



General Fund Revenue and Capital Outturn 2023-24

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

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No Not key decision

1 Summary

- 1.1 The report provides Members with information on the provisional year end for General Fund services for 2023/24 and the subsequent implications on the Council's balances and reserves. In terms of the overall position the provisional outturn is showing a net surplus position of £634k and after allowing for the proposed carry forwards into 2024/25 (£297k) and other reserve funding (£44k), this has resulted in an improved position on the Corporate Priority Reserve of £381k due to a lower level of reserves being required to be drawn down compared to the forecast amount.

- 1.2 With regard to Special Expenses Melton Mowbray after taking into account the use of reserves to fund carry forwards from 2022-23 and forecast contributions from the Special Expenses Reserve there is a net surplus of £50k which will be used to fund the proposed carried forwards into 2024-25. The forecast outturn reported to members in February 2024 predicted £112k would be required from the Special Expenses Reserve but as only £96k was required this has increased the anticipated balance by £16k at year end.
- 1.3 In relation to the General Fund capital programme the latest approved budget is £15.576m and the provisional outturn is £1.667m resulting in an underspend of £13.909m of which £13.859m will be carried forward into 2024-25. The majority of the underspend relates to the LUF programme (£12.646m) which was initially all allocated in 2023-24 when the scheme was set before the profiling over financial years was finalised. The scheme by its very nature is a multi-year project.
- 1.4 The final position is still subject to external audit.

2 Recommendations

That Cabinet:

- 2.1 **Notes the provisional year end position, variations to the 2023-24 approved budget and the resultant effect on the Council's balances and reserves for General and Special Expenses as set out below and in the attached Appendices for both revenue and capital.**
- 2.2 **Subject to final confirmation from Government, approve the re-purposing of the £2m LUF funding from the theatre, to the Stockyard project, to fund improvements to the existing trader hall and associated infrastructure in support of an enhanced cultural offer.**
- 2.3 **Increase the current £11m in the capital programme for the stockyard project to £13m, the additional £2m being fully funded through the LUF grant.**
- 2.4 **To confirm approval to submit a planning application in relation to the required works summarised in paragraph 4.4.4.**

3 Reason for Recommendations

- 3.1 It is important that Cabinet are aware of the financial position of the General Fund both General and Special Expenses to ensure they can make informed decisions that are affordable and financially sustainable for the Council.
- 3.2 There is a need to reallocate funding from the theatre project in order to ensure that portion of the LUF funding is not lost to the area.

4 Background

4.1 GENERAL FUND – GENERAL EXPENSES

4.1.1 A balanced budget was set for 2023-24 with some utilisation of reserves and the table below shows the impact of the provisional year end position against the latest approved budget:

	Approved Budget	Provisional Year End Position	Variance to Budget (Underspend) / overspend
	£'000	£'000	£'000
Original Net Budget	4,508	-	-
Approved c/fwds from 2022/23	252	-	-
Approved Supplementary Estimates	55	-	-
Revised Budget	4,815	4,069	(746)
Total funding	(4,248)	(4,136)	112
Net Surplus (-) / Deficit for year	567	(67)	(634)
Funded by			
C/fwd Reserve	(252)	(252)	0
Regeneration & Innovation Reserve	0	(44)	(44)
Corporate Priorities Reserve	(465)	(84)	381
Net position	(150)	(447)	(297)
Contributions to reserves			
Working Balance	150	150	0
Overall net position	0	(297)	(297)
Less c/fwds into 2024/25	0	297	297
Overall Surplus (-) / Deficit	0	0	0

4.1.2 The original net expenditure budget in respect of General Expenses for 2023-24 prior to council tax and grant funding was set at £4.508m, which was subsequently updated to an approved budget of £4.815m. The increase takes into account the budgets brought forward from the previous financial year (£252k) and supplementary estimates agreed in year (£55k).

4.1.3 Following the approval of the supplementary estimates and carry forwards the approved net budget for 2024-24 provided for a balanced budget with a draw on the Corporate Priorities Reserves of £465k including a contribution of £150k to the working balance as shown from the overall net position in the table above.

4.1.4 The provisional year end position shows a net surplus, prior to the use of reserves, of £67k which is an underspend of £634k when compared to the latest approved budget. After, allowing for the carry forwards (£297k), other reserve funding (£44k) and the increase to the Working Balance by £150k as previously approved by Council, this has resulted in an improved position on the Corporate Priority Reserve of £381k that isn't required to be drawn down. This compares to the forecast underspend of £9k which was reported to Council in February when the budget for 2024-25 was set.

4.1.5 The key reasons for the underspend against the net income and expenditure budget of £634k is summarised in Appendix A covering movements, both over and underspends, relating to those budgets which are controlled by budget holders within service areas.

4.1.6 As part of the Council's flexible budget monitoring processes budgets are updated throughout the year to take into account supplementary estimates, virements and budget reductions creating an approved budget for budget holders to work within. As part of the budget monitoring and review process all budget holders have been requested to provide an explanation of significant variations against their approved budget on individual services. Brief comments summarising the reasons for any budget variations for items which are within the budget holder's control have been included against the relevant service line. Only those in excess of £10k have been commented on as these are considered significant variances. There are some key variances we would draw members attention to which are outlined below.

Also, included for information is the level of carry forwards previously approved by the Portfolio Holder for Corporate Finance, Property and Resources which totalled £297,060 and remains unchanged following the completion of provisional accounts.

4.1.7 **KEY VARIANCES**

4.1.8 General Fund – Underspends

- **Grant Funding (£308k)** – various grants received have been utilised to support existing corporate commitments and pressures. This includes Asylum support £97k, Homes for Ukraine £35k, Levelling Up Fund staffing support costs £70k and revenues and benefits new burdens funding £106k. Whilst this has been welcome in year to help with existing pressures and has significantly contributed to the underspend this funding isn't something we can always rely on in the base budget going forward.
- **Case Management (£46k)** – Equalities Officer underspend and extra grant income: Armed Forces and Senior Lead (one-off).
- **Customer Services (£39k)** – Multiple staff savings during the year and computer equipment underspend which will be an ongoing saving moving forward.
- **Miscellaneous Finance (£130k)** – Reduction in doubtful debt provision following year end calculation due to lower debt levels and in year write off of legacy debt which mainly relates Rent Rebates and Rent Allowances as outlined below as part of the overspend areas which partly offsets this.
- **Corporate and Democratic core (£25k)** - Reduction in members Special Responsibility Allowance claims due to dual roles and also no cabinet support and one less portfolio holder than originally anticipated has led to an underspend.

- **Emergency Planning (£24k)** - £24,720 carry forward requested for the Local Resilience Partnership (three year commitment) which has been funded from corporate underspends that were moved into this budget during the year.
- **NNDR Collection** – Increased S31 payments which are awarded to cover national business rate reliefs for the year. Majority of the which is made up of Retail, Hospitality and Leisure Discount. These additional S31 payments have been offset through a reduction in retained business rates shown as funding in the above table of £112k to leave an overall benefit of £9k to the council in year in relation to business rates.
- **Corporate Services (£33k)** – Various in year savings on employee pension costs, software maintenance and support plus lower than anticipated professional fee support required this year.
- **Income Streams (£42k)** – various income streams have exceeded budget in year including Licencing, Car Parks and Cattle market who have all seen a modest level of additional income generated in year.
- **Phoenix House (£66k)** – additional income has been secured through the one off back dated historical service charges invoiced to tenants.
- **Interest (£421k)** – significant level of additional investment income returns in excess of budgeted amount due to a steep and unexpected upturn in interest rates over the past year.

4.1.9 General Fund – Overspends

- **Waterfield Leisure Centre (£29k)** – Additional costs incurred on legal fees to support the procurement of the new leisure contract and payment due to contractor for utility costs due as part of the contract arrangements in place at the time.
- **Rent Rebates and Rent Allowances (£107k)** – There has been additional admin subsidy received in year which has been broadly offset by a shortfall in overpayment recovery, however the main reason for the overspend is the in year write offs totalling £105k which is covered by the bad debt provision and should help stabilise the budget in the future.
- **Melton Lifeline (£27k)** – Shortfall in income alongside increased equipment costs due to the digital switchover.
- **Parkside (£27k)** – Overspends relate to utility costs which have seen an increase in charges linked to inflationary rises.
- **Development Control (£234k)** – £195k Shortfall expected in planning income based on applications received in year which whilst significantly down this it wasn't quite as bad as forecast during the year. A further £40k has been incurred on legal costs related to planning appeals.
- **Building Control (£21k)** – Increase in partnership costs due to lack of applications and therefore loss of income. Interest rate rises and economic outlook which has had a detrimental effect on building improvements and new builds.
- **Environmental Maintenance (£31k)** – High cost and volume of vehicle maintenance works due to delays in replacing equipment alongside additional contract works costs on tree works, grass cutting and other ad hoc items.

4.2 SPECIAL EXPENSES

4.2.1 A balanced budget was set for 2023-24 utilising reserves and the table below shows the impact of the provisional year end position against the latest approved budget for Special Expenses (Melton Mowbray):

	Approved Budget	Provisional Year End Position	Variance to Budget (Underspend) / overspend
	£'000	£'000	£'000
Original Budget	698	-	-
Approved c/fwds 2022/23	20	-	-
Revised Budget	718	653	(65)
Non-service related costs	(99)	(84)	15
Net Expenditure	619	569	(50)
Total Funding	(503)	(503)	0
Net Surplus (-) / Deficit for year	116	66	(50)
Funded by			
C/fwd Reserve	(20)	(20)	0
Special Expense Reserve	(96)	(96)	0
Overall net position	0	(50)	(50)
plus c/fwds into 2024/25	0	50	50
Overall Surplus (-) / Deficit for year	0	0	0

4.2.2 The net revenue expenditure in respect of Special Expenses (MM) for 2023-24 was originally estimated at £698k, which was subsequently updated to an approved budget of £718k. The increase took into account budgets brought forward from the previous financial year (£20k). After taking into account the use of reserves to fund carry forwards from 2022-23 and budgets contributions from the Special Expenses Reserve there is a net surplus of £50k which will be used to fund the proposed carried forwards into 2024-25. This forecast outturn reported to members in February 2024 predicted £112k would be required from the Special Expenses Reserve but as only £96k was required this has increased the anticipated balance by £16k at year end.

4.2.3 The main reason for the underspend is an ongoing carry forward from 2020-21 on the cemetery review which has only been partly spent and a further amount required to complete the feasibility review (£20k). Alongside this, there was less expenditure on play

area maintenance and additional investment income achieved but this was partly offset by income loss at the Cemetery relating to burial fees and a public liability claim.

- 4.2.4 The net position on the closed Churchyards of Spoxton, Frisby and Gaddesby are summarised in Appendix A. No reserves are held for each churchyard due to the levels involved and any surplus or deficit is carried forward and adjusted for when setting council tax in the following year.

4.3 RESERVES AND BALANCES

- 4.3.1 In terms of the key specific reserves affected by the provisional outturn these are summarised in the table below:

Specific Reserves	Corporate Priorities Reserve	General Fund working balance	Regeneration and Innovation reserve	Special Expense Reserve	Special Expenses working balance
	£'000	£'000	£'000	£'000	£'000
Balance as at 31.03.23	1,239	850	505	215	50
Contribution from / to (-) Revenue account	(84)	150	(44)	(96)	0
Contribution from BRR Pool	1,289	0	0	0	0
Provisional balance @ 31.03.24	2,444	1,000	461	119	50
Budgeted changes to Reserves 2024-25	(524)	0	(94)	(23)	0
Estimated balance @ 31.03.25	1,920	1,000	367	95	50

- 4.3.2 As a result of the above, the balance on the Corporate Priorities Reserve is expected to be £1.920m as at the end of 31 Mar 2025 after taking into account the improved provisional outturn for 2023-24 against that forecasted and the approved budgeted changes to the reserve in 2024-25. In addition, funding has been received from the Business rate Relief (BRR) Pool which has further increased the reserve balance. Within the latest budget a £455k draw on the reserve was forecast for 2023/24 but due to service underspends only £84k was required providing a net benefit of £381k. In addition, £744k from the BBR Pool was expected to be received in year but £1.289m was actually received with a further year's allocation settled for 2022/23, an increase of £545k. Therefore, overall the balance on the reserve is £917k higher than that reported to council in February 2024 when the budget was set for 2024-25 (which also takes into account the predicted £9k underspend at that point).

- 4.3.3 The general fund working balance has increased by £150k to £1m at 31.3.24 in line with previous approvals to bring the overall balance in line with the target of £1m as approved by Council when the budget was set.

- 4.3.4 For Special Expenses (MM) as a result of the figures in the table above, the balance on the Special Expenses Reserve is estimated to be £95k. This is £16k higher than that

reported to the Council in February 2024 (£79k). The difference on the Reserve can be accounted for as a result of the underspend against forecast during the year.

4.3.5 The Special Expenses Working Balance remains the same at £50k in line with the target.

4.4 GENERAL FUND CAPITAL

4.4.1 In relation to the General Fund capital programme the latest approved budget is £15.576m, and the provisional outturn is £1.667m resulting in an underspend of £13.909m of which £13.859m will be carried forward into 2024-25. Those items that are underspent and not being carried forward will be returned to the relevant reserve.

4.4.2 Appendix B provides an overview of the main variances which are summarised in the table below:

Project	Original Budget £'000	Under spend £'000	Amount To Carry Forward To 23-24 £000	Reason
Disabled Facilities Grants (Private Sector Mandatory)	670	269	269	There has been a reduction in referrals due to a number of reasons including resources with adult social care and delays in quotes.
ICT Programme	179	155	129	Due to the prioritisation of other projects and resourcing issues some projects have been delayed and will be undertaken in 2024-25 now.
Lake Terrace Waste Depot Refurbishment	76	66	66	Works within the site have commenced but there have been issues found with the drainage pipework from the site onwards which is currently being assessed.
Drainage at Melton Sports Village	47	47	47	Engineers report has been received, but no works will be carried out until Network Rail have completed remedial works along the railway line to drainage ditch and the pipe under the railway track.
Asset Development Programme	762	641	635	Work is ongoing. This is a long-term project linked to LLEP funding which will continue with the next stage of design costs being finalised and then refurbishment work to commence in 2024-25.

LUF – Stockyard / Theatre Campus	13,100	12,646	12,646	<p>Work is ongoing, currently in the design stage. This is a multiyear project consisting of several different milestones and reporting requirements. Moving forward the budget will be profiled over the future years.</p> <p>With regards to the theatre Campus allocation of £2m, this is currently under review in light of the theatres financial position and will be reallocated within the overall LUF programme within the next financial year.</p>
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4.4.3 The amount included in the capital programme for the stockyard/theatre campus includes £2m that was to be passported to the college for the delivery of their theatre project. This was to enable the receipt and then onward passporting of the funding to the college. Following the award of a £2m Grant, through the LUF, to the theatre in Melton it was announced that the College had received a ‘notice to improve’ from the FE commissioner due to its existing financial position. Due to this and other factors it has been identified that despite work between MBC and SMB group to secure the future of the theatre and wider Melton campus site, the theatre provision will no longer be deliverable within the LUF programme, which potentially puts the £2m investment at risk. Whilst these discussions have been ongoing the £2m allocated through the LUF has been set aside within the wider LUF programme.

4.4.4 Whilst the Council will continue to support the college and the theatre in any way possible, we have concluded that alternative options now need to be explored to ensure the £2m is retained in Melton, and that the provision of the envisaged cultural space is protected. In considering these options the council has focussed on 2 key areas:

- Delivering the original outputs where possible (supporting an enhanced cultural offer)
- Being able to deliver the projects in the LUF timeframes.

Following careful internal consideration and discussion with RCC as the accountable body, it has been agreed that the only credible option which meets the above, and retains the funding in Melton, is to repurpose the £2m into providing an enhanced cultural offer within the trader hall units on the stockyard. This would involve enclosing the space and providing the relevant infrastructure to support cultural events, shows and activities throughout the year whilst also providing a more welcoming space for existing users and tenants.

In order to effect this change approval is sought from Cabinet to repurpose the theatre funds and allocate the funding in the capital programme to the existing stockyard project. It should be noted that this would only be possible should no objections be received from DLUHC.

5 Main Considerations

5.1 Considerations have been addressed in paragraph 4 to this report.

6 Options Considered

6.1 No other options considered as if the report was not provided councillors would not be aware of ongoing developments and therefore would not be able to represent their residents effectively. It is also important that Cabinet are aware of the financial position of the Council so they can make informed decisions that are affordable and financially sustainable for the Council. With regard to the theatre project if this funding is not reallocated to the stockyard project the funding would be lost due to the time constraints associated with the spending of the LUF funding.

7 Consultation

7.1 The statement of accounts (subject to audit) which includes the General Fund revenue out-turn position will be advertised from 1 June to 12 July 2024 as available for public inspection on the website and the auditors available to answer questions.

8 Next Steps – Implementation and Communication

8.1 The provisional out-turn as part of the draft statement of accounts will be considered by Audit and Standards at a future Committee once External Audit have completed their 2023-24 audit work.

8.2 External Audit will be undertaking their independent assessment of the council's financial statement position and accounts production as part of the statutory duties through the audit process. Grant Thornton, as the Councils new Auditors for 2023-24 have indicated they will be undertaking their review later in the year during the Autumn.

9 Financial Implications

9.1 In summary, taking into account the in-year pressures the close monitoring of the budget and proactive action taken as a result has resulted in a better position overall for general expenses with a significant increase to the corporate priorities reserve over that forecast. However, it should be recognised that the Council is funding the costs of a planning appeal which will incur significant costs in defending this along with the possibility of having to fund any costs awarded if this is not successful. This could see the amount added to the reserves through the underspend being fully utilised.

9.2 The provisional outturn on Special Expenses is an improved position on that previously reported thereby reducing the amount needed to be funded from reserves. This is particularly important for this fund where reserves have been much depleted in recent years.

9.3 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 long

promised funding review and ongoing impacts of inflationary increases resulting in sizeable deficits forecast for future years within the medium term financial strategy.

- 9.4 Further information regarding the draft Statement of Accounts and the Narrative Statement will be presented to the Audit and Standards Committee in due course. The Narrative Statement will provide more organisational oversight of the achievements in 2023-24, focus for the coming year and challenges that lie ahead.
- 9.5 The Council's medium term financial strategy approved in February 2024 when the budget for 2024-25 was approved provides forward forecasts for the next 3 financial year. These indicate potential deficits in later years as a result of inflationary pressures, demand and service changes. There is also considerable uncertainty regarding the future nature and level of government funding for local authorities and the risk of changes to the business rates retention formula which could see significant sums of retained business rates being lost. The increase to the general fund reserves over that forecast helps provide more resilience but the position remains challenging. With regard to Special Expenses Melton Mowbray, as highlighted when the budget was set, the ongoing need to draw on reserves to balance the budget needs to be addressed. Whilst this has improved the reserves are only sufficient for approx. a further 3 years of support. Net expenditure will need to be reduced accordingly or council tax raised for this fund which will put pressure on general expenses budgets due to the overall council tax referendum limit.
- 9.6 The £2m theatre project is fully funded through the LUF grant and therefore repurposing the funding to the stockyard projects does not have any net financial implications for the council.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 There are no specific legal implications associated with this report however, the information provided assists members to monitor the budget once the statutory process of setting that budget has been completed.
- 10.2 With regard to the decision to repurpose the theatre project funding to the stockyard project this decision can be made by Cabinet in line with financial Procedure rules as a result of the £2m being fully covered by external funding.

Legal Implications reviewed by: Monitoring Officer.

11 Equality and Safeguarding Implications

- 11.1 Equalities and Safeguarding issues were addressed in setting the current year's budget. There are no further equalities issues arising from this report.

12 Data Protection Implications (Mandatory)

A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

13.1 Community safety issues were addressed in setting the current year's budget. There are no further community safety issues arising from this report.

14 Environmental and Climate Change Implications

14.1 There are no direct implications arising.

15 Other Implications (where significant)

15.1 No other implications have been identified.

16 Risk & Mitigation

16.1 It is still early in the 2024-25 financial year for budget monitoring but there could be some further pressures, specifically around planning appeal costs for one large application in particular. The pay award for 2024-25 is still being negotiated but based on the latest employer offer, the 5% budgeted for should be sufficient to cover this.

16.2 As previously reported in the recent budget setting report, reserves and balances have reduced in previous years however there has been improvement in this area. Capital resources however in particular have continued to decline although the asset development programme is aimed at addressing this. Due to the ever-increasing complexity of calculating retained business rates the position on business rates retained income continues to be difficult to estimate and remains irregular between years leading to large fluctuations in the business rates equalisation reserve. General revenue reserves remain challenging with a budgeted draw on these in 2024-25 which the increase in 2023-24 will help mitigate. In recognition of the pressures on the reserves the Working Balance has increased to £1m in line with the target outlined in the LGA review that was undertaken. However, the relatively low level of revenue and capital reserves, remain a concern as highlighted by the latest CIPFA financial resilience index, Oflog data and the LGA review and this will continue to be addressed as finances allow.

16.3 In recognition of the financial challenge facing the Council there is a risk contained within the Council's corporate risk register relating to finance as referred to in the risk table below. As a corporate risk an action plan is in place and is actively managed, linked to the development of the budget sustainability programme which is currently being developed.

Risk No	Risk Description	Likelihood	Impact	Risk
1	Failure to secure financial stability in the medium term. (This is a corporate level risk and is the overall risk arising from a number of high level risks associated with financial sustainability including the lack of certainty regarding the future level of government funding for local authorities and additional responsibilities not covered by new burdens funding).	Very High	Catastrophic	High Risk

2	DLUHC object to the repurpose of the LUF funding from the theatre to the stockyard project	Very Low	Marginal	Low risk
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		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				1
	5 High				
	4 Significant				
	3 Low				
	2 Very Low		2		
	1 Almost impossible				

17 Background Papers

General Fund Revenue Budget 2023-24 and MTFS Report

General Fund Capital Programme 2022-2027 and Capital Strategy report.

18 Appendices

18.1 Appendix A – General Fund Revenue Provisional Year End Position 2023-24

Appendix B – General Fund Capital Provisional Year End Position 2023-24