



## General Fund and Special Expenses – Budget Monitoring 1 April 2024 to 30 June 2024

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

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

### 1 Summary

- 1.1 As part of the Council’s budget monitoring procedures all budget holders are asked on a quarterly basis to provide details of service and financial performance.
- 1.2 As at 30 June budget holders are forecasting the following position against their 2024/25 revenue budgets:

General Fund	£183k	Underspend
Special Expenses Melton Mowbray	£16k	Overspend

- 1.3 In relation to capital budgets, budget holders are projecting an underspend of £50k against the latest approved programme relating to a scheme which is now being accounted for as revenue.
- 1.4 In addition to formal quarterly reporting to Cabinet, the revenue budget position is reported monthly to the Senior Leadership Team. This is to ensure any early warnings that highlight pressures can be collectively resolved.

## **2 Recommendations:**

**That Cabinet:**

- 2.1 **Notes the year end forecast and financial position for the General Fund and Special Expenses at 30 June 2024 for both revenue and capital.**

## **3 Reason for Recommendations**

- 3.1 The Council, having set an agreed budget at the start of the financial year, needs to ensure that the delivery of this budget is achieved. Consequently, there is a requirement to regularly monitor progress so that corrective action can be taken when required, which is enhanced with the regular reporting of the financial position.

## **4 Background**

### **4.1 Overall Position at 30 June 2024:**

A summary of the total income and expenditure for the General Fund and Special Expenses revenue budget compared to the approved budget at 30<sup>th</sup> June 2024 is as follows:

## SUMMARY OF INCOME AND EXPENDITURE APRIL TO JUNE 2024

Approved Budget at June '24 £'000	Year End Forecast £'000	Year End Variance* £'000
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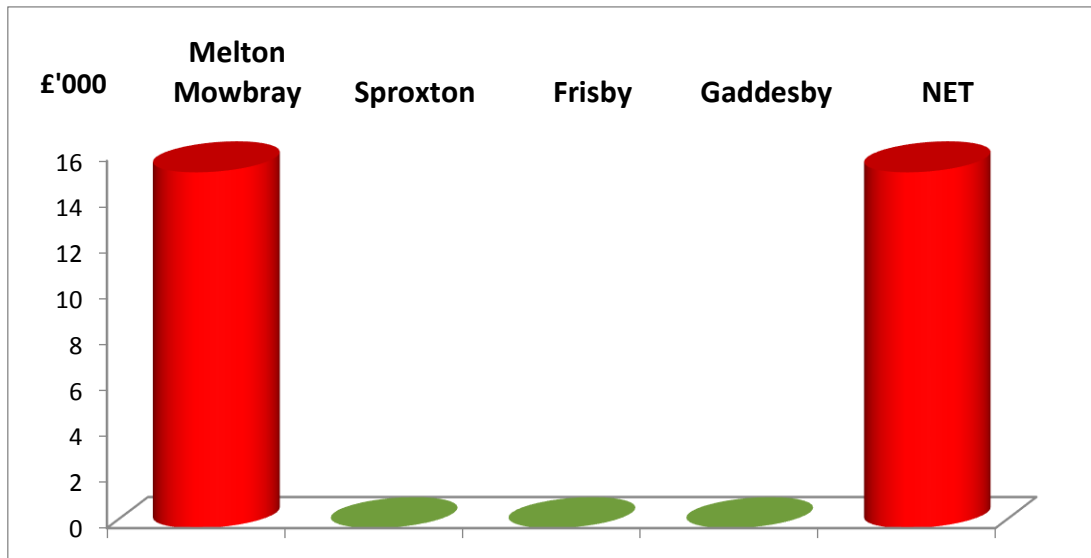
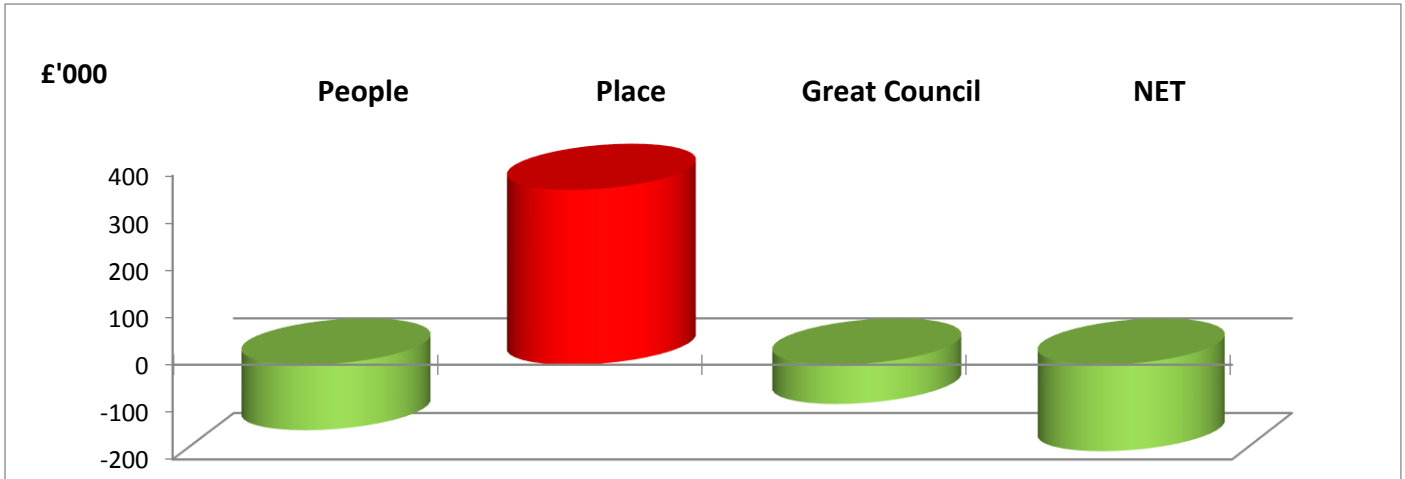
<b>GENERAL FUND</b>			
<b>Portfolio:</b>			
People	2,555	2,416	(138)
Place	6,727	7,097	370
Great Council	26	(57)	(83)
<b>Total Service Cost - All Portfolios</b>	<b>9,306</b>	<b>9,456</b>	<b>148</b>
Other Expenses	(3,257)	(3,588)	(331)
<b>Net Expenditure Requiring Funding</b>	<b>6,049</b>	<b>5,868</b>	<b>(183)</b>
<b>Funded by:</b>			
Ctax, NNDR, NHB and General Grants	(5,464)	(5,464)	0
Corporate Reserves**	(587)	(587)	0
<b>NET UNDER/OVERSPENDING*</b>	<b>(2)</b>	<b>(183)</b>	<b>(183)</b>

<b>SPECIAL EXPENSES</b>			
Melton Mowbray	731	746	16
Sproxtton	7	7	0
Gaddesby	7	7	0
Frisby	13	13	0
<b>Total Service Costs - Special Expenses</b>	<b>757</b>	<b>772</b>	<b>16</b>
<b>Other Expenses</b>			
Interest and Investment Income	(8)	(8)	0
Depreciation Reversal	(109)	(109)	0
Other Expenses	(117)	(117)	0
<b>Net Expenditure Requiring Funding</b>	<b>640</b>	<b>655</b>	<b>16</b>
<b>Funded by:</b>			
Council Tax	(567)	(567)	0
Carry forwards	(50)	(50)	0
Reserves**	(23)	(23)	0
Total Funding	(640)	(640)	0
<b>NET UNDER/OVERSPENDING*</b>	<b>0</b>	<b>16</b>	<b>16</b>

\* Underspending (-), Overspending (+)

\*\* Use of Reserves (-) Contribution to Reserves (+)

## Over/Under Spending by Category



## 5 Main Considerations

5.1 The main variances within the figures above are as follows:

### People Portfolio:

- Salary savings in Case Management (£17k), Homelessness (£63k) and Customer Services (£8k) – There are savings from part-year vacancies, one fixed term post budgeted for as well as carried forward and some roles being filled on reduced hours.
- Customer Services software savings (£17k) - mosaic service no longer used and following negotiations around an extension to the IEG4 contract, savings have been achieved whilst the customer journey review is undertaken.
- Melton Lifeline (£19k) – Shortfall of income for which a service review is being undertaken to investigate and understand the income profiling and structure moving forward.

### **Place Portfolio:**

- Industrial Estates (£14k) – Two units have been vacated. One tenant went into liquidation and left items requiring specialist disposal as well as maintenance works at the same unit, meaning it is likely to be vacant for remainder of the year.
- Development Control (£67k) - Shortfall expected in planning income based on applications received in the first quarter. If this trend continues, the shortfall could increase further to £266k.
- Land Charges (£16k) – Income from search fees was £4k short in Q1, if this trend continues the overall shortfall will be higher. However, this could be mitigated by the grants for migration of the function to the land registry which are estimated to be around £60k based on the size of our authority. The timing of the grant is unknown and may not be this financial year due to delays. Some of the grant may need to be used to purchase new software.
- Corporate Repairs and Maintenance – Reactive repairs budget of £30k has already been fully committed. Any further works during the year will be an overspend.

### **Great Council Portfolio:**

- Corporate and Democratic Core (£15k) – Potential savings on members allowances as they were budgeted at a higher rate than they were actually approved at in 23-24 (assumed 6% on both Special Responsibility Allowance (SRA) and basic however actual was 3.88% on basic only). Also, reduction in SRA claims due to dual roles, one less portfolio holder and no cabinet support. A review is due this year and the surplus could be needed to fund any changes arising.
- Emergency Planning (£25k) – Local Resilience Partnership three year commitment carried forward but also built into the base budget so has been double counted.
- ICT (£55k) – A recent Microsoft audit has found that the Council is under licenced for SQL and windows server licenses which needs rectifying. The loss of one partner has also had more of a significant effect on the remaining partners than anticipated which has all resulted in additional ongoing cost to the council.

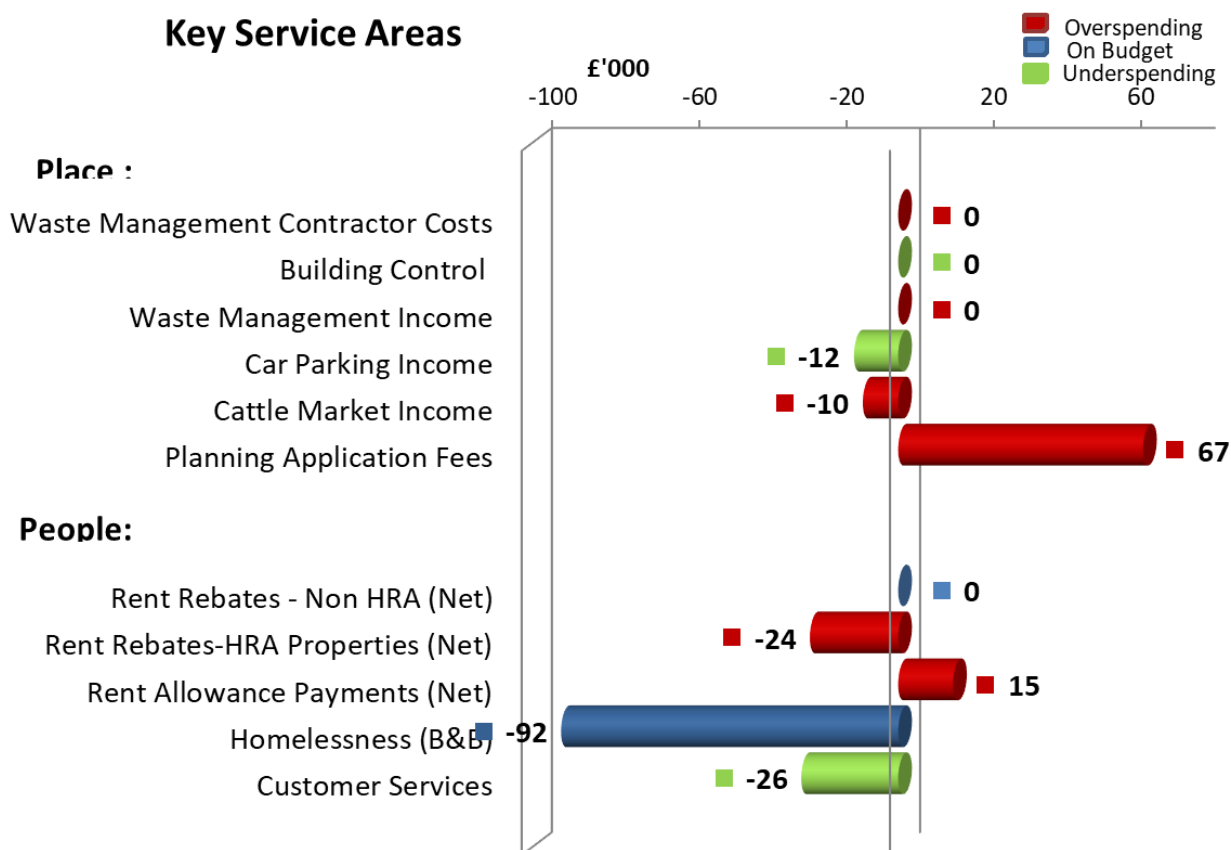
### **Other:**

- Pay award – the budget includes an allowance for a 5% pay increase. The current offer by employers £1,290 will be added to each spinal point for those earning up to £50,512, and a 2.5% increase for higher earners, leading to an estimated £69k underspend. The pay award is still under negotiation.
- Interest Income (£31k) – Interest rates have remained high, and balances have also been higher than expected, coupled with the councils ongoing proactive approach to investments has resulted in additional income being forecast for the year.
- Grant Funding (£92k) – various grants received have been offered up towards corporate pressures. This includes Asylum dispersal grant £35k and some legacy unspent COVID £57k that can now be released. These are one off funds which cannot be relied on for future years.
- Audit Fees – Further clarity has been provided on publication dates but we are still awaiting the detail on the approach to dealing with the Statement of Accounts which may lead to external audit fee savings in year if a light touch approach is taken.

- LUF – Following a review of the LUF funding allocation for the additional £2m for the theatre project, this has now been added to stockyard project which could increase overall staffing time and costs allocated to capital.
- Car Parks – Arla will no longer be operating on site and therefore it is expected that the Thorpe End lease will expire during the year. The potential impact is expected to be in the region of £28k based on lost income and NNDR liabilities.

### Key Service Areas

The Key Service Areas report as at the end of June 2024 for all services is attached at Appendix A. This report is presented to the Senior Leadership Team on a regular basis and highlights high risk budgets that were identified as part of the Council’s budget protocols. These budgets are reviewed with budget holders monthly. Those budgets which are more complex in nature are supported by more detailed analysis of the service usage that drives the financial position. The Key Service Areas are summarised below:



## 5.2 Special Expenses

The predicted year end position for Special Expenses Melton Mowbray is an overspend of £16k relating to Cemetery income being behind budget in the first two months as customers are choosing cremations rather than burials.

There is also expected to be an overspend on the closed churchyard at Frisby due to repair and maintenance requirements for the boundary walls. There is the potential for a large overspend on this account. Whilst relatively small against general expenses each

£10k of expenditure impacts each Band D by £30 per annum as no reserves are held for rural special expenses. This is due to clarification over the extent of responsibility for the churchyard boundaries. The charge was already increased by 80% in 2024/25 following consultation with the parish but this is not sufficient and has already been spent.

### 5.3 Overall Capital Position at 30 June 2024

The capital programme is attached at Appendix B and the latest spend is forecast to be an underspend of £50k against a latest approved budget of £7.087m.

	latest Budget 24-25 (£'000)	Actual April to Jun 24 (£'000)	Year End Forecast (£'000)	Variance (-) = Underspend (£'000)
Great Council	339	0	339	0
People	2,688	919	2,688	0
Place	4,060	313	4,010	(50)
<b>Total General Expenses</b>	<b>7,087</b>	<b>1,232</b>	<b>7,037</b>	<b>(50)</b>

The key areas to note are:

#### Place

Following the procurement and section process for the new Estate Management Module (£50k), the system selected is cloud based, which needs to be accounted for as revenue expenditure and therefore it will not be spent under the capital programme. Instead this is to be funded from the Regeneration and Innovation Reserve which is revenue based so the funding source remains the same. As a cloud based system should the use of the system continue beyond the initial 2 years which is highly likely this creates an ongoing revenue pressure of £25k per annum.

## 6 Options Considered

- 6.1 No other options considered. If the report were not provided Councillors would not be aware of on-going developments and therefore would not be able to represent their residents effectively.

## 7 Consultation

- 7.1 The service accountant and budget holders discussed the financial performance of the services at the budget monitoring meetings during July.
- 7.2 The report has also been reviewed with the Portfolio Holder Corporate Finance, Property and Resources.

## 8 Next Steps – Implementation and Communication

- 8.1 The Council's budget position will continue to be monitored at future Strategic Leadership Team meetings and further reports will be presented to Cabinet each quarter.

## 9 Financial Implications

- 9.1 This is the Quarter 1 budget monitoring report that provides information on the forecast outturn for the Council for 2024-25. The Council has robust methods for reporting and forecasting budgets in place and alongside formal quarterly reporting to Cabinet, the financial position is reported regularly at the Strategic Leadership Team (SLT). In the

event of any early warning highlighting pressures and potential overspends, the SLT take collective responsibility to identify solutions to resolve these to ensure a balanced budget can be reported at the end of the year.

- 9.2 Officers are closely monitoring the financial position on a monthly basis. The latest review as at the end of July for period 4 indicated a reduced underspend of £54k now being forecast based due to increased insurance premiums, additional corporate repairs and maintenance spend and further loss of planning income.
- 9.3 Whilst there is an underspend currently forecast it is still early in the financial year and if the shortfall on planning income continues this would reduce the underspend significantly. Some of the overspends in services are on-going cost pressures not factored into the current MTFs. The grant funding of circa £90k is non-recurring and the interest rates are unlikely to remain at these heightened levels as interest rates start to drop. Therefore, these ongoing cost pressures will not be able to be met in future years without further recurring savings being identified.
- 9.4 As outlined above the current position are based on forecasts and whilst officers have based their forecast predictions based on best available information there could be further changes later in the year.

**Financial Implications reviewed by: Director for Corporate Services**

## **10 Legal and Governance Implications**

- 10.1 The report concerns the duty of the Council to avoid a budget shortfall. The Chief Finance Officer has a personal duty under the Local Government Finance Act 1988 Section 114A to make a report to the executive if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources available to it to meet that expenditure.

**Legal Implications reviewed by: Deputy 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 No implications have been identified.

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

- 15.1 No other implications have been identified

## **16 Risk & Mitigation**

- 16.1 These are assessed as part of the Corporate Services Risk Register



Risk No	Risk Description	Likelihood	Impact	Risk
1	Failure to secure financial stability in the medium term	Very High	Catastrophic	High Risk

		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				
	1 Almost impossible				

Risk No	Mitigation
1	Senior Leadership/Directorate Teams reviewing the financial position. Availability of General Fund Balances.

## 17 Background Papers

17.1 2024/25 Budget Report

## 18 Appendices

18.1 Appendix A – Key Service Areas

18.2 Appendix B – Capital Programme Summary