



## Covering report for General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28

<b>Report Author:</b>	<b>Dawn Garton</b> , Director for Corporate Services 01664 502444 DGarton@melton.gov.uk
<b>Chief Officer Responsible:</b>	<b>Dawn Garton</b> , Director for Corporate Services 01664 502444 DGarton@melton.gov.uk
<b>Lead Member/Relevant Portfolio Holder</b>	<b>Councillor Sarah Cox</b> - Portfolio Holder for Corporate Finance, Property and Resources

<b>Corporate Priority:</b>	All
<b>Relevant Ward Member(s):</b>	All
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No

### 1 Summary

- 1.1 **Current year 2023/24:** The Council monitors budget and service performance on a continuing basis with regular reports provided to Cabinet. For 2023/24, in respect of General Expenses, an underspend of £9k is forecast for the year, primarily due to in year grant income plus additional interest income offsetting a number of spending pressures across services and income shortfalls (mainly planning income). With regard to Special Expenses Melton Mowbray, an overspend of £16k is forecast primarily due to a public liability insurance claim, purchase of vaults for cremated remains and reduction in income from the cemetery.
- 1.2 **Draft Budget 2024/25:** The 2024/25 draft budget has been prepared based on the Council's draft new Corporate Strategy (due to be considered on the same agenda). It proposes an overall increase in council tax of 2.99% across all Council funds, in line with the Government's referendum limit. Following ongoing work to secure income and achieve efficiencies, the draft baseline budget provides a modest surplus, however a number of growth items are proposed, as well as savings proposals for Special Expenses Melton Mowbray. Assuming all the proposed growth and savings items are approved, and after

utilising reserves to fund non-recurring growth proposals, the overall position would be a deficit of £68k on General Expenses and, a £13k deficit on Special Expenses Melton Mowbray. These deficits would be met by reserves to ensure a balanced budget. The details of the proposals are set out within the report alongside the risks and assumptions associated with the budget estimates.

- 1.3 **Future Years 2025/26 onwards:** Forecasts of the Council's financial position for the next 3 years are set out within the report alongside sensitivity analysis of these forecasts. This clearly shows the wide-ranging potential financial impact from 2025/26 onwards, primarily due to the uncertainty with regard to the levels of inflation (particularly on salary costs with further significant increases to the national living wage likely). In addition, there is the uncertainty of whether spend currently funded by grant income will continue. At all sensitivity levels savings are forecast to have to be made to balance the budget. This is for both General and Special Expenses Melton Mowbray. The position with regard to Special Expenses Melton Mowbray improves, subject to the savings and council tax increase proposals being accepted, resulting in much lower projected deficits in later years than previously forecast. However further action will need to be taken in later years to return the fund to an ongoing balanced position which due to the low level of reserves for this account will be necessary. This demonstrates the continuing importance of the Council identifying areas where savings can be made either from efficiencies, additional revenue income or, if necessary, service reductions across both funds.
- 1.4 **Use of Reserves:** Whilst prudent management has ensured the level of Council reserves have stabilised, and through the business rates pool funding, seen them actually increase in recent years, they remain at a relatively low level. This presents the Council with an ongoing challenge making the Council more susceptible to external financial shocks. The projected 2023/24 outturn position is fairly stable due to the Council having secured non-recurring grant funding, which has offset ongoing pressures elsewhere in the budget. Assuming all proposed growth items are funded, the 2024/25 position will require a draw on reserves to balance the budget, and to fund a number of non-recurring items. While the Council's minimum reserve - the Working Balance - has been increased to £1m over recent years, the additional use of un-ringfenced reserves will reduce overall levels, and if sustained over time would eventually put the Council in an unsustainable position. The proposed budget for Special Expenses Melton Mowbray will also require a draw on reserves, which while modest in absolute terms, is a sizeable portion in the context in the overall size of the fund.
- 1.5 **Financial Sustainability Plan:** In recent years, the Council has successfully managed any potential deficits in its budget through the development and utilisation of a Financial Sustainability Plan, which has set out a range of options for efficiencies, savings or additional income. The sustainability plan now focusses on longer term opportunities (for example through the Asset Development Programme) which are the subject of feasibility and business case development to determine the timing and quantum of any benefit that may be possible. Until these potential gains are quantified and projects approved the Council will need to identify savings elsewhere or utilise reserves to balance the budget which reduces their availability for other non-recurring investment.
- 1.6 **Capital Resources:** Capital resources remain low, but have been supplemented in recent years by a number of disposals. The asset development programme is aimed at addressing this.

## 2 Recommendations

That Scrutiny Committee:

2.1 Notes the report and provides feedback to Cabinet.

## 3 Reason for Recommendations

3.1 To seek the views of the Scrutiny Committee prior to Cabinet deciding on what recommendation to make to Council.

## 4 Background

4.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 5 Main Considerations

5.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 6 Options Considered

6.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 7 Consultation

7.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 8 Next Steps – Implementation and Communication

8.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 9 Financial Implications

9.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

**Financial Implications reviewed by: See Appendix 1**

## 10 Legal and Governance Implications

10.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

**Legal Implications reviewed by: See Appendix 1**

## 11 Equality and Safeguarding Implications

11.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 12 Data Protection Implications (Mandatory)

12.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## 13 Community Safety Implications

13.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## **14 Environmental and Climate Change Implications**

14.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## **15 Other Implications (where significant)**

15.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## **16 Risk & Mitigation**

16.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## **17 Background Papers**

17.1 As outlined in the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report at Appendix 1.

## **18 Appendices**

18.1 Appendix 1 – General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 report.

18.2 Appendix A – General Expenses Growth Proposals

18.3 Appendix B – Special Expenses Melton Mowbray Growth and Savings Proposals

18.4 Appendix C – Summary of Budget Proposals

18.5 Appendix D – Summary of Committee Estimates

18.6 Appendix E – Parish Council Precepts (Not yet available)

18.7 Appendix F – Risk Assessment of Budgets

18.8 Appendix G – Statement of Revenue and Capital Reserves

18.9 Appendix H – Purpose and Future Intentions of Reserves