

# Melton Borough Council

## Narrative Statement

Delivering an Enterprising and Sustainable Borough



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# 1. Preface Introduction to the 2016/17 Statement of Accounts by Councillor Joe Orson, Leader and Lead Member for Resources

I am very pleased to present Melton Borough Council's Statement of Accounts for 2016/17 in this my first 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 within which I will be leading the Council.

The Council has continued to receive cuts in funding from central government with more to come. The Council is set to incur an overall loss of grant of £0.933m between the financial years 2015/16 and 2019/20 representing a 42% reduction as part of the four year funding settlement. This is in addition to the previous reductions of £1.859m or 57% over the period 2010/11 to 2015/16. By 2019/20 the Council will no longer be set to receive any general central government funding. Consultation is currently on-going relating to changes to how business rates are distributed and this could also see further reductions in funding at a local level creating more uncertainty for the council.

This presents an extremely challenging financial position as I look forward to my time as leader. In order to meet these challenges I will be working with officers to deliver the Council's approved Efficiency Plan setting out a range of measures and options for closing the funding gap. The current Medium Term Financial Strategy shows if the Council delivers its plans effectively it will cover the funding gap and produce a projected surplus in future years. As central government funding declines raising more income will become a key priority for the Council if we are to protect cuts to those services the public value the most. As such the emphasis within the Efficiency Plan is to look to reduce costs and generate additional income as a priority over service reductions, although recognising that unfortunately, ultimately this may be necessary in some lower priority areas.

The Council's **Corporate Plan** sets out our priorities, goals and promises for 2015-2020. This was developed through engagement and consultation with the many partners and stakeholders we conduct our business in partnership with. The Corporate Plan is being refreshed during 2017/18 as part of its mid-way review, this is to ensure they reflect the ambitions and aspirations of our community based on good evidence. The Council has also developed a One Council Delivery and Development Plan which sets out our key areas of focus aligned to our corporate priorities. This plan has seen through 2016/17 the Cattle Market Phase 1 to completion, the next phase of the Waste Contract and Leisure Vision Procurement are moving forward, as required. The Council has embedded Me and My Learning into its core business and developed its approach to earlier and earlier intervention with the use of Senior Customer Advisors to act as customer advocates for those presenting with more complex needs.

From 2017/18 there will be a new statutory requirement to close the accounts a month earlier by 31<sup>st</sup> May each year. In preparation the finance team have continued the trial of this earlier closedown in respect of these accounts for 2016/17. The aim is to build on the successful audit of August 2016. The Council has received complimentary audit reports in previous years and has continued this when working with our auditors Ernst & Young LLP.

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 2016/17;
- 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 2017.

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 [and Lead Member for Resources]

## 2. Melton Today – A Portrait

Melton Borough is an attractive rural area covering 48,138ha in the north-east part of Leicestershire and at the heart of the East Midlands. The Borough has a total population of approximately 50,376 (Census 2011) which has risen from 47,866 (2001 Census). The main activities of the Borough are centred on the market town of Melton Mowbray. There are some 70 villages within the surrounding rural area. The population is split approximately 50/50 between Melton Mowbray and the rural villages.

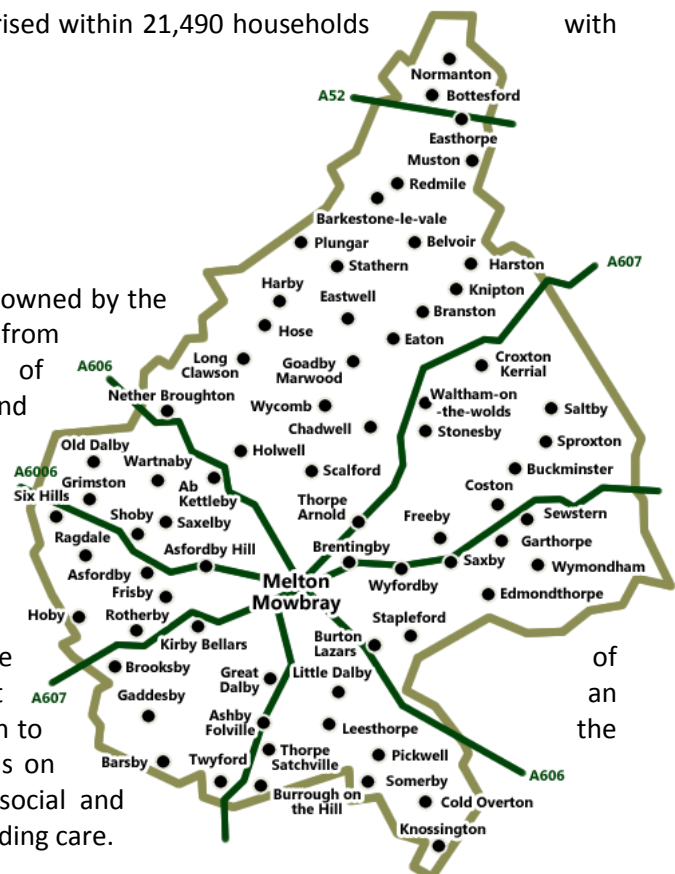
On a range of indicators, including health and poverty, rural areas within the Borough tend to perform better than the more densely populated urban parts including Melton Mowbray.

Throughout the last decade housing has been less affordable in predominantly rural villages than the town centre, although the gap narrowed slightly between 2007 and 2012 due to the recession and subdued housing market, however housing affordability including starter homes remains a key issue across the Borough.

In 2011 there was a population of 50,495 comprised within 21,490 households with dwellings comprising:

- 8,734 detached houses
- 7,743 semi-detached houses
- 3,341 terraced houses
- 3,092 flats and maisonettes.

8.5% of the housing stock within the Borough is owned by the Local Authority with only 2.6% available for rent from a Registered Provider (RP). The proportion of households, working age people, children and pensioners in relative and absolute poverty are well below the national median, however the numbers involved are still significant – with nearly 1,000 children living in poverty within the Borough. The provision of unpaid care is becoming increasingly common in Melton as the population ages, which can be seen in a high rate economically inactive individuals. This makes it an important social policy issue with its contribution to supply of care, but has far reaching implications on economic growth, employment opportunities, social and leisure activities, and health status of those providing care.



In 2015/16 the average gross weekly earnings of people who live and work within Melton are very low at £389 per week, compared to the county figure of £468 and national figure of £518 per week. These economic pressures including the general increase in cost of living are testing household and community resilience as well as contributing to the relatively small economic structure and GVA output of the Borough.

Melton Mowbray has traditionally been the main economic centre for the Borough providing larger employers and the main retail and service destination for local people and visitors. The jobs in Melton Mowbray are mostly provided by a few large manufacturers. Manufacturing in the Borough (mainly food and drink) is significantly higher than the national average at 24%. However, the GVA

contributions from the rural area cannot be underplayed and are expected to grow in the future, with an increasing number of start-ups and a growing trend towards home working.

Employment in Melton Borough has historically been provided through farming and food production, however over the last 50 years jobs in manufacturing and services have grown significantly as a proportion of overall jobs. By comparison knowledge intensive sectors in Leicestershire, 2014 to 2015, were 17.95% and 21.4% nationally. However, employment in knowledge-driven industries in Melton has improved by 6.54% between 2011 and 2012, whilst the sector declined nationally by - 0.05% during the same period. Employment in the knowledge-based economy is characterised by the increasing demand for more highly skilled workers. The knowledge intensive and high technology parts of the OECD economies tend to be the most dynamic in terms of output and employment growth.

Changes in technology are making educated and skilled labour more valuable, and unskilled labour less so. Government and sub-regional policies have placed more stress on upgrading human capital through promoting access to a range of skills, and especially the capacity to learn and the diffusion of technology; and providing enabling conditions for organisational change at the firm level to maximise the benefits of the technology for productivity.

Manufacturing employment in Melton Borough has largely been provided by significant companies such as Mars UK (pet food producer), Melton Foods, Samworth Brothers, Kettleby Foods, Long Clawson Dairy and Arla Foods. Whilst Melton's food and drink specialism provides bespoke opportunities and a degree of local resilience, there is a need to monitor closely how this sector will perform in the future.

The rural wards are home to the majority of Melton's proportionately significant self-employed population, with 1 in 5 people of working age registered as self-employed (25.6% of the total working age population in rural area) yet the rural area has relatively limited access to broadband services, with broadband speeds significantly lower than in urban areas.

Growth in a range of economic sectors is essential for the Borough's economic future. A more resilient and higher performing economy will need to provide a greater diversity of jobs in a broader range of industries. Melton has a high quality environment and there is significant opportunity to use this attribute to attract inward investment and more value added activities such as targeting highly qualified workers/employers to build a stronger knowledge economy across the Borough's urban and rural base. 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 Melton Borough economy.

The Economic Development Strategy (2015-2020) provides a framework for partners from all sectors – public, private, voluntary and community – to respond to the economic challenges facing Melton Borough.

In addition to the Economic Development Strategy, an Economic Growth Plan was formulated and approved by members in October 2013. The Economic Growth Plan highlighted direct local economic development activities and investment into the short-term and medium-term, whilst aligning with the Government's agenda for the Single Local Growth Fund and City Deal. This plan has now been overtaken by the Sub-regional Strategic Economic Plan (SEP). development of the SEP will continue into 2017/18 and our focus will be around our strong sectors of Food and Drink, Rural Economy and Tourism.

Ultimately Economic Growth will play an important role in influencing the medium to longer term financial position of the council through NNDR, the new homes bonus and council tax, which will help underpin the financial viability of the Council over the longer term.

## 2.1 Projections in Future Population Growth and Links to the Economy

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. As a net migration percentage and change profile Melton has been assessed according to the projected long term level of population change, measures of population churn and in-migration. New national insurance indicators have also been used as a proxy for overseas migration.

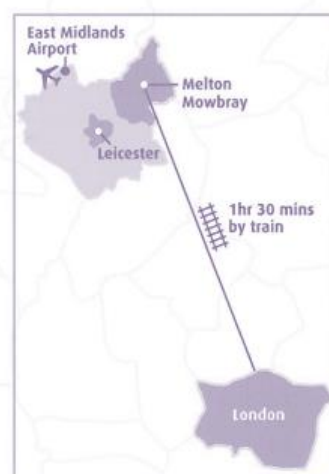
The proportion of the working age population who were overseas nationals registered for National Insurance in Melton was 0.43% in 2012, by comparison the Leicestershire figure was 1.18% and the East Midlands 1.02%. The proportion of residents who had moved into Melton from other parts of the UK was 4.15%, which was average by national standards and the proportion of residents who had moved out of Melton at the last Census was 4.05%, however the net level of migration in Melton in 2012 of 0.4% was relatively high by national and sub-regional standards (0.03%) indicating more people are moving into the Borough than are moving out. The most recent data indicates that this had slowed in more recent years to levels approx. 25% of the average experienced before 2014. People are migrating out of the Borough for higher education opportunities and employment. In general terms this is exacerbating the skills gap where a low skilled and low pay workforce, which is deepening inequalities within the Borough.

The most recent analysis of demographic change was carried out in January 2017 (the Leicester and Leicestershire Housing and Economic Development Needs Assessment) which showed continued expansion of the population and that it would continue to increase at an average rate of approx. 0.5% per annum up to 2036, resulting in 6,700 greater population and a need for 3,100 more houses over this period. This is a slightly lower rate of growth than regional and national forecasts for the same period.

## 2.2 Economic Growth Plan

Melton's Economic Growth Plan is built on sound evidence through a Place Profile, which assesses the overall economic, social and environmental conditions within the Borough. The profile sets an area within its wider context, comparing performance with neighbouring areas, as well as regional and national averages, and has identified a number of key findings when compared to the sub-regional and national figures, some of which include:

- Overall levels of productivity in Melton are average
- Self-employment rate is extremely high
- The knowledge-driver business score is very low
- The business and enterprise score in Melton is average
- Skills and qualification score is average
- Labour market score is very high
- Connectivity in Melton is very low
- Quality of life score is average
- Total stock of commercial and Industrial floor space is very low



As a result of this evidence, the Economic Growth Plan identified 6 key growth plan projects, all of which are detailed below:

What remain as a priority is the reliance on the low wage economy and while qualification figures for 2016/17 continue to show average against regional and national figures, the emerging SEP will feature strongly in this area as a priority.

### **Project 1: Melton Livestock Market**

The rationalisation and regeneration of a livestock market with regional and national significance. The renewal of existing buildings and the redevelopment of the town centre, Rural Capital of Food linkages and the southern part of the site. Phase 1 of the redevelopment project is on track and due to be completed in July 2017. The next stage of regeneration to the southern area of the Cattle Market site is currently being developed.

### **Project 2: Learning and Skills Centre (Me and My Learning)**

The Learning and Skills Centre will be a peer to peer support venue bringing together skills, training and advice in one place. With the right support and skills everybody can transform their life. Melton Borough Council and its partners are collaborating to work with those behind the unemployment statistics. Combining providers and local business we intend to support the unemployed to get the advice, training and the job they need to maximise their potential. There is also a desire to focus on up-skilling particularly around the lower skills levels.

### **Project 3: Town Centre Masterplan**

The Masterplan will provide a framework for the regeneration of the town centre. It has clear aspirations to retain and improve the primary retail function whilst attracting a variety of complementary uses that will contribute to the vitality and viability of the centre and reinforce the distinctiveness of its physical environment. It will also aim to develop the commercial and leisure offers so they benefit both the day and evening economy, as well as creating an accessible, safe and attractive environment. The plan for the development of the masterplan has been programmed for 2017/18 and will build on the recent commissioned Sub-regional Market Town Study.

### **Project 4: Food Enterprise Centre**

The Food Enterprise Centre will be established to act as a catalyst for change and provide a focus for growth for food and drink businesses, creating that essential link between business, technical facilities and services and enterprise support.

### **Project 5: Commercial and Industrial Floorspace Study**

Melton Borough Council's Economic Growth Area Delivery Statement (2012) identified that there is a need to further develop its commercial and industrial floor space offer to businesses. Whilst there are a number of existing sites, including Saxby Road Industrial Estate, Snowhill Industrial Estate, Old Dalby Business Park and Crown Business Park. Business feedback is clear that there is a requirement for more and modern premises. Melton Borough Council must also consider upgrading existing business premises to ensure that they are fit for purpose. These findings were reinforced by the Melton Economic Land Study (2015) which identified a need for 20 ha of employment land and 1 ha of office floor space to satisfy emerging, medium term demand up to 2016. Provision for this demand has been made within the emerging Melton Local Plan at the key locations identified by the employment sector, towards the west edge of Melton Mowbray and through the protection of exiting industrial land provision.



### **Project 6: Business, Enterprise and Innovation Project**

The Business, Enterprise and Innovation Project will increase the aspirations of young people and adults and actively encourage them to consider business, enterprise and innovation as a future career choice. The project will work closely with the Learning and Skills Centre by ensuring that individuals are not only work ready, but once in employment they are continually up-skilled so their skill set meets the needs of local employers.

The Economic Growth Plan was presented and approved by members at their meeting of 30th October 2013.

*In order to fully appreciate how Melton Borough's economy is structured and influenced, it is important to consider it against the context of the strategic priorities, policy frameworks and political structures which focus on not just the urban areas but also the rural hinterland and how these ultimately fit into the wider sub-regional economy.*

## **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 2016/17 the Leader of the Council was Councillor Pam Posnett (Conservative). The next Borough Election is to be held in May 2019. Two By Elections were held during the year. The Political Balance of the Council is 26 Conservatives, 1 Labour and 1 Independent Councillor. This Balance settles how seats on Committees are allocated.

Melton operates a Committee system and decision-making is mainly by four policy committees, two regulatory committees and a Governance Committee. The Council and policy Committees meet in five cycles a year.

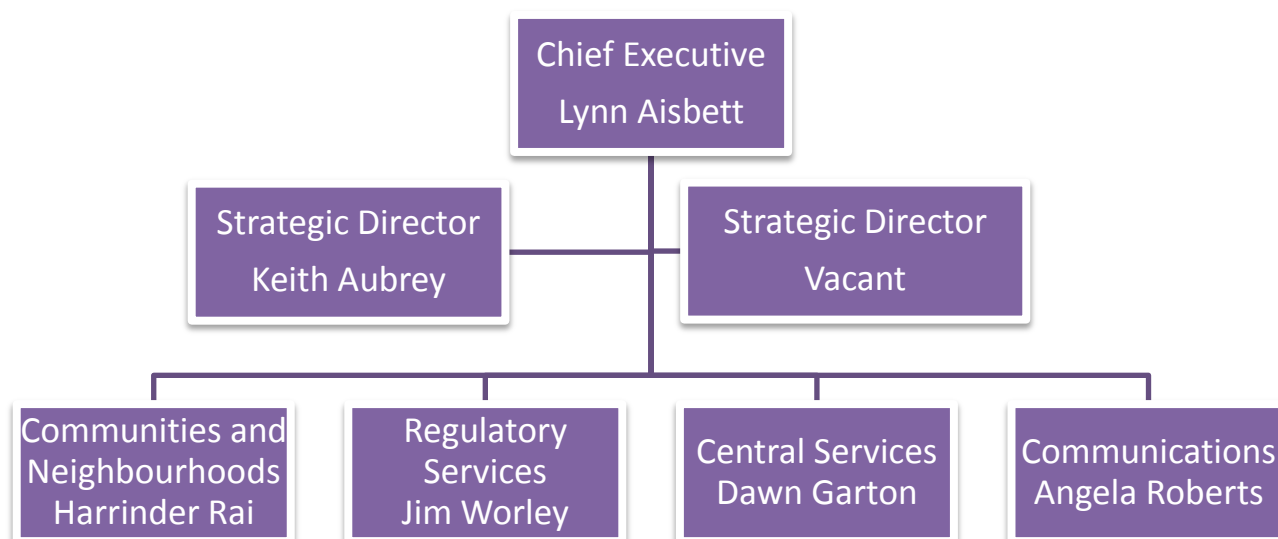
Membership of the Committees is determined each year at the Annual Meeting. At this meeting the leader of the Council was put into place for 2017/18, this will be Councillor Joe Orson. The Memberships for 2017/18 were approved at the Annual Meeting of the Council held in May.

## **2.4 Management Structure**

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

- Communities & Neighbourhoods
- Central Services
- Communications
- Regulatory Services

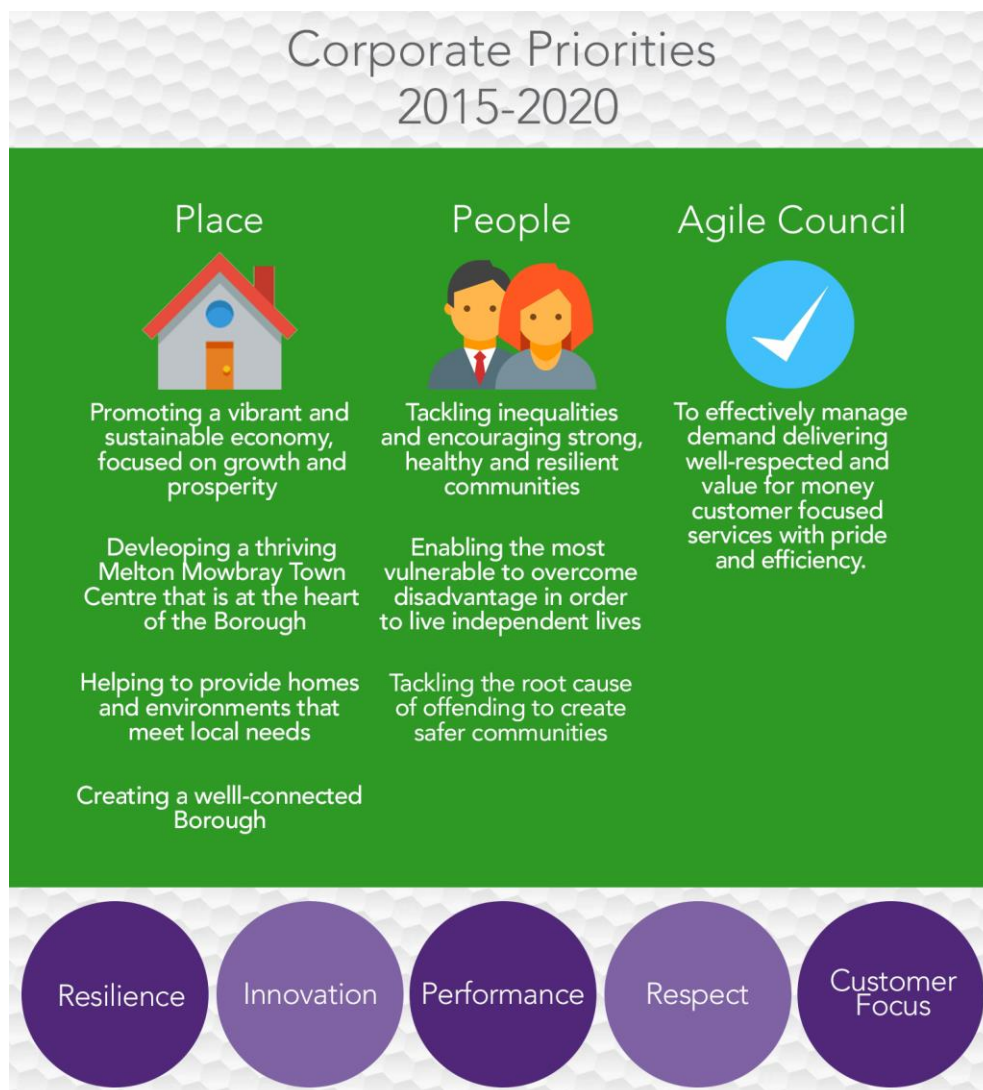
The Chief Executive has overall responsibility for these services supported by two Strategic Directors. On the 1 April 2016 we employed 201 staff (169 full time equivalents).



## 2.5 Melton Borough Council Corporate Plan – Goals and Priorities

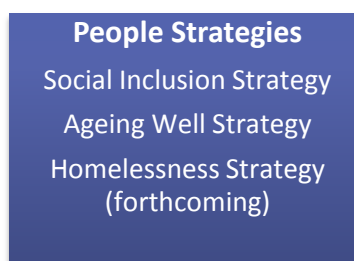
The vision and strategic priorities for the Borough provide a ‘golden thread’ that run through this narrative statement. The Council’s goal is to enhance the quality of life for everyone in the borough of Melton to achieve a sustainable, prosperous and vibrant community a place where enterprise can flourish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

The refreshed Corporate Plan (CP) 2015-2020 is where the Council sets out its strategic priorities for the next five years, providing a framework to enable a robust approach to business planning; ensuring that our vision, priorities and spending decisions are based on sound evidence, thorough analysis and understanding of community needs. The **One Council Corporate Delivery and Development Plan**, links together the very high level strategy with the day-to-day services and working practices of the Council.



These **eight Corporate priorities**, which are based around three core themes of: place, people and agile council, will help align the Council’s focus and resources so we can encourage sustainable communities and a stronger, resilient and prosperous place. The **Corporate Values** (resilience, innovation, performance, customer focus, respect), which along with the Council’s **ME2E (Melton Extending to Excellence) programme**, will guide our internal conduct whilst shaping the culture and defining the character of the Council over the next five years.

## 2.6 Policy Context



## 2.7 Melton Local Plan

The Melton Local Plan is currently being prepared and will work hand in hand with key council strategies including the Economic Development Strategy 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 Pre Submission Local Plan (Nov 2016) presented in “Growing Melton Borough – The Spatial Strategy” 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 to address these trends and to develop 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. Working with the local Highways Authority, central government funding has been awarded to develop a full business case for this road and detailed route planning has begun.

Growth in a range of economic sectors is essential for the Borough’s future. A more resilient and higher performing economy will need to provide a greater diversity of jobs in a broader range of industries. The Leicester and Leicestershire Enterprise Partnership (LLEP) have identified key priority sectors within Leicestershire:

- Food and Drink Manufacturing
- Distribution and Logistics
- Creative and Knowledge-Based Services
- Leisure and Tourism
- Financial and Businesses Services
- Environmental Technologies
- Aerospace and Space Technology

Melton Borough has many clear strengths in terms of some of the sectors detailed above, particularly those centred on food and drink manufacturing, leisure and tourism and distribution and logistics. The Council will continue to explore opportunities to attract and increase knowledge based sectors to the Borough, particularly financial, business services and creative businesses. Working with our partners, the Local Plan and adopted Economic Development Strategy (2015-2020) will ensure that our Strategic Priorities and those priorities identified by the LLEP remain aligned.

## 2.8 Melton Community Partnership Sustainable Community Strategy

The Melton Community Partnership brings together proactive and engaged public, private, voluntary and community organisations that work or are based in the Borough. The MCP alongside Local Area Co-ordination, remains an important structure in delivering key social and communities based programme, and is supported by all members of MCP who share the common vision which is set out in the Melton Borough Sustainable Community Strategy:

- **Improve the local economy and infrastructure**
- **Re-vitalise Melton Mowbray Town Centre**
- **Improve learning opportunities to help individuals achieve their potential**
- **Making existing structures and projects more accessible**
- **Reduce traffic congestion in Melton Mowbray**

- **Focus our work in the priority neighbourhoods**
- **Create a safer and stronger community**
- **Enable and support the provision of affordable housing**
- **Improve the health and well-being of local people**

## 2.9 Devolution and Partnership Working

A proposal to develop a Combined Authority for Leicester and Leicestershire was submitted to the Government on 21 December 2015, following approval by the City, County and District Councils and endorsement by the LLEP Board. The Partners are awaiting advice from Government on the anticipated date for the order to establish the Combined Authority.

The Combined Authority comprises the County and City Councils the District councils together with representation from the LLEP. Our proposal focuses on the areas of long term economic investment/development through closer working in relation to the following key areas:

- **Planning:** councils to work together to agree a clearer, long-term framework to meet future housing and employment needs for the whole area and identify future growth locations
- **Transport:** focusing on long-term investment in road, rail and other public transport infrastructure
- **Skills:** driving and delivering skills and training, to give local people the chance to get better qualifications and employment

The draft Constitution and Operating Agreement have been agreed by the Partners.

### **Devolution Deal**

Closer working through the Combined Authority is an important step to getting more powers from Government and ensuring local decisions are made locally.

Work has been carried out to develop an ambitious Devolution Deal for Leicester and Leicestershire, setting out the ambition for the area, consider those areas where increased collaboration is critical to improving service delivery and delivering priority outcomes, and identify which of these would benefit from devolved powers/funding from Government.

A key aspect of the Devolution Deal will be to demonstrate cross-border collaboration with neighbouring LEPs and Combined Authorities, building on many significant collaborative initiatives over the last few years.

### 3 Key Factors that have influenced the financial position of the Council in 2016/17

The key factors that have influenced the Council and the services that it provided in the financial year 2016/17 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.

A number of bills and legislative acts are making their way through Parliament, which may impact the Council's Finances and have influenced plans for 2016/17 onwards, for example the Enterprise Bill, Local Jobs and Growth Bill – Business Rates transfer/responsibilities/Impact of Appeals, the Housing and Planning Bill and the Energy Bill.

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

FORCE	FACTOR
<b>Political</b>	<ul style="list-style-type: none"> <li>• Devolution (Cities and Local Government Devolution Act 2016) with the focus on bringing together both decision making and control of resources closer to the people of Leicester and Leicestershire.</li> <li>• The General Election in May 2015 focused on reducing the national deficit which continued in the following summer budget of July 2015 targeting a further £20 million reduction in public sector spending by 2020. With another General Election being held in June 2017 there are further political and funding impacts likely to come.</li> <li>• Local Government Finance and the Spending Review by the Chancellor in autumn 2015 announced the end of Revenue Support Grant as well as additional changes to business rate retention, Council Tax levy, integration of Health and Social Care and end of LA role in running schools.</li> <li>• Welfare Reform Act with further reductions announced by the Chancellor in July 2015 to reduce spending by £12million, although there have been subsequent changes put forward since the Summer Budget.</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>• Following the business rates revaluation which came into effect from 1 April 2017, there has been a number of changes to support for businesses</li> <li>• Businesses with a rateable value of £12,000 or less may be entitled to 100% relief. Businesses with a rateable value between £12,000 and £15,000 the relief is variable depending on the rateable value.</li> <li>• Businesses who occupy a property with a rateable value of less than £50,999 will have their rate bill calculated on the lower small business rates multiplier. Supporting Small Businesses is a new scheme made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief, following the revaluation</li> <li>• Discretionary Relief scheme is a new scheme to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation.</li> <li>• A new relief scheme for public houses with a rateable value of below £100,000 is to be introduced during 2017/18</li> </ul>

	<ul style="list-style-type: none"> <li>• The National Living Wage increased to £7.20 per hour in April 2016 for over 25s only, it is uncertain how its introduction will impact small local businesses and low paid sectors locally such as retail, hospitality and social care. The Council currently pays the Living Wage Foundation rate but will be moving to the National Living Wage from 1 April 2017. The Council's MTFS contains provision for these costs.</li> <li>• Nationally growth rates are below target; local business confidence levels appear higher year on year post recession with the economy performing reasonably well against Planning Policy Guide (PPG) indicators (e.g. comparatively low vacant unit rates etc – however performance is rated sub-optimal overall).</li> <li>• National inflation rate and general increase in cost of living meant that the number of people in relative poverty or in financial hardship rose locally in 2015/16.</li> <li>• Availability and interest rates of bank loans is still inhibiting growth locally.</li> <li>• Comparative exchange rates are negatively impacting certain priority sectors locally including manufacturing and food export markets, which is slowing growth and expansion in certain instances.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• The Childcare Act 2016- received royal assent in March 2016 and includes free childcare for young children of working parents and the publication of information about childcare and related matters by local authorities in England.</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>• With the continued focus on Transformation and 'Digital First', the dynamics of technology innovation is becoming increasingly more important in promoting channel shift and demand management to drive local government efficiencies. This is set against a limited availability of technological resources within the Borough (eg. slow roll out of Broadband and poor bandwidth).</li> <li>• 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.</li> <li>• Through the IT 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.</li> </ul>
<b>Legal</b>	<ul style="list-style-type: none"> <li>• Key changes in employment law that reflect on power and style of challenge, competition, standards, etc.</li> <li>• The tendency of companies and individuals towards litigation.</li> <li>• Local Audit and Accountability Act 2014 – including measures to abolish the Audit Commission and replace with a new Local Audit Framework.</li> </ul>



	<ul style="list-style-type: none"> <li>• Extension to Council Tax Referendum provisions, allowing local Council Taxpayers to veto rises in Council Tax caused by levying bodies such as Waste Disposal Authorities.</li> <li>• Cities and Local Government Devolution Act 2016 – received Royal Assent in January 2016 and support the transfer of powers over housing, transport, planning and policing to be devolved to England’s cities and regions as part of the Government’s plans for a balanced economic recovery.</li> <li>• Accounts and Audit Regulations 2015 – which has changed the timeline for production and approval of Local Authority Statement of Accounts.</li> <li>• The Neighbourhood Planning Act – which introduces a clause allowing County Councils to intervene where a district fails to produce a local plan.</li> <li>• The Homelessness Reduction Act – which gives councils new responsibilities for preventing homelessness.</li> <li>• The government have reviewed the performance measures around planning decisions in pursuit of continuous improvement and have proposed to increase the ‘performance standards’ by 2018</li> </ul>
<p><b>Environmental</b></p>	<ul style="list-style-type: none"> <li>• The Council is actively engaged in carbon reduction initiatives where possible on social housing, transport initiatives including Wheels 2 Work and Environmental Management and Waste schemes. The Carbon Reduction Commitment (CRC) and its replacement of a new universal Climate Change Levy on business may result in a potential tax of the Council’s energy costs which could be offset by an annual saving on CRC allowance.</li> <li>• Local Plan and sustainable development, planning and delivering the level of growth required and co-ordinating infrastructure requirements to support it.</li> </ul>

## **4 The 2016/17 Revenue Budget Process**

The Management Team scrutinised all budget submissions prior to submission for member scrutiny. The Budget and Strategic Planning Working Group (BSPWG) met on 11th November 2015 to consider the draft estimates and to provide guidance on a number of areas for both General and Special Expenses. The Town Area Committee met on 16th November 2015 to also consider special expense (Melton Mowbray) budgets. Amendments were made to individual draft service budgets following these meetings.

The emphasis of these meetings was to achieve a balanced budget for 2016/17 as this was a key principle agreed by the council’s Policy Finance and Administration (PFA) Committee at its meeting on the 30<sup>th</sup> September as part of the Budget Framework. As well as this these meetings were also held to scrutinise 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 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 amendments to the proposed budgets both during and following the BSPWG and Management Team meetings, the latest position on the General Fund was presented to members at a meeting of the PFA Committee on 1 December 2015 as part of the Revenue Estimates and Medium Term Financial Plan report for 2016/17. This highlighted a budget surplus at that time on general expenses which reflected the previous positive approach the council had taken with the decisions made as part of the 2015-16 budget setting process in response to the challenging economic environment the council is operating within and the significant cuts being applied to grants from central government. There were a number of growth proposals, which would reduce the budget surplus if approved alongside the concern of future funding reductions so the Head of Central Services continued to work with Management Team to review the budget estimates in order to identify further savings or potential budget reductions which could contribute to meeting the future financial challenges the Council faces. The final list of prioritised budget growth and reductions were presented to members for consideration at the Strategic Planning Away Day in January 2016.

The Strategic Planning 'Away Day' was held on 13 January 2016 to which all Councillors and Heads of Service 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 Strategic Planning Away Day and it was agreed at this meeting that the proposals be put to the Policy Finance and Administration Committee at their meeting on 26<sup>th</sup> January 2016 for them to consider and make recommendations to Full Council. At the meeting of Full Council held on 10 February 2016 the 2016/17 budget was formally approved which after taking into account the proposed savings and growth proposals resulted in a balanced budget for 2016/17.

The HRA rent setting and budget proposals for 2016/17 which are underpinned by the 30 year business plan were presented to the Community and Social Affairs committee as their meeting held on 27 January 2016.

## **5 Council Tax**

At the meeting of the BSPWG on 11 November 2015 members of the working group supported the budget assumption of applying 1.9% increase across all funds. This principle was further discussed at the PFA meetings held in December 2015 and January 2016 alongside the Strategic Planning away day. The final proposal for General Expenses to be set at 1.9%, Sproxtton and Frisby Special Expenses to be set at a level required to balance the budget over the next two financial years, Special Expenses Melton Mowbray at 0.9% in order to bring the overall level to 1.9% were formally approved by Full Council at their meeting on 24 February 2016. 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 2015/16 and 2016/17 is shown below:

	<b>2015/16</b>	<b>2016/17</b>	<b>Increase</b>
	<b>£</b>	<b>£</b>	<b>%</b>
Melton Borough Council (average for whole area excluding Parish Councils)	181.04	186.04	2.76
Leicestershire County Council	1,084.15	1,127.40	3.99
Police & Crime Commissioner for Leicestershire	180.00	183.58	1.99
Leicestershire Combined Fire Authority	60.43	61.62	1.97
Parish Councils (average for whole area)	56.06	57.92	3.33
Average for whole area (including precepts)	1,535.09	1,589.08	3.52

### **5.1 Council Tax Base**

The revision to the 2016/17 Tax base, resulting in an increase of 120 to the number of Band D equivalents (as shown in the table below), produced a increase in Council tax of £93k when taking into account the council tax increase of 1.9%.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Number of Band D Equivalent dwellings	17,708	17,990	18,110

### **5.2 Collection Fund**

The payments out of the Collection Fund for the in-year Council Tax (excluding prior year surpluses/deficits) from 2014/15 to 2016/17 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.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Leicestershire County Council	18,823	19,416	20,282
Police & Crime Commissioner for Leicestershire	3,125	3,224	3,303
Leicestershire Combined Fire Authority	1,049	1,082	1,109

## 6 Medium Term Financial Strategy for 2016/17

The key issues for the Medium Term Financial Strategy (MTFS) for 2016/17 were set out in the budget framework approved by the PFA committee in September 2015. The key issues were:

- The reduction of the target working balance for General Expenses, from £820k to £640k, the retention of the £50k target working balance for Special Expenses Melton Mowbray and £750k for the HRA.
- The Council retained its objective of setting a balanced budget in 2016/17.
- No inflation was provided for in the 2016/17 budget other than fees and charges which has been provided for at the rate of 2%, unless adjusted for known prices by budget holders and 1% for pay.
- The Programme Board determine the relative priority of schemes for members to consider and allocate funding based on the information set out in the project mandates.

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 Management Team and the BSPWG. Some of the key assumptions that were made in preparing these forward projections are as follows:

- Any surplus on the General Expenses revenue budget is transferred to the Corporate Priorities Reserve and Special Expenses Melton Mowbray is transferred to the Special Expenses Reserve to provide resources to meet future financial challenges and one off costs. Where there is a budget deficit from 2017/18 onwards this has been left as a balance in order to demonstrate the funding gap;
- That an increase in council tax of 1.9% will be set in 2017/18 to 2019/20;
- Additional savings/income could arise from the review of public conveniences, increases in income in some services from both demand and price rises, savings from a new waste contract, additional income from the expansion of the wheels to work scheme, development of a business app and additional income from the cattle market due to the redevelopment;
- Additional costs could arise from changes to NI and pension arrangements, the impact of the apprentice levy and the living wage, general pay and price rises, withdrawal of partner funding in some areas including dry recycling credits, the impact of individual electoral registration, loss of income from known changes to the occupation of council properties offset by assumed new tenancies and one off costs to be funded from Corporate Priorities Reserve e.g. elections, housing survey;
- The full extent of any financial impact arising from Welfare Reform including the introduction of Universal Credit has not been allowed for due to insufficient information;
- Revenue Support Grant will continue to reduce significantly and then discontinue entirely in 2019/20 in line with the four year provisional settlement with business rates being reduced in 2019/20 to continue the Government's austerity programme. This will be offset slightly by the rising Rural Services Delivery Grant;
- NHB projections have been based on the consultation document that was live at that time. Assumptions were made relating to the move from 6 to 4 years rewards and how that might be phased in, assumptions relating to houses built on appeal, the timing of the submission of the local plan and the introduction of a deadweight allowance above which growth must be achieved before a reward is paid

## 7 Projected Level of Balances

One important issue that that was relevant to both the MTFs and also the 2016/17 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 2016/17 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 Councils reserve strategy.

At the meeting of Full Council on the 10 February 2015 the total reserves as at 31 March 2015 were £18.124m and were expected to decrease to £3.168m as at 31 March 2017 as result of financing the capital programme in the main. The statement of account revises the level of balances at the end of 2016/17 to £20.314m mainly as a result of slippage on the capital programme and revenue 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 Management Team and reported to Full Council as part of the annual budget report.

During the financial year revenue and capital budget monitoring information is reported to each committee for their relevant portfolios with the PFA committee having an overview for the General Fund and the Community and Social Affairs committee monitoring the HRA. The Town Area Committee monitors the Special Expenses – Melton Mowbray budgets. Management team receive monthly finance reports on the revenue position and Programme Board undertake regular monitoring of the Capital Programme.

In addition, treasury management performance is reported to the BSPWG and then Full 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 Programme Board who have operational oversight of the capital programme take a proactive approach in ensuring a realistic and affordable programme is developed that meets the Council's priorities and objectives as set out within the various strategies contained in the Corporate Policy Framework. The Capital Programme report was approved at the Council meeting on 10 February 2016 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 Strategic Planning Away Day on 13 January 2016 considered and made recommendations on the projects for both General and Special Expenses to be funded in the capital programme for 2016/17 in addition to those which have already had funding approved. The impact of these recommendations were incorporated into the revenue budget and prudential indicators as part of the Treasury Management Strategy presented to Full Council.

A provisional 2016/17 capital programme in respect of the HRA was approved by the Community & Social Affairs (CSA) Committee at a meeting held on 18 November 2015.

In total the capital programme in 2016/17 was £8.537m including £3.915m 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 2016/17 progressed, the initial plans were revised to incorporate expenditure profiling from the previous year, approvals and scheme updates as information became available.

## 10 Revenue Outturn Position 2016-17

### General Fund Services

General Expenses – the net revenue expenditure of the Council for 2016-17 prior to council tax and grant funding was originally estimated at £5.659m, which was subsequently updated to an estimated year end position of £6.508m. The actual net expenditure for the year was £6.038m, a saving over the original estimate of £379k. After taking into account the change to the Business Rate Retention (BRR) Scheme Levy amount the surplus for the year is £431k compared to an original £52k deficit. This results in an increase to reserves of £431k when compared to the original estimate.

Special Expenses (Melton Mowbray, Sproxton and Frisby combined) – the net revenue expenditure for 2016-17 in respect of all special expenses was originally estimated at £517k, which was subsequently updated to an estimated year end position of £504k. The actual net expenditure for the year was £508k, which was an overall deficit of £9k when compared to the original budget. This results in £28k being allocated to the special expense reserve when compared to the original surplus estimate of £19k.

Housing Revenue Account (HRA) – The original estimate for the HRA was a deficit of £248k. The actual year end position was a deficit of £273k, resulting in an overspend of £25k.

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

	2016-17 Original Estimate	2016-17 Actual	2016-17 Variances
	£'000	£'000	£'000
<b><u>General Expenses</u></b>			
Cost of Service Provision	6,314	7,387	1,073
Other Items	-655	-1,349	-6,94
Council Tax, BRR & Grant Income	-5,681	-5,607	74
Deficit /Surplus(-) for Year	-22	431	453
Transfer from (-)/ to Reserves	22	-431	-453
Net Surplus(-)/Deficit	0	0	0
<b><u>Special Expenses (All)</u></b>			
Cost of Service Provision	639	656	17
Other Items	-122	-148	-26
Council Tax & Grant Income	-536	-536	0
Deficit/Surplus(-) for Year	-19	-28	-9
Transfer to General Reserve	19	28	9
Net Surplus(-)/Deficit	0	0	0
<b><u>Housing Revenue Account (HRA)</u></b>			
Expenditure	8,267	8,378	111
Income	-8,019	-8,105	-86
Deficit/Surplus(-) for year	248	273	25

The reduced spend on general expenses of £379k over the original estimate was mainly due to:

- **Project Work** - It should be noted there was an underspend against the Commercialism budget which mainly relates to the pilot project which cover 2 financial years and will continue into 2017/18. The majority of the underspend forms part of a carry forward request (£77k). In addition to this the funds provided to support the Cattle Market redevelopment will be carried forward into 2017/18 as the projects moves into the final phase of the programme (£47k).
- **Benefits** – There has been an underspend on both rent rebates and rent allowances of circa £94k due to the increase in subsidy payments resulting from the lower instances of claimant and local authority errors through improved processes. There has also been an increase in the overpayment recovery as a result of focused work in that area.
- **Information Technology** – There have been a number of saving initiatives achieved within

this service including a change in moving from laptops to thin clients and the move to different functionality for signing into the Councils network (£31k).

- **Reduced costs** – In general there have been a number of savings across services such as a refund in Internal Audit fees following the change to a delegated service (£19k), professional fees and additional income generated around Legal Services (£15k). There was also a saving generated within the Environmental Maintenance Service alongside increased contributions from the BID for work delivered on their behalf (£33k).
- **Staffing** – due to vacancies across the Council during the year a number of services have seen an underspend including; Central Services (£18k), Environmental Health (£16k), Economic Development (£29k), Communications (£35k) and Licensing (£13k). Some of these have been requested to be carried forward.
- **Income** – the council has seen an increase in a some key income streams such as:
  - Development control with higher than anticipated number of major applications being received in year (£130k)
  - Rents and service charges at Parkside due to Leicestershire Partnership Trust staying longer than anticipated within the offices (£22k)
  - Investment income from interest received was higher than anticipated as a result of greater returns achieved from Treasury Management activities (£24k).
- **Transformation** – Out of the £125k target set for 2016/17 only £23k was achieved through the savings in customer services following the revenues and benefits transformation work. Therefore, this has resulted in an shortfall on the budget during 2016/17 (£102k). In 2017/18 further savings have been identified and the current unallocated balance stands at £65k.
- **Additional costs** – along with the reduced costs, savings and additional income generated, these have been partly offset by some additional costs elsewhere. These include staffing costs and loss of contributions for supporting people (£35k), Reduced income from Land Charges due to a national legal challenge and increased use of FOI requests (£14k), additional VAT payments (£30k), additional repairs and maintenance alongside reduced income for the Wheels to Work scheme (£15k). There have also been overspends on Regulatory Services due to additional staffing requirements to support planning and local plan administration (£16k)

In addition to the above there are a number of other service underspends where approval has been given to carry forward the budget into 2017-18.

The HRA year-end position when compared to the estimated year end budget shows a net reduction in spending of £195k. The majority of the underspend has been caused a reduction in the level of recharges to the HRA as a result of the general underspend across the council including salaries. There has also been additional income achieved from higher interest on balances and higher number of Right to Buy Sales. Alongside these there have been underspends across supplies and services on areas such as court fees, ICT support and better insurance claims management.

### Impact of the Current Economic Climate

The current economic climate continues to prove challenging for the Council in terms of financial management and is set to worsen with the future planned cuts in Government grant funding coupled with the uncertainty over the 100% Business rate Retention Scheme. The Council has developed an efficiency plan to help meet the future budget pressures with the aim of these savings and income generation initiatives to mitigate the loss in grant funding. This will be a challenging target and requires a One Council approach in order to achieve.



New 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).

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 2016 at £31.413m. The maturity profile of the outstanding loan debt at 31 March 2016 is shown below:

<b>Balance</b>	<b>Analysis of Loans by maturity</b>	<b>Balance</b>
<b>31 March 2016</b>		<b>31 March 2017</b>
<b>£'000</b>		<b>£'000</b>
0	Maturing in less than 1 year	0
0	Maturing in 1-5 years	0
2,098	Maturing in 5-10 years	4,098
29,315	Over 10 years	27,315
<hr/> <b>31,413</b> <hr/>		<hr/> <b>31,413</b> <hr/>

Accounting practice requires that local authorities disclose the fair value, i.e. (the settlement value), of their portfolio. The fair value at 31 March 2017 was £47.632m (£42.829m at 31 March 2016).

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 by £2.850m and stood at £20.500m at 31 March 2017. The fair value at that date was £20.589m.

Capital Expenditure

Capital expenditure amounted to £6.755m which resulted in an underspend on the programme of £2.793m. Of this underspend, £2.686m has been carried forward into 2017-18.

The major items of capital expenditure in 2016-17 were; Cattle Market £4.461m, Disabled Facilities Grants £144k, Leisure Vision project £120k and various works to Council owned dwellings £1.746m

The programme was funded by the following sources:

	<b>£'000</b>
Capital receipts	1,438
Major repairs reserve	1,644
Development & Regeneration Reserve	91
Third party contributions	3,446
Direct Revenue Financing	60
Use of reserves	76
	<hr/> <b>6,755</b> <hr/>

Other than the expenditure on capital projects set out above and income received from capital receipts in the sum of £956k the other material change to assets and liabilities follows the revaluation of a number of assets. In the year the revaluation reserve has increased by £20.445m due to the increase in the Social Housing factor.

#### Reserves

Overall revenue reserves and revenue account surpluses increased by £1.001m and at 31 March 2017 totalled £13.809m. These are analysed below:

	<b>31 March 2016</b>	<b>31 March 2017</b>
	<b>£'000</b>	<b>£'000</b>
Special reserves	7,920	9,687
Other reserves	2,744	2,249
General Expenses working balance	640	640
Special Expenses working balance	44	47
Housing Revenue Account working balance	1,460	1,186
	<hr/> <b>12,808</b> <hr/>	<hr/> <b>13,809</b> <hr/>

### 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 £18.144m has been included in the balance sheet, thereby reducing the net worth of the Council. This is a significant increase on the liability of £15.635m at 31 March 2016. This is principally because financial assumptions at 31 March 2016 are less favourable than they were at 31 March 2015. The balance sheet position for Melton has worsened over 2016/17 as a result of an decrease in the net discount rate over this period, along with increases in inflation, salary costs and pension payments which has had a negative impact. The projected 2017/18 charge to Profit & Loss is likely to be higher than the 2016/17 charge as the assumptions are predicted to continue having a negative impact, leading to a higher current service cost the 2017/18 net interest cost is likely to be more than the 2016/17 net interest cost due to the likely increased deficit at 31 March 2017.

## **11 Non-financial Performance of the Council 2016/17**

### **11.1 Key Achievements**

Melton Borough Council has the full support and commitment from its public, private and voluntary sector partners and has built 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. Significant successes have already been achieved, and include:

- Securing £3.5 million of Local Growth Funding to safeguard and develop the future of Melton Mowbray Livestock Market .This investment will replace existing provision to safeguard the Livestock Market, providing modern facilities to allow its continued operation over the next 20 years: 4,295 m2 of new accommodation will be created and a total phase 1 site of 33,980 m2 secured.
- Facilitating investment through the Growing Places Fund to unlock the development of a key employment site at Old Dalby Enterprise Village that will deliver significant jobs growth within the Borough.
- Melton Borough Council was selected as a national leader for one of the Government's flagship initiatives for economic growth and the borough is one of only 17 pilots across the country to become a Food Enterprise Zone. This has been developed and is now being promoted alongside other support initiatives formulated by the Council and partners at LCC and the LLEP.
- Melton Country Park is an area of open space 137 acres (55.5 hectares) in size, 10 minutes' walk from the centre of Melton Mowbray. The park been awarded the Green Flag award for the past 3 years, and has been named "One of the best parks in the UK". It was also successful in becoming a QE11 Diamond Jubilee 'Fields in Trust', this ensures the park will be protected as a park forever.

- The achievements of Melton Borough Council’s innovative Me and My Learning programme were recognised by the prestigious iESE Public Sector Excellence national awards event. The Me and My Learning programme was successful in two categories, achieving a Silver Award in the Innovation category and a Bronze award in the Transforming Services category. Me and My Learning, based at Phoenix House, brings together a wide range of partner organisations under a single delivery “umbrella” to help people to live more independently and has been successful in moving over 100 people into work since starting in 2014.
- The Wheels 2 Work in Leicestershire and Rutland has been a successful programme run and managed by Melton Borough Council since its start in 2006, the scheme started off with just 8 mopeds covering the Melton and Rutland area, over the course of the last few years the scheme has grown to become one of the largest in the country with a fleet of over 170 vehicles ranging from electric bicycles to 125cc scooters. The scheme now covers the whole of Leicestershire and Rutland and was awarded LSTF 2 funding in September 2012 with transitional funding secured from Leicestershire County Council for 2016/17. The programme has helped in excess of 250 people access employment and education who would otherwise have been unlikely to have been able to do so.
- Melton Borough Council has been awarded the Cabinet Office’s prestigious Customer Service Excellence (CSE) Standard as well as retaining its Investors in People (IIP) accreditation. A mid term review against the CSE standard took place in the beginning of the year and showed that the Council continues to provide holistic service to customers with ongoing improvement against the standard. Previously the assessment identified 4 areas of excellence and 7 areas for potential improvement. The review recognised 6 areas of excellence and 3 areas of potential improvement. The next review is due in October 2017.

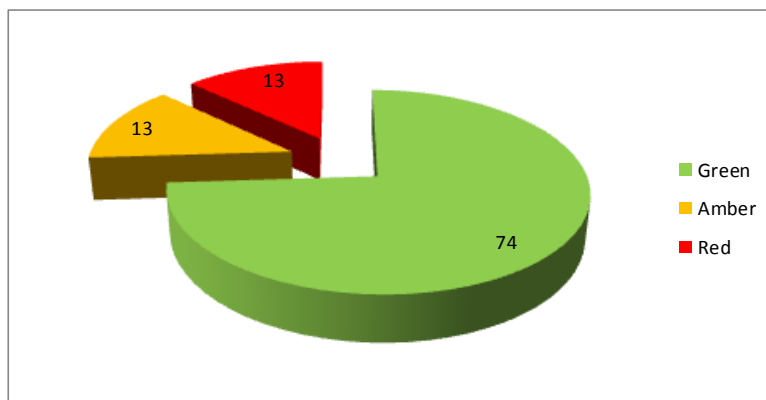
## **11.2 Performance Against Corporate Objectives**

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 (2015-2020) 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 Agile Council, were monitored and reported quarterly through the year to a Performance Management Task Group – PTMIG. Overall, 74% of the rated corporate measures met their targets in FY 2016/17. Remedial action and improvement progress is reported to members for the areas where targets are not met. An overview of the corporate performance is presented below:

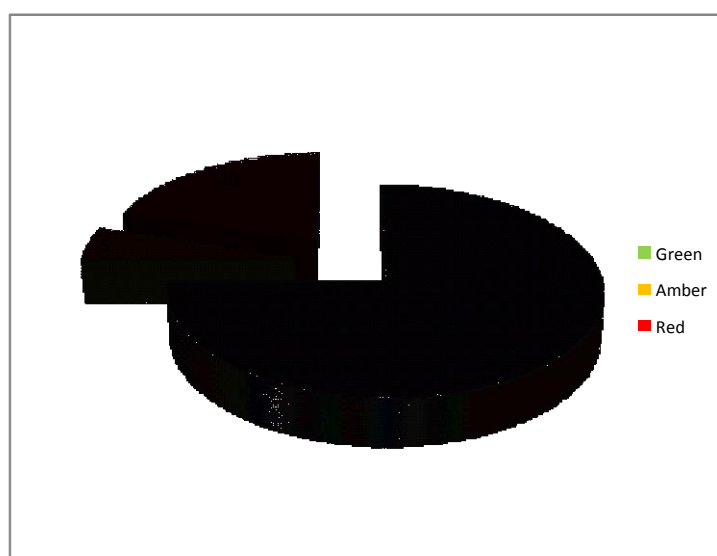
**Corporate Metrics Set**

Live metrics	%	
Total	100	23
Green	74	17
Amber	13	3
Red	13	3



**Corporate Metrics set**

Live metrics	%	
Total	100	20
Green	75	15
Amber	5	1
Red	20	4



## 12 Risks

The Council has a Corporate Risk Register which is regularly reviewed and updated with a formal annual review by the Governance Committee undertaken. The risks currently contained in the Corporate Risk Register are:

- The Local Plan – Delivering the local plan and delivering growth and sustainable development
- Funding - Risk of achieving a balanced budget as a result of government funding cuts without resulting in significant cuts in service provision
- Vulnerable Families - Increased number of vulnerable families and individuals resulting from the impact of Welfare Reforms and long term sustainability of initiatives to tackle this.
- Transformation - Challenge of cultural issues which could undermine our ability to transform the Council and deliver required savings

All risks in the Corporate Risks Register are supported by a action plan which is regularly reviewed and updated.

At an operational level a record of service risks is also maintained which is regularly reviewed by the council's Management Team. Key projects are also supported by a risk log and reports to the Council's Policy 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 2016/17 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. This represents a tremendous achievement for the Council in such economically challenging times.

In 2016/17 the Council has faced a number of challenges and with the further significant changes ahead the Council will need to adapt and meet these challenges. There are risks as highlighted above which will need to be managed through the Melton's robust risk management processes. Overall the Council is in a good position as it moves into 2017/18.

### **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, Central 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, who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.