



Cabinet recommendations to Council - General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28

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Lead Member/Relevant Portfolio Holder	Councillor Sarah Cox - Portfolio Holder for Corporate Finance, Property and Resources

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

1 Summary

- 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 £81k 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 Council:

- 2.1 **Approves the revenue budget subject to any amendment arising from the final settlement for 2024/25 for General and Special Expenses, including proposed growth and savings items, as set out in Appendix A and D and summarised in section 4.5;**

- 2.2 Approves an overall Band D council tax increase of 2.99%, with the individual Band D council tax levels across each fund set out in para 4.5.7;
- 2.3 Notes that the Council's employee establishment will be updated in line with any changes arising from approval of any of the growth proposals set out in Appendix A;
- 2.4 Approves implementation of a 100% premium for properties that have been empty and unfurnished for longer than one year and a 100% premium for second homes as set out in para 4.5.5. The premiums will be implemented from 1 April 2025;
- 2.5 Delegates authority to the Chief Executive, in consultation with the Director for Corporate Services, to increase resources required to meet the needs of the resettlement scheme subject to there being sufficient grant funding to meet the revenue costs;
- 2.6 Delegates authority to the Chief Executive, in consultation with the Director for Corporate Services, to access the Corporate Priorities Reserve to fund any one off change and redundancy costs arising from the reconfiguration of the IT service provided by the Leicestershire ICT Partnership, as set out in para 4.5.6 (m);
- 2.7 Delegates authority to the Chief Executive, in consultation with the Director for Corporate Services, to access the Corporate Priorities Reserve to fund any one off costs associated with any potential future planning appeals;
- 2.8 Delegates authority to the Chief Executive, in consultation with the Director for Corporate Services, to access the Corporate Priorities Reserve to fund a permanent Environmental Programme Manager to support the introduction of food waste collection and other environmental projects until such time as the sufficiency or otherwise of the revenue grant funding is known and assessed;
- 2.9 Approves that any current year surplus/deficit on general expenses at 31 March 2024 be met by transfers to or from the Corporate Priorities Reserve in order to maintain the working balance at its agreed level of £1m;
- 2.10 Approves that any current year surplus/deficit for Special Expenses Melton Mowbray at 31 March 2024 be transferred to/from the Special Expenses Reserve thereby bringing the actual working balance back to the target £50k;
- 2.11 Notes the changes made to the risk categorisation of budgets as set out in para 4.8.1 and Appendix F.

3 Reason for Recommendations

- 3.1 The Council, having set a Budget at the start of the financial year, needs to ensure the delivery of this Budget is achieved. Consequently, there is a requirement to regularly monitor progress so corrective action can be taken when required, which is facilitated through regular reporting of the financial position.
- 3.2 The recommendations set the Council's General Fund budget and proposed level of council tax for the 2024/25 financial year which takes into account the proposals set out in the draft Corporate Strategy. The proposals take into account the net expenditure that the Council expects to spend in the next financial year to deliver services to our residents. The report also includes details of the funding and income received to support these services to ensure a balanced budget is proposed.

3.3 The Council also holds a number of reserves which can be drawn upon to fund future expenses. The level of reserves is considered within this report, as is the future outlook for spending in the years ahead in order for the Council's future financial resilience to be considered as part of the proposals.

3.4 Cabinet and Council are required to consider and approve the General Fund Revenue Account budget proposals in order to set the budget and council tax for the forthcoming financial year.

4 Background

4.1 The General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 was presented to the Scrutiny Committee at their meeting on 25 January 2024.

4.2 Cabinet are due to consider the General Fund Revenue Budget 2024/25 and Medium Term Financial Strategy 2025/26 to 2027/28 at their meeting on 7 February 2024.

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

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