health. The Intranet was quickly adapted to allow for a dedicated COVID-19 resource page which included links and advice for colleagues and managers on mental health including promotion of the Care First employee assistance programme. Facebook has also been utilised to encourage the workforce to engage with each other while being physically remote along with the successful Melton's Got Talent!

The workplace has seen a physical change to enable social distancing and encourage increased awareness of the importance for good hygiene. Desks have been put out of action and communal areas restricted to colleagues. Enhanced signage, cleaning and hand sanitisers are other measures put in place. Changes have also been made to policies such as annual leave, sickness absence and employee reporting to ensure they remain fit for purpose while teams respond to the change of demand in their teams. Existing policies around homeworking and flexible working were already in place and provided an advantage in the speed of change when colleagues were asked to work from home. Approximately 75% of the workforce was able to utilise remote technology and remain effective from day one.

To ensure business critical functions have been able to respond effectively to COVID-19, colleagues have been redeployed to assist in different services and provide aid and resilience to teams under different pressures. The response from our workforce has been remarkable with people willing to step up and help each other and of course our community. Main areas where colleagues have been redeployed have included support for Revenues and Benefits, Communications, Community Hub and Regeneration for support to business and deployment of the business grants.

Timely information and advice to teams has been delivered by the HR and Communications team making sure updates for the LGA and government on

workforce matters have been interpreted and cascaded to colleagues. There have been a wide variety of individual work related and personal matters that have required understanding in order to offer solutions that support individuals during this time. Regular engagement with the local branch of Unison has continued.

### **Supply chains**

The impact of COVID-19 on public sector organisations has been severe. Many are currently feeling the pressure, are in a state of uncertainty and will be looking at making urgent direct awards and extending existing contracts.

Maintaining current service provisions by extending contracts may prevent disruption and allow Council Officers, Welland Procurement and suppliers to deal with the current situation. Delaying certain procurement processes will enable recovery plans to be established.

The Council continues to work with all key suppliers to maintain business continuity and address any issues to support service restart where key functions have had to be paused (such as leisure).

The effect of the COVID-19 virus on the Housing Repairs service resulted in a reduction of service to an emergency-only basis on the 23<sup>rd</sup> March 2020. This meant that a lot of reactive and planned works which would have completed by the end of March were put on hold. As the service gears up for restarting services it is anticipated that demand will create a backlog of works and financially the cost of works which should have been incurred in the financial year 2019/20 will now be charged to 2020/21.

The impact on Leisure has been severe and the council has provided financial support to its leisure provider and is working proactively with them regarding ongoing support as the industry recovers.

The requirement for PPE has become increasingly prevalent over the past few months. The Council is continually reviewing the guidance issued by the Government in terms of Health & Safety to ensure its staff and residents are adequately protected in the circumstances. The Council has advised all staff who may come into contact with the community to observe social distancing at all times. Gloves, hand sanitiser and wipes are readily available to staff working at the offices in Parkside and those supporting residents in the Community.

In light of Government guidance, the Council has reviewed and undertaken assessments to ensure that staff that are supporting the community through essential services have the correct PPE available to them.

The Council is also maintaining contact with its contractors to ensure that they are also working within the guidelines issued by the Government and observing socially distancing at all times.

Regular PPE checks are being undertaken and reported into a dedicated cell through the LRF structure where appropriate. This cell has introduced a traffic light reporting mechanism to establish quickly where the highest need is for PPE across the County and Rutland. To date the Council has had sufficient stock levels to protect its staff and has experienced no issues with sourcing PPE.

### **Reserves, financial performance and financial position**

COVID-19 is having a significant impact on the Council's finances. Estimates and projections are being regularly refined. Whilst the current forecast is for a surplus at the end of the financial year this has only been achieved as a result of the identification of over £400k of savings which has been challenging to achieve. This has ultimately impacted on what the council can deliver when the demands placed upon us have never been so great. This also needs to be considered alongside the fact that limited provision has been made for the inevitable increase in bad debts that will arise both from commercial lets and no provision for deficits on the collection fund for both council tax and business rates as individuals and businesses struggle to pay. Whilst the government has set out a scheme providing support for council tax and business rates collection shortfalls which allows spreading for some of the burden over 3 financial years, this merely represents a deferral of the financial impact and in response some Council's are considering setting aside funding to meet this shortfall from reserves. In addition, whilst some financial support for the impact of covid has been provided for the early part of 2021/22 it is highly likely that there will be ongoing costs and income shortfalls over base budgets for some time to come which will undermine the Council's future financial sustainability. Financial management and planning needs to be considered alongside these issues. Any surplus identified in year will go some way to mitigating these future years financial pressures.

As the Council progresses with its recovery work, the impact of providing certain demand-led services such as homelessness in the future will need to be assessed as such services may incur additional costs moving forward. Without sufficient revenue reserves the Council will have no contingencies for any unforeseen events as well as having no resources to invest in efficiency and transformation projects. The Council will be considering any savings options available to mitigate these risks.

The Council has managed the business grants and reliefs provided during COVID-19 very well; however it is clear the level of discretionary grant available for the area, which has a large number of small start-up businesses operating out of shared space, is insufficient. This will not assist with the economic recovery of the Borough.

Whilst the HRA is seeing a similar impact primarily due to reduced income from higher voids and deferred rent payments at this stage this is assessed as being able

to be met from within existing reserves. However the production of a longer term business plan will provide more clarity over the financial position.

With the regard to the impact on capital, the Council has a modest programme and therefore the impact is not significant at this stage. However, there are projects commencing which look to assess the options regarding a number of council land and property holdings with a view to yielding future increased returns in terms of revenue or capital receipts in the future. The business cases for these projects by way of the financial return is likely to be affected as a result of the crisis and this would have a long term impact on the Council's capital plans. There could be a reduction in asset values on the balance sheet but in the medium term it would only be those assets held for sale that would be of concern.

### **Cash flow management**

The Council has in place an annual cashflow forecast that covers both weekly and monthly incomings and outgoings during the financial year. We have not initially had any significant impact on cashflow in the early period of COVID-19 as the business grant funding has been front loaded in terms of funding to support payments being made. We have taken money out of 30-day notice account and moved into more liquid funds (MMF's) to ensure greater balance is available for urgent cashflow requirements which might arise. The Council has maturity laddering in place to ensure an even spread of investments maturing throughout the year to help with cashflow requirements should something unexpected happen. We are assessing each maturity on a case-by-case basis.

The Council does not have any borrowing on the General Fund and the HRA self-financing loan is fixed-rate borrowing so there is no impact on changes to repayment amounts.

All controls and prudential indicators have been maintained in accordance with the Treasury Management Strategy. The only short term change we had to make was to increase the counterparty limits to enable the management of the business rate grant funding government provided before payments were made to businesses. This was aimed at managing investments with approved counterparties with high credit quality and line with organisations the Council regularly use.

Moving some money to liquid funds and also the general impact of COVID-19 has seen a reduction in interest rates which will mean the Council will receive a lower investment return. This will have an impact on the investment income budget and General Fund / HRA and create an additional budgetary pressure. However, the average rate of return is still above the benchmark average for the East Midlands group of our treasury advisors which is positive in terms of maximising returns as much as possible.

### **Major risks to the Authority**

At an early stage of the crisis, the Council assessed the key risks that could affect the authority and COVID-19 was included as a new item on the Council's Strategic Risk Register. As the response has progressed and the recovery phase commenced, it is clear that the remaining key risk is the impact on the council's finances in the medium to long term. The risk is the uncertainty still faced in terms of the level of expenditure and income shortfall that will not be covered by government funding and will need to be met from the Council's own reserves. This will have an impact on the future financial sustainability of the Council. The following risk impacts were identified:

- Sustainability of leisure services
- Ongoing loss of income – parking, planning
- Absence of further government support
- Impact on housing growth and regeneration aspirations.
- Increasing demand for services and support at a time when councils are under greater pressure

### **Plans for recovery**

The Council has led the local response and will lead the recovery, working closely with local partners and the community. Recovery is focussed on these areas:

- Service restoration – restarting those services which had to cease or be reduced when the crisis began
- Impact response – responding to those external factors which are a consequence of the crisis and may create new demands or additional burdens for the Council to respond to or address
- Organisational transformation – considering how any lessons learned from this period could be incorporated into the organisations future mode of operation, culture and behaviours. This to include continuing and enhanced use of technology.

The recovery plans will be developed for the organisation and for Melton as a place. Support and co-ordination will also come through the Leicestershire LRF.

## **4 The 2019/20 Revenue Budget Process**

The Senior Leadership Team scrutinised all budget submissions prior to submission for member scrutiny through the Member Development day held on the 16<sup>th</sup> January 2019 to consider the draft estimates and to provide guidance on a number of areas for both General and Special Expenses.

The emphasis of these meetings was to achieve a balanced budget over the life of the Medium Term Financial Plan as a key principle agreed by the Corporate Committee as part of the Budget Framework and at Member Development Day. As well as this they also scrutinised all service growth and savings put forward, including their fit with Council priorities and to ensure only those that fit such criteria move forward through the budget process. In addition, the Members present considered the ongoing issues experienced in balancing the budget and the particular pressures and risks faced as a result of the financial implications in relation to the ongoing significant cuts in central government grants that both this council and our partners are experiencing. These were discussed with a view to considering how best the Council could manage these impacts and plan for the future and by doing so minimise the likelihood of cuts in services being necessary.

Following discussion and review to the proposed budgets at both the Senior Leadership Team and the members Development day the proposed budget showed a shortfall of £46k of which following a number of recommended savings and growth options resulted in an updated deficit of £49k. It was recommended by the Corporate Committee at its meeting on 30<sup>th</sup> January 2019 to fund the shortfall in order to balance the budget for 2019/20 from the Spending Pressure Reserve and Corporate Priorities Reserve. The Spending Pressure Reserve was created as a fund to help balance the budget going forward whilst steps are taken to generate the necessary efficiencies required for a longer term sustainable solution. The Council had also been working on a Budget Management Strategy which is aimed at addressing the budget deficit in a sustainable way going forward.

The Strategic Member Development Day was held on 16<sup>th</sup> January 2019 to which all Councillors and Directors were invited, to provide their views on the budget proposals and financial position of the Council for the current, next and future years. This exercise enabled Members knowledge of the Council's financial position to be enhanced and also resulted in a steer being provided regarding the assumptions to be made in the budget and the Council Tax increase for Council funds. This was against a backdrop of the Council's priorities and achievements which were also discussed.

The growth and savings proposals were also discussed at the Development Day and it was agreed at this meeting that the proposals be put to the Corporate Committee at their meeting on 30<sup>th</sup> January 2019 for them to consider and make recommendations to Full Council. At the meeting of Full Council held on 13<sup>th</sup> February 2019 the 2019/20 budget was formally approved which after taking into account the proposed savings and growth proposals resulted in a balanced budget for 2019/20.

The HRA rent setting and budget proposals for 2019/20 which are underpinned by the 30 year business plan were presented to Council and approved at the same meeting on the 13<sup>th</sup> February 2019.

## 5 Council Tax

As part of the budget framework it was agreed with members as outlined in the MTFs assumed Melton would look to apply a similar increase 2019/20 as in 2018/19 of increasing the average level of council tax by 3% or £5. At the Member Development day and at the Corporate Committee meeting held in January 2019 the proposed increases were, that the Council sets a 2.99% overall council tax increase. General Expenses has been set at 2.99%, Sproxton and Frisby Special Expenses at the level required to balance the budget, Special Expenses Melton Mowbray at 2.99% in order to bring the overall level to 2.99%. This was formally approved by the Council at their meeting on 27<sup>th</sup> February 2019. During this period the other major preceptors of Leicestershire County Council, Police & Crime Commissioner for Leicestershire and Leicestershire Combined Fire Authority also set their precepts and charges along with the Parish Councils.

The comparison of Council Tax levels for 2018/19 and 2019/20 is shown below:

	<b>2018/19</b>	<b>2019/20</b>	<b>Increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
Melton Borough Council (average for whole area excluding Parish Councils)	196.76	202.64	2.99
Leicestershire County Council	1,242.60	1,292.18	3.99
Police & Crime Commissioner for Leicestershire	199.23	223.23	12.05
Leicestershire Combined Fire Authority	64.71	66.64	2.98
Parish Councils (average for whole area)	63.74	66.07	3.65
Average for whole area (including precepts)	1,736.85	1,819.32	4.75

## 5.1 Council Tax Base

The revision to the 2019/20 Tax base, resulting in an increase of 290 to the number of Band D equivalents (as shown in the table below), produced a increase in Council tax of £168k when taking into account the council tax increase of 2.99% on an average band D property.

	2017/18	2018/19	2019/20
Number of Band D Equivalent dwellings	18,110	18,380	18,670

## 5.2 Collection Fund

The payments out of the Collection Fund for the in-year Council Tax (excluding prior year surpluses/deficits) from 2017/18 to 2019/20 are set out in the table below and show a year on year increase in funding available for the Precepting Bodies reflecting the increase in Council Tax Base and any general increases on the Council Tax charge.

	2017/18 £'000	2018/19 £'000	2019/20 £'000
Leicestershire County Council	21,232	22,838	24,124
Police & Crime Commissioner for Leicestershire	3,391	3,662	4,168
Leicestershire Combined Fire Authority	1,138	1,189	1,244

## 6 Medium Term Financial Strategy for 2019/20

The key issues for the Medium Term Financial Strategy (MTFS) for 2019/20 were set out in the budget report:

- That the Council sets a 2.99% overall council tax increase. General Expenses has been set at 2.99%, Sproxton and Frisby Special Expenses at the level required to balance the budget, Special Expenses Melton Mowbray at 2.99% in order to bring the overall level to 2.99%;
- The approved establishment has generally been budgeted for in full, but no provision has been made for recruitment costs as a result of any vacancies;



- The capital programme as set out elsewhere on this agenda is approved. The revenue implications of which have been considered when preparing the budget;
- Assumptions have been made in respect of a number of service related income streams in addition to assumptions over the level of interest from investments. The actual position could differ significantly from that estimated. Those services that continue to be particularly affected are retained business rates, building control, development control, car parking, and industrial unit rents. Assumptions have also been made relating to price increases which could also differ to that estimated;
- Estimated retained business rates income has been based on the Council's NNDR1 form (Non Domestic Rating Income Calculation and Estimate of Collection fund Surpluses and Deficits). As experience has shown the actual amount can vary significantly in and between years as a result of levy calculations. A business rates equalisation reserve is held to smooth out some of these implications between years;
- Estimates of maintenance requirements for council assets is based on best estimates provided by the property team and as set out in the Council's capital strategy full stock condition surveys are essential in order to assess the ongoing impact on both revenue and capital budgets;
- No allowance has been made for funding required for either the housing or development Company nor the place survey all of which are included in the Corporate Delivery Plan which may be required following the completion of business cases or further finalisation of costs;
- Provision has been made for the impact of the review of members allowances following the changes to the governance structure contained elsewhere on this agenda;
- No provision has been made for any non-recurring costs or ongoing changes required to the base budget as a result of the planning review which has yet to be finalised and considered;
- Limited provision has been made for the transition to a new IT service by the Leicestershire IT Partnership;
- The additional income from bin charges has been retained within the waste management budget with additional costs being incurred over that estimated relating to redirection costs in particular as well. No allowance has been made for costs arising from the contamination of recycling as this has been considered to be now under control due to recent actions taken;
- Assumptions have been made regarding grant income and charges for services provided by other partners, where certainty surrounding these costs and income, have not yet been provided;
- To compensate for the reduced council tax base, as a result of the council tax support scheme, an element of Revenue Support Grant was previously allocated to each special expense and parishes on the basis of the estimated loss that would have been incurred following the policy introduced in 2013/14. This amount has been on a reducing basis to reflect the reduction in RSG. 2019/20 is the first year where grant is no longer being payable;
- Any balance on the General Expenses revenue budget is transferred to/from the Corporate Priorities Reserve and Special Expenses Melton Mowbray is transferred to/from the Special Expenses Reserve.

As part of the budget report to Full Council the financial projections for future financial years were presented as part of the MTFs. These were based on the estimated likely position for these future years. In drawing up this projection a number of assumptions were made regarding service expenditure and income following discussions with budget holders, and scrutiny by both the Senior Leadership Team and members. Some of the key assumptions that were made in preparing these forward projections are as follows:

- That an overall increase in council tax of 2.99% will be set in 2020/21 followed by further overall increases of 2.99% to 2022/23;
- The expected position is based on the current level of service provision with assumptions incorporated regarding inflation changes to income streams and demand. No allowance is made as part of the projections for the delivery of savings or income generation which would require a change to service levels/policy. This is to enable the true surplus/deficit to be identified that will require management intervention in order to address the position;
- The full extent of any financial impact arising from Welfare Reform including Universal Credit has not been allowed for due to insufficient information;
- Due to the fair funding review and review of business rates the outcome of which will not be known for some time later in the year the projection is based on the retention of the current system in the absence of any other reliable estimates;
- No allowance has been made in the forward projection for income that may need to be utilised to support the Melton Distributor Road as the detail of any funding is still being finalised and any shortfall in funding is not certain;
- NHB projections have been based on the housing growth figures provided by the local plans team based on the current grant criteria.

## **7 Projected Level of Balances**

One important issue that was relevant to both the MTFs and also the 2019/20 budget, was the assumption about the level of balances that the council would require to address any unexpected spending pressures. These balances need to reflect spending experience and risks to which the Council might be exposed.

The key issues that could impact on the robustness of the estimates were covered by the high risk budgets set out in an appendix accompanying the 2019/20 budget report to members. In addition assumptions were made regarding partner contributions and external funding where notification of funding levels were yet to be received and there were a number of initiatives in progress that were yet to be fully costed and included in the estimates. Reserves would need to be adequate to fund any in year requests for schemes not supported as part of the budget setting process and each case would need to be assessed at that time based on the availability of individual reserves available to support any such requests.

With regard to the revenue reserves the council has three main categories. These are earmarked for a specific purpose, general where the use is flexible

and working balances which are in effect a contingency for unforeseen but risk assessed events. A brief description of the purpose and future intention with regard to each reserve and provision held by the Council accompanied the budget report as part of the Council's reserve strategy and is also set out in the council's budget book.

At the meeting of Full Council on the 13 January 2019 the total reserves as at 31 March 2019 were £14.895m and were expected to decrease to £11.710m as at 31 March 2020 as result of financing the capital programme in the main. The Statement of Accounts revises the level of balances at the end of 2019/20 to £14.170m mainly as a result of slippage on the capital programme and revenue budget carry forwards / underspends.

## **8 Budget Monitoring**

For the purpose of budget monitoring, services are designated as one of three categories which determines the level and frequency of budget monitoring. These are:

- High risk and complex budgets.
- High risk budgets.
- Lower risk budgets.

The categorisation of the various services are reviewed annually in consultation with the Senior Leadership Team and reported to The Council as part of the annual budget report.

During the financial year revenue and capital budget monitoring information is reported to Cabinet. The Senior Leadership Team receives monthly finance reports on the revenue position and they also undertake regular monitoring of the Capital Programme.

In addition, treasury management performance is also reported to Cabinet and then The Council as part of the CIPFA code of best practice on Treasury Management which includes the Annual Strategy, Mid-year Performance Review and Annual Report.

## **9 Capital Strategy and Capital Programme**

The Council has a five-year capital programme. The Senior Leadership Team are taking a proactive approach in ensuring a realistic and affordable programme is developed, that meets the Council's priorities and objectives as set out in the various strategies set out in the Corporate Policy Framework.

The Capital Programme report was approved at the Council meeting on 13<sup>th</sup> February 2019 and provided the framework within which the Council's capital investment plans will be delivered.

It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Members at the Development Day on 16<sup>th</sup> January 2019 considered and made recommendations on the projects for both General and Special Expenses to be funded in the capital programme for 2019/20 in addition to those which have already had funding approved. The impacts of these recommendations were incorporated into the revenue budget and prudential indicators as part of the Treasury Management Strategy presented to The Council.

In total the original capital programme in 2019/20 was £11.881m including £11.172m spend on the HRA. The majority of funding comes from Capital Receipts and third party contributions with respect to the general fund and for the HRA the Major Repairs Reserve and cash backed depreciation. As 2019/20 progressed, the initial plans were revised to incorporate expenditure profiling from the previous year, approvals and scheme updates as information became available.

During the course of 2019/20 the Council has been developed a refreshed Capital Strategy following the revised CIPFA Prudential Code for Capital Finance in Local authorities published in 2017 which introduced the requirement to produce a capital strategy in 2019/20 and for the Chief Finance Officer to report explicitly on the affordability and risk associated with it. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It need not duplicate other documents but should include cross references where relevant. It should provide enough detail to ensure that all members understand how the authority is delivering stewardship of the authority's resources, prudence and sustainability and meeting the authority's reporting requirements.

## 10 Revenue Outturn Position 2019-20

**General Expenses** – The net revenue expenditure in regard of the General Fund for 2019-20 prior to council tax and grant funding was originally estimated at £4.906m, which was subsequently updated to an approved budget of £5.105m. The increase took into account allowing for budgets brought forward from the previous financial year (£148k) and requests for additional funding to support initiatives identified in year (£51k). After taking into account the allocation to reserves and other adjustments the deficit for the year to be funded from the Corporate Priorities Reserve is £8k compared to the latest approved budget of £134k deficit, a reduction of £126k. This is mainly as a result of an overall underspend across the council and variations in support charges between the funds. Of the £126k reduction, £122k is being carried forward into 2020-21 resulting in a net reduction in the draw on reserves over that approved of £4k.

**Special Expenses (Melton Mowbray)** – The net revenue expenditure in regard of the Special Expenses Melton Mowbray for 2019-20 was originally estimated at

£626k, which was subsequently updated to an approved budget of £650k. The increase took into account allowing for budgets brought forward from the previous financial year (£7k) and requests for additional funding to support initiatives identified in year (£17k). After taking into account the allocation to reserves and other adjustments there was variance against the approved budget of £81k surplus of which £13k is being carried forward into 2020-21, resulting in a £68k increase on the Special Expenses Reserve over the approved budget.

**Housing Revenue Account (HRA)** – The original estimate for the HRA was a deficit of £415k, which was subsequently updated to latest approved position of £673k. The actual year end position was a deficit of £176k, resulting in an underspend of £239k against the original budget and £497k against the estimated year end.

The table below compares the original estimate with the actual year end position for all Council funds:

	<b>2019-20</b>	<b>2019-20</b>	<b>2019-20</b>
	<b>Latest</b>	<b>Actual</b>	<b>Variances</b>
	<b>Approved</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>General Expenses</u></b>			
Net Expenditure	5,105	5,213	108
Council Tax, BRR & Grant Income	(4,782)	(5,016)	(234)
Deficit /Surplus(-) for Year	323	197	126
Transfer from (-) to Reserves	(323)	(197)	(126)
Net Surplus(-)/Deficit	0	0	0
<b><u>Special Expenses (MM)</u></b>			
Cost of Service Provision	650	578	(72)
Other Items	(106)	(115)	(9)
Council Tax & Grant Income	(530)	(530)	0
Deficit/Surplus(-) for Year	14	(67)	(81)
Transfer from(-) to Reserve	(14)	67	81
Net Surplus(-)/Deficit	0	0	0
<b><u>Housing Revenue Account (HRA)</u></b>			
Expenditure	8,318	7,887	(431)

Income	(7,645)	(7,711)	(66)
Deficit/Surplus(-) for year	673	176	(497)

### **General Fund Services**

After taking into account the allocation to reserves and other adjustments the deficit for the year to be funded from the Corporate Priorities Reserve is £8k compared to the latest approved budget of £134k deficit, a reduction of £126k. The main variances contributing to this are:

#### **Underspend**

**Waste Management** – Following the full year impact of the new waste contract a number of savings have been achieved through the main contract plus savings on bin purchases and income generation on replacement bins and bulky waste (£21k). There have also been savings on transportation costs for dealing with disposals including street sweepings (£28k).

**Business Rates** – Income underspend due to Increased S31 Grant (covers reliefs granted) received based on final NNDR return to Government which has been partly offset by transfers to the business rates retention reserve. The remaining underspend is due to an accounting adjustments required following returns to government. This has been partly reduced by additional spend for RV analysis which will generate additional NDR income next year (£13.5k).

**Information Technology** – There have been a number of savings with the ICT budget including, the deferral of implementation expenses & licencing costs and a series of major infrastructure improvements to 2020-21 as a result of a delay in implementation caused by interdependency on other projects, and in part by Covid-19 (£92k). The majority of this has been carried forward into 2020-21.

**Bad debt Provision** – There has been a reduction on the bad debt provision in year across the sundry debt revenue stream which is due to a combination of two factors. The first being that there has been less debt raised across sundry debt as a whole. Therefore there hasn't been as much debt to collect across the year 2019-20 in comparison to 2018-19. The second is an increase in collection performance meaning that collection rates have improved in 2019-20 (95%) when compared to 2018-19 (93%). There is now a dedicated sundry debt resource in place and it is hoped to see this performance continue to improve. It is also intended to review the recovery processes as part of the new finance system implementation with the intention being to streamline the process if possible. Improved reporting is also hoped to be seen within this area to allow the any potential issues to be pinpointed linked to the recovery of any outstanding debts. We are in the early stages of mapping both the process and the reporting aspects out. There has been a circa £50k reduction on the provision as a whole including housing benefit.

**IEG4 Project** – There has been a delay in development of Website pending the IEG4 implementation resulting in a underspend of £18k on this project which is

being carried forward into 2020-21. This has been partly offset by some additional training costs incurred resulting in a net underspend of £12k for the year.

**Legal Services** – Income generated exceeded expectations due to use of consultancy support alongside savings generated from vacancies and a delay in the purchase of publications (£20k).

**Building Control** – salary savings have been achieved following the deletion of one post which has been transferred into the Building Control Partnership alongside the costs of the partnership being lower than expected (£20K).

**Income:** There has been some additional income generated in excess of budget predictions:

- **Cattle Market** - Previous assumption around reduction in income has not materialised as performance was better than expected. In the last quarter live stock sales exceeded the previous two years income, mainly attributable to a strong sale in sheep mainly due to 'market' conditions and improved sheep trading from Melton Mowbray (£23k).
- **Investment Income** - income from interest received was higher than anticipated as a result of greater returns achieved from Treasury Management activities (£55k).

#### **General Fund – Overspends**

**Income:** the council has seen a reduction of some key income streams:

- **Development Control** – Planning income has decreased this year with uncertainty throughout the year around the UK exiting the EU (£236k).
- **Car Parks** - income was down throughout the year and impact of COVID-19 added to this further with £12k alone lost in the final few weeks of March (total shortfall was £27k for year).

**Parkside** - Overspend on responsive repairs due to additional works required in year and utilities costs which are difficult to predict. Income targets for civic suite hire have not been met (£22k).

**Corporate Repairs and Maintenance** - Overspend due to additional repair works required in year covering areas such as Council Buildings, Car Parks, Melton Country Park and Leisure Centres (£27k).

#### Special Expenses (Melton Mowbray)

**Community Centres (£28k underspend)** - Professional Fees related to looking at development potential of Community Centres were not undertaken due to Covid-19. Also, additional income was received in year for all three centres used by Leicestershire County Council in 2019-20 whereas budget assumed closures.

**Repairs and Maintenance (£13k underspend)** - Works that we due to take place have been moved into 2020-21 due to vacant post and will be undertaken in once resources are in place

## Housing Revenue Account

The HRA year-end position when compared to the latest approved estimate shows a net reduction in spending of £497k. The majority of the underspend has been caused by an underspend on planned maintenance (£149k) due to a delay in some contract work whilst awaiting the outcome of some fire risk assessment works and a change in the calculation for provision of debts around former tenants which has reduced the provision (£49k). There has also been underspend on employee costs due to a number of vacant posts during the year (£57k) and additional income from higher interest on balances (£78k).

## Impact of the Current Economic Climate

The current economic climate continues to prove challenging for the Council in terms of financial management and is currently in a period of great uncertainty due to the ongoing funding review and even more pressing, the impact of COVID-19. The council is monitoring closely the financial impact of COVID-19 in terms of both additional expenditure being incurred and income shortfalls. To date the extra funding provided by Government is unlikely to meet the full impact of this and without further government support the Council is likely to have to call on reserves to balance the 2020-21 budget. Latest estimates indicate a potential unfunded financial impact of between £865k and 1,347k. This would utilise all of the Corporate Prioritise Reserve and also a sizeable portion of the working balance meaning the council would be left with little financial resilience for any future financial pressures and limited resources to fund any non-recurring expenditure that could not be met from within the revenue budget. Future losses are also likely to materialise in the future as a result of the difficulty in collecting business rates, council tax and any sundry debts. COVID-19 has also impacted on the uncertainty over the business rate retention scheme and outcome of the Fairer Funding Review which have both been pushed back. This will be a challenging target and requires a Council wide approach in order to achieve an ongoing financially sustainable Medium Term Financial Strategy.

## Basis of Preparation and Accounting Policies

Local authorities in the United Kingdom are required to prepare their Statement of Accounts (accounts) in accordance with 'proper practices', which is based on the Code of Practice of Local Authority Accounting (the Code).

The Council is following parameters sent out by External Audit in their Audit Planning Report where a materiality level is set to determine whether the financial statements are free from material error for which they define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Their evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. They have determined that overall materiality for the financial statements for Melton is



£547k based on 2% of gross revenue expenditure for 2018/19. They will communicate uncorrected audit misstatements greater than £27k to the Audit and Standards Committee.

### Long Term Borrowing – Public Works Loans Board (PWLB)

During the year, no loans were repaid and none raised leaving the outstanding loan debt at 31 March 2020 at £31.413m. The maturity profile of the outstanding loan debt at 31 March 2019 and 2020 is shown below:

<b>Balance</b>	<b>Analysis of Loans by maturity</b>	<b>Balance</b>
<b>31 March</b>		<b>31 March 2020</b>
<b>2019</b>		
<b>£'000</b>		<b>£'000</b>
0	Maturing in less than 1 year	0
0	Maturing in 1-5 years	0
4,098	Maturing in 5-10 years	4,098
27,315	Over 10 years	27,315
<b>31,413</b>		<b>31,413</b>

Accounting practice requires that local authorities disclose the fair value, i.e. (the settlement value), of their portfolio. The fair value at 31 March 2020 was £55.719m (£47.982m at 31 March 2019).

The figures have been calculated by reference to the 'premature repayment' set of rates in force on that day.

### Investments

During the year investments increased marginally and stood at £20.395m at 31 March 2020.

### Capital Expenditure

Capital expenditure amounted to £3.119m which resulted in an underspend on the programme of £0.713m. Some projects have been overspent on the HRA and therefore the total value carried forward into 2020-21 is £801k which is more than the underspend in total.

The major items of capital expenditure in 2019-20 were; Disabled Facilities Grants £0.163m, and various works to Council owned dwellings £2.849m

The programme was funded by the following sources:

	<b>£'000</b>
Capital receipts	315
Major repairs reserve	1,605
Development & Regeneration Reserve	913
Third party contributions	167
Use of reserves	119
	<b>3,199</b>

Other than the expenditure on capital projects set out above and income received from capital receipts in the sum of £1.186m the other material change to assets and liabilities follows the revaluation of a number of assets. In the year the revaluation reserve has decrease by £0.131m, which is primarily due the annual valuation exercise showing a decrease in asset values across the Council.

### Reserves

Overall revenue reserves and revenue account surpluses decreased by £0.831m and at 31 March 2020 totalled £15,170m. These are analysed below:

	<b>31 March 2019</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Special reserves	10,262	10,337
Other reserves	1,515	1,419
General Expenses working balance	640	640
Special Expenses working balance	53	53
Housing Revenue Account working balance	1,897	1,721

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**14,367**

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**14,170**

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### Pensions Liability

Since 2003-04 Local Authorities have had to account for retirement benefits when they are committed to give them, even if the actual payment will be many years into the future. As a result a total liability of £20.401m has been included in the balance sheet, thereby decreasing the net worth of the Council. This is a decrease on the liability of £22.258m at 31 March 2019. This is principally because financial assumptions at 31 March 2020 are less favourable than they were at 31 March 2019 due to both the Pension and Salary increase rates being higher coupled with Corporate Bond yields being lower.

## **11 Non-Financial Performance of the Council 2019/20**

### **11.1 Key Achievements**

Melton Borough Council has the full support and commitment of its public, private and voluntary sector partners and continues to build a strong spirit of partnership and sense of common purpose. It has a strong track record and is well placed to deliver at pace and provide value for money. This year's successes include:

- **Corporate Services:** Following a recent application for CIPFA Employer Accreditation, Melton has managed to maintain its status of 'Platinum Accredited Employer' for training and CPD. This is the highest level of award that can be given and is new accreditation valid for a three-year review cycle from May 2019 to April 2022. CIPFA (The Chartered Institute of Public Finance & Accountancy) is the public sector's recognised professional accountancy body of which Melton currently have three full members and two student members including one studying through the apprenticeship route. Platinum level accreditation entitles the Council to easier Member CPD submissions – all CIPFA Members within the organisation will be exempt from supplying working papers for CPD submission, saving valuable time, and receiving discounted rates on taught courses at the CIPFA Education and

Training Centre and preferential rates on CIPFA Business products and services.

- **Enforcement:** Melton Council increased capacity within teams to undertake additional environmental enforcement, so that it could more proactively tackle issues like litter, dog fouling and fly-tipping as it works to improve the quality and attractiveness of the environment in Melton. To help to achieve this priority additional resource was provided and an Environmental Enforcement Officer (EEO) was appointed in late 2018. The EEO continues to have success in achieving positive results.
  
- **Environment:** The Great British Spring Clean is an annual event that takes place across the country; bringing communities together who want to make a difference to their environment. The campaign aims to cut litter, end waste, improve public spaces, educate future generations and is the biggest mass-action environmental campaign in the country. The Chief Executive and Council staff assembled at The Cove on Sysonby Street in Melton Mowbray on a gloriously sunny but cold day in April 2019 and in just an hour-and-a-half had collected around 65kg of rubbish.
  
- **Sport, Physical Activity and Health:** Sport England published their latest Active Lives Adult report which provided an updated overview of sport and physical activity levels in the 12 months from May 2018 to May 2019, in which data is used in comparison to previous years. There were a couple of headline statistics for the Melton Borough:
  - Melton had the most active Adults in Leicestershire with 66.4% (England average is 63.2%) of adults meeting Chief Medical Officer (CMO) recommended physical activity guidelines (150+ minutes of physical activity a week). This was an increase of 4.6% of adults meeting CMO guidelines compared to the same time 12 months previously.
  - Melton had the lowest level of inactive Adults in Leicestershire with 20.8% (England average is 24.8%) of adults not undertaking at least 30 minutes of physical activity a week. This was an increase of 4.7% of adults moving from the inactive criteria to the fairly active/active criteria.The Council considered these really positive indicators showing how the Sport and Physical Activity Team and other service areas within Melton Borough Council are contributing to the Physical Activity and Health Strategy of 'inspiring more people, to be more active, more often.'
  
- **Residents' Survey:** The Council conducted its Residents' Survey during June and July 2019. Among the feedback were the following key messages:
  - 62% of residents said they were satisfied with the way the Council runs things

- 61% of residents said they trusted the Council
- 82% of residents were satisfied with waste and refuse collection
- 75% were satisfied with doorstep and recycling collection
- 80% were satisfied with their local area as a place to live
- 88% felt safe outside in their local area during the day
- 85% use the internet
- 68% of those visiting the Council's website were satisfied

The information from this survey in addition to obtaining a baseline on satisfaction with our current services, was also used as part of the development of a new Corporate Strategy 2020-2024.

- **Corporate Strategy**

As the Council's 2015-2020 Strategy came to a close, we sought to review and reflect upon the current and future challenges faced both by the organisation and the community. Alongside this, the District Council elections, held in May 2019, presented the ideal opportunity to refresh and refocus our key priorities for the next 4 years. This was the start of the process towards creating Melton Borough Council's Corporate Strategy 2020-2024.

We have worked to develop an ambitious new strategy which makes commitments to significantly invest in our housing services, environmental enforcement, improving customer services and delivering the homes, jobs and infrastructure the borough requires. However, at a time of significant financial pressures, the need to prioritise and redirect resources to different areas was clear. With this in mind, our new Strategy seeks to find a balance between affordability and ambition, and a balance between investing in core services and in new initiatives. We are keen to demonstrate our commitment to serving our community through the implementation of our key priorities, and setting about achieving them.

The new Strategy was not developed in isolation; rather, we gathered a range of views from Members, different groups, as well as from wider data and evidence. It directly responds to the issues we heard on the doorstep, during the election campaign, as well as those highlighted in our extensive 2019 residents' survey.

The outcome of the process of developing the new corporate strategy was:

- To reaffirm the Mission of the Council: Helping People, Shaping Places
- To reaffirm the values of the Council: We Care, We Innovate We Achieve
- To Introduce a new Vision:

‘We want to be a first-class Council: on the side of our communities and providing great services, where the customer is first. We want to help people reach their potential, support the most vulnerable and protect our environment. We want to provide more and better homes, create better jobs and regenerate the town. We want to ensure Melton prospers, benefitting those who live here and attracting others to visit and invest’

- To develop 6 new priority themes to realise this vision

#### Helping People

- Service Excellence in all we do
- Providing high quality Council homes and landlord services

#### Shaping Places

- Protect our climate and enhance our rural, natural environment
- Delivering sustainable and inclusive growth in Melton

#### Great Council

- Ensuring the right conditions to support delivery
  - Connected with and led by our community
- To develop Key Investment Proposals to support the vision
    - Unprecedented investment in landlord services & council homes
    - Support to Rural Pubs through a capital grants scheme
    - Investment in plans for a Food Enterprise Centre, Manufacturing Zones and a sustainable future for our Leisure Facilities
    - Investment in enforcement tackling the things that matter most
    - Investment in new destination children’s play facility
    - Investment in commercial property team so we can use our assets to build homes, create jobs and generate income.
    - Investment in our debt management as we become more business-like and ensure we recover money owed to us
    - Investment in technology, improved processes and a renewed focus on our customers for all our services
    - Commitment to regenerate and deliver new homes/ better jobs
    - Commitment to work with our communities and parishes
    - Commitment to use our resources flexibly, be more commercial and secure our financial future.
    - Improving gateway/ town centre planting, signage and street furniture to support aspirations to get gold in Melton in Bloom
    - Committing to maintain Armed Forces Covenant/ support veterans

- Enhancing our community grants budget to support communities to do more for themselves

After we had developed our draft Corporate Strategy , we sought the community's feedback regarding our proposed new strategic priorities, our key investment decisions and the actions we propose to support these key investment decisions.

The feedback received was as follows:

64% of respondents strongly or tended to agree with our 6 proposed priority themes; 13% strongly or tended to disagree.

74% of respondents strongly or tended to agree with our proposed key investment decisions; 12% strongly or tended to disagree.

The launch of the Corporate Strategy has been delayed due to the Coronavirus pandemic but the Strategy will be reviewed during 2020/21 and is subject to further changes being made to ensure the Council efficiently and effectively serves the Community.

- **Planning Policy:** The Planning Policy team has now managed to achieve 'Gold' across all of the measurements for its management of the Local Land Property Gazetteer (LLPG). This demonstrates the Council's commitment to ensuring all data created and managed here is accurate and up to date. All data held in the LLPG is reported nationally and monitored, this includes accuracy of information, data linking and frequency of updates alongside many other reporting measures. This is thanks to the hard work and dedication of the staff that maintains the database, and helped to get the underlying reports working through IT.

There is strong evidence that development has increased since the adoption of the Local Plan in 2018 with built-out rates experiencing a major step change and permissions granted for several thousand houses and other forms of development. Further evidence shows the allocations in the Local Plan are being fulfilled in one with, or indeed in advance of, the anticipated timetable. S106 obligations have secured vital and significant contributions to infrastructure with the MMDR, education and health service capacity of particular note. The infrastructure is not dependent upon this award and the Council will work with developers to secure the infrastructure as part of the progression of their developments. This is in addition to the £50m DFT funding received for the North-Eastern section of the Melton Mowbray Distributor Road (MMDR).

- **Disability Confident Leader status:** Melton Borough Council gained their Disability Confident Leader status, being:

- The first local authority in Leicestershire and Northamptonshire to achieve Leader status
- The 11th authority out of 285 local authorities nationally to become a Leader
- The 4th organisation to gain this accreditation within Leicestershire and Northamptonshire

The Disability Confident scheme has been live since November 2016. It supports the Government's commitment to help one million more disabled people into work within the next ten years. Melton Borough Council was previously committed to the Disability Symbol 'Two Ticks' scheme and were keen to move over to the Disability Confident Scheme in order to continue to attract, recruit, retain and promote disabled people within the workplace. There are 3 levels to progressing with the Disability Confident journey:

Level 1: Disability Confident Committed

Level 2: Disability Confident Employer

Level 3: Disability Confident Leader

In order to achieve Leader status the Council was required to complete a self-assessment which detailed its pledge to attract, recruit and retain people with physical and hidden disabilities. Within the self assessment the Council was assessed against two themes:

1. Getting the right people for your organisation
2. Keeping and developing your people.

The Council detailed the actions that were undertaken under each theme and submitted its evidence to an external validator. A meeting was arranged with an independent external assessor to challenge and validate the criteria and evidence provided within the Disability Confident Leader self-assessment document. Confirmation from the assessor was emailed over and the Council then submitted the outcome on the GOV.UK website. Following this DWP forwarded the official certificate confirming the status for the next 3 years.

- **Housing & Communities:** The Case Management Team continues to meet the accreditation requirements for the Matrix Standard after the second year continuous improvement check. Areas of excellence included:
  - Senior Customer Liaison Officers working towards their Level 2 IAG accreditation in line with Me and My Learning Mentors
  - Implementation of new Business Admin Support - doubling the room-based income from last years figures, increasing their social media presence and delivering targeted promotions and events (on and offline).

The Case Management team support people with complex needs living within Melton Mowbray, helping them become digitally, financially and socially independent. Melton Borough Council is the only District Council which



provides this kind of service. The High Sheriff praised the Case Management team and said “This visit has been fascinating, for me what is brilliant is that Melton has got something special here, something that is one of the best in the country. The aim is to look after the community and the people within it. If we don’t look after the most vulnerable people we can never build a better and stronger community. The fantastic thing shown here is we all benefit from making other peoples lives better. The staff here, at Phoenix House, has an outstanding commitment to the community and the individuals they deal with, and the inspiration they provide is absolutely brilliant, you just feel uplifted by coming to visit.” The High Sheriff was joined by the Mayor of Melton, Councillor Malise Graham, who also stated “I am always greatly impressed by the work that the partnership at Phoenix House do to help the community and individuals in Melton. Although as a councillor you view the Borough as a whole, the real satisfaction comes from helping the individual. Any one of us can fall on tough times and feel vulnerable for numerous reasons at any time, it is a credit to the highly dedicated, professional and non-judgemental way that the team at Phoenix House works, that they are able to help so many regain their confidence and get their lives back together again.” This was fantastic recognition and great praise for the Case Management team, who work extremely hard to support their customers with compassion and understanding while representing Melton Borough Council and its values and vision.

- **COVID-19 Community Support Hubs:** The Council appreciated the huge amount of work all departments were undertaking at the end of the financial year. The residents have also taken note and have expressed their gratitude for the effort that is being put in by the workforce: “I can’t thank you all enough. I tested positive in hospital for the Coronavirus when I was taken in and am thankfully now at home. My three children have it to, so we are all in separate rooms on lockdown and had very little food. My shopping list was passed onto you and two hours later we have food thanks to the Community Support Hub and help. Thank you so much MBC. I will be forever grateful. “

## **11.2 Performance Against Corporate Objectives**

Traditionally the Council’s performance has focused invariably on targets that are fed by inputs and outputs (i.e. percentage of customers dealt with in a certain amount of time). A key objective for the refreshed Corporate Plan (2018-2020) and the associated performance management framework is to focus on how the Council can work towards an outcome based performance system that builds up a picture of the collective performance of the organisation in terms of impact. The intention is to ensure information can be tracked in a way that allows us to tell the story of transformational change within the Borough and to ensure the Council

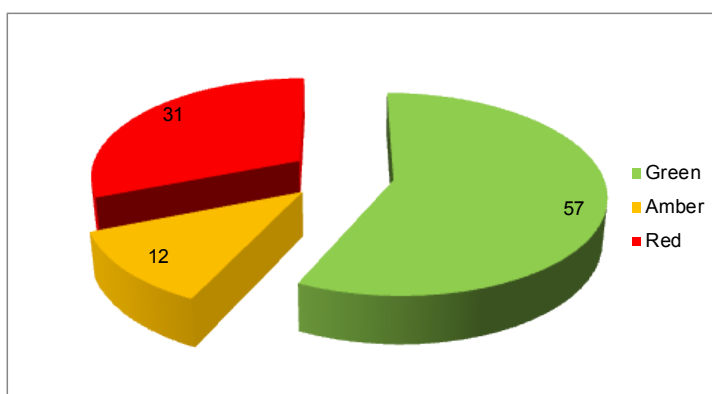
captures outcomes and (customer) experiences that have occurred as a consequence of the Council's work.

Performance against the delivery of Melton Borough Council's three corporate themes of Place, People and Organisation was monitored and reported quarterly through the year to the Senior Leadership Team. Year-end performance was reported to Cabinet in June 2020. The intention is that the full performance picture should be received by Members half-yearly for their detailed consideration.

A self-assessment overview of corporate performance for 2019/20 is presented below:

#### A. Corporate Measures set

Live measures	%	
Total	100	42
Green	57	24
Amber	12	5
Red	31	13



## 12 Governance and Risk

### 12.1 Annual Governance Statement

The Council undertakes an annual review of the sufficiency and effectiveness of its governance framework. At the end of each year annual assurance statements are issued to each Member of the Senior Leadership Team to provide assurances on the identification and assessment of risks, and that sound operational arrangements exist within their service. Following their return these are considered by Senior Leadership Team to identify which of the issues raised are appropriate to be included in the Annual Governance Statement (AGS). In addition the Council receives an annual report from the Head of Internal Audit providing details of the effectiveness of Internal Control with an annual opinion. This information is considered alongside the Council's Local Code of Corporate Governance which is consistent with the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework 2016. Following CIPFA

guidance the AGS has also included a second conclusion on the adequacy of governance arrangements during the period of the COVID-19 crisis. The conclusion from the review is that the Council continued to demonstrate that the governance arrangements and framework within which it operates are sound and effective, and are consistent with the local code of Corporate Governance which is consistent with the principles set out in the CIPFA/SOLACE Framework 2016. Progress against those items identified in the 2019/20 annual governance statement was reviewed. Consideration was given to any issues that needed to remain an area of focus during 2020/21 along with new areas of focus during 2020/21 identified and are set out in the action plan in the same document.

## **12.2 Risk Management**

The Council has a Strategic Risk Register which was formally reviewed and updated during the year with the Strategic Leadership Team. A formal annual review is also undertaken by the Audit and Standards Committee. A refresh of the Risk Management Strategy, Tool Kit and associated risk registers was undertaken and formally approved by the Audit and Standards Committee in September 2019. The risks contained in the updated Corporate Risk Register are:

- Failure to Secure financial stability in the medium term
- Future provision of ICT services following end of current outsourced contract
- Lack of people and skills to deliver (capacity and resilience)
- Failure to deliver inclusive growth
- Failure to deliver the Melton Mowbray Distributor Road
- Financial pressures undermining partnerships (integrated working)
- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
- Failure to govern the organisation effectively
- Following the end of the transition period, the adverse impact of no new agreement with the EU on the Council and local communities and businesses
- The council housing stock not being compliant with property health and safety standards
- Failure to have contractual provisions in place for goods, works and services procured by the Council
- Non-compliance to safety and regulatory standards, unplanned expenditure requirements and unexplored income potential of Council's assets
- Lack of data management within the organisation leaving the Council at risk of breaching data protection legislation.

- Impact of the Coronavirus on council services

All risks in the Strategic Risk Register are supported by an action plan which is regularly reviewed and updated.

At an operational level a risk register review has also been undertaken within each of the directorate areas to refresh and update the current service risks which will be regularly reviewed by directorates. Key projects are also supported by a risk log and reports to the Council's committees also have a section where the risks of proposals are considered as part of the decision making process.

## **13 Summary Position**

The year-end position for 2019/20 has shown that flexible budget management processes and the good working relationships and partnership between finance and budget holders has enabled increased costs to be offset by savings elsewhere in the main. This represents a tremendous achievement for the Council in such economically challenging times.

In 2019/20 the Council has faced a number of challenges and with the further significant changes ahead the Council will need to adapt and tackle these challenges head on. There are risks as highlighted above which will need to be managed through the Melton's robust risk management processes. Whilst the council ended the financial year in a stable position the impact of Covid-19 has provided great uncertainty particularly financial and this will need to continue to be closely monitored and managed if the Council future financial sustainability is to be secured.

## **14 Receipt of Further Information**

If you would like to receive further information about these accounts please do not hesitate to contact me at Melton Borough Council, Corporate Services, Parkside - Station Approach, Burton Street, Melton Mowbray, LE13 1GH.

## **15 Acknowledgements**

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, which have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

D K Garton CPFA

Section 151 Officer

Director for Corporate Services