Melton Borough Council

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Cabinet

6 February 2025

General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29

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Corporate Priority:	All
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No
Key Decision:	No
Subject to call-in:	No

1 Summary

1.1 **Current year 2024/25:** The Council monitors budget and service performance on a continuing basis with regular reports provided to Cabinet. For 2024/25, in respect of General Expenses, an overspend of £187k is forecast for the year, primarily due to the in year increased cost of managing homelessness prevention. With regard to Special Expenses Melton Mowbray, an overspend of £21k is forecast primarily due a continued reduction in income from the cemetery.

1.2 **Draft Budget 2025/26:** The 2025/26 draft budget has been prepared based on the Council's Corporate Strategy. It proposes an overall increase in council tax of 2.99% across all Council funds, in line with the Government's referendum limit. Despite ongoing work to secure income and achieve efficiencies, the draft baseline budget is a deficit position with a number of growth items proposed for both general and special expenses. The cost of these is offset in 2025/26 by the use of UKSPF where the expenditure meets the eligibility criteria. Assuming all the proposed growth items are approved, and after utilising reserves to fund non-recurring growth proposals, the overall position would be a deficit of £299k on General Expenses and, a £7k 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 2026/27 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 2026/27 onwards. Whilst inflation assumptions have an impact on this the largest factor is the potential impact of the review of the funding formula and particularly any business rates baseline reset. 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 for General Expenses whilst Special Expenses Melton Mowbray moves into a largely balanced position. 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.

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 2024/25 outturn position is forecasting a draw on reserves to balance. Assuming, all proposed growth items are funded, the 2025/26 position will require a draw on reserves to fund a number of non-recurring items and whilst the UKSPF is funding a number of ongoing items of expenditure in 2025/26 these create a pressure on the budget in later years when this funding source ceases. While the Council's minimum reserve - the Working Balance – is in place, the use of un-ringfenced reserves will reduce overall levels, and if sustained over time would eventually put the Council in an unsustainable position.

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 current sustainability plan 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 and delivered 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 Recommendation(s)

That Cabinet:

2.1 **Note the year end forecast and financial position for the General Fund and Special Expenses for 2024/25.**

2.2 **Recommend that Council:**

2.2.1 **Approve the revenue budget subject to any amendment arising from the final settlement for 2025/26 for General and Special Expenses, including proposed growth, as set out in Appendix A, B, C and D and summarised in section 4.4;**

2.2.2 **Approve 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 4.4.5;**

2.2.3 **Delegate authority to the Chief Executive in consultation with the Director for Corporate Services to access the Corporate Priorities Reserve to fund any of the approved growth items where UKSPF cannot be used due to not meeting the funding criteria;**

2.2.4 **Delegate authority to the Director for Housing and Communities in consultation with the Director for Corporate Services to access the reserves up to £100k to fund the one off costs of preparing for the implementation of food waste collection and recycling reforms;**

2.2.5 **Delegate authority to Director for Corporate Services in consultation with the Director for Housing and Communities to approve a supplementary estimate to support any ongoing additional revenue costs of providing up to five additional waste collection vehicles and delivery of a food waste collection service;**

2.2.6 **Note 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 Appendices A and B;**

2.2.7 **Approve that any current year surplus/deficit on general expenses at 31 March 2025 be met by transfers to or from the Corporate Priorities Reserve in order to maintain the working balance at its agreed level of £1m;**

2.2.8 **Approve 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;**

2.2.9 **Note the changes made to the risk categorisation of budgets as set out in para 4.6.2 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 2025/26 financial year which takes into account the proposals set out in the approved 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, albeit utilising reserves.

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 Main Considerations

4.1 Forecast Year End Position 2024/25

4.1.1 General Expenses – Current Year:

4.1.2 The forecast year end position for General Expenses is in an overspend of £187k prior to any additional pressures/savings which may emerge between now and the end of March 2025. This takes into account approved contributions to/from the reserves, supplementary estimates, and approved carry forwards from 2023/24. The key variances that make up this overspend are:

4.1.3 **Spending Reductions – where there is a forecast underspend on expenditure or additional income generated:**

- **Investment Income (£49k) –** Interest rates remain higher than forecast despite the Bank of England reducing the base rate by 0.5% in August. Future rates remain uncertain with the expectation of a reduction as the year progresses.
- **Miscellaneous (£57k)** – Unspent COVID funding remaining.
- **Salary savings (£194k) –** Through effective vacancy management a number of savings have been delivered in year. These are from part-year vacancies, recruitment at a lower spinal point, change in hours, appointment of an apprentice and staff not in pension scheme across a number of services. Alongside this, the overall pay award at lower than the amount budgeted which has also generated further salary savings.
- **Licencing (£20k) –** Income from licence fees are exceeding budgeted expectations which mainly relates to business licences with a number of new business owners requiring licences.

- **Corporate and Democratic Core (£31k)** – Members allowances budgeted at a higher rate than the final rates approved for 23-24 (assumed 6% on both 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. Also, potential savings in relation to software maintenance, mileage, postages and professional fees.
- **Parkside (£20k)** – a growth item for archive scanning is unlikely to proceed due to quotes exceeding the available budget so alternative routes are being explored which is linked to the Asset Development Programme and space management.

4.1.4 **Spending Increases – where there is a forecast increase / overspend on expenditure or projected shortfall in income:**

- **Insurance (£21k)** – premiums have increased (£16k main insurance contract and £5k ill health insurance). The main contract increases are due to claims history and claim inflation. Ill health insurance increases are due to an increase in staff numbers and pay award. There are also increases in premiums for the Cattle Market (£11k) and Lake Terrace (£18k) some of which will be recharged to tenants.
- **Non-Distributed Costs (£14k)** – mainly due to backdated cost of actuarial reports required for pension fund accounting, which have only just been received. Also includes an estimated increase in the apprenticeship levy, incorporating an uplift for the anticipated pay award.
- **Legal Services (£68k)** – agency costs arising due to several vacant posts during the year to date, net of salary savings. Three of those vacancies are now filled but the recently vacated Information Governance post is likely to remain vacant for the remainder of the financial year. Agency and temporary staff have had to continue for longer than expected due to increased Monitoring Officer work.
- **Homelessness (£199k)** –the cost of bed and breakfast and hotel accommodation is now showing a predicted adverse variance of £318k, as current demand is expected to remain at a similar level for the rest of the financial year. These costs are mitigated by staff savings arising from reduced working hours (£59k), Asylum Dispersal Grant received (£44k), and expected recoverable income (£40k).
- **People Directorate (£26k)** – Forecast overspend due to agency cover for the Waste and Environment Lead Officer.
- **Car Parking (£50k)** – Comprises £25k to implement the new charging order, including changes to signage and parking meters, £14k for enforcement processing costs (although this may reduce because of vacancies), and £11k pay by phone fees.
- **Corporate Repairs and Maintenance (£70k)** – the reactive budget of £30k has already been fully spent and there are further works identified at some of the industrial units which require further maintenance.
- **Waste Management (£36k)** – A contract indexation error made in 2020/21 has given rise to a one-off cost of £26k. The service manager is conducting a review into this matter. A further £10k increase has been identified following agreement of the property numbers, which are higher than budgeted.
- **Development Control (£27k)** – Agency post extended to cover caseload backlog (£10k), one-off salary cost of £9k following backdated regrading, £8k advertising costs.

- **Land Charges (£22k)** – Income from search fees is £13k short in the year to date, if this trend continues the overall shortfall could be £22k.

4.1.5 **Special Expenses – Current Year:**

4.1.6 The predicted year end position for Special Expenses Melton Mowbray is an overspend of £21k. This is mainly due to a continued loss of income on cemetery fees which could be up to a potential impact of £40k, partly offset by additional investment income received in year due to higher investment rates and level of reserves in year for special expenses, over that anticipated.

4.1.7 There is also a significant variation regarding Frisby closed churchyard. Following the collapse of the churchyard wall a couple of years ago, it has been necessary to clarify the extent of responsibility for the churchyard boundaries. It has been established that MBC is responsible for the reinstatement and following the recent tender exercise the repair costs are expected to be £55k. This is being reviewed again to establish if this can be delivered at a reduced amount given the potential impact of the parishioners precept level, as it would need to increase the level of council tax significantly for next financial year and/or spread the cost over a 3-year period as has been done in the past. Options for funding are also being explored.

4.1.8 **Summary – Current Year:**

4.1.9 The forecast year end position is only an indication of the actual position at year end and budget holders can only spend at this level if they seek approval through virements and supplementary estimates. For General Expenses It is proposed that any surplus/deficit over the current working balance at 31st March 2025 be transferred to/from the Corporate Priorities Reserve. For Special Expenses Melton Mowbray it is proposed that any surplus/deficit be transferred to/from the Special Expenses Reserve thereby bringing the actual working balances back to the target. The report includes specific recommendations to facilitate this approach.

4.2 **Key Budget Principles for 2025/26**

4.2.1 A number of key principles have been considered as part of the budget setting process for 2025/26 and these are set out below:

a) The target working balance for General Expenses be retained at £1m;
b) The target working balance for Special Expenses Melton Mowbray be retained at £50k but consideration be given to this increasing when affordability allows;
c) No general inflation be provided for in the 2025/26 budget at service budget level, other than salaries which has been provided for at 3%, unless adjusted for known cost increases by budget holders such as contractual requirements. Pay progression across the scales has been provided for within the establishment budgeted for in full, but no budget has been provided for recruitment costs which would typically be met from underspends arising from a vacancy.
d) Budget proposals are in line with the Council's approved Corporate Strategy

4.3 Local Government Finance Settlement 2025/26

4.3.1 The finance settlement sets out the centrally allocated resources for all councils which are allocated within the context of the spending review. A Settlement Funding Assessment is awarded which consists of a Revenue Support Grant and a Baseline Funding Level which is used to calculate the level of business rates that can be retained from that estimated to be collected locally. The settlement also provides the information on the level of other specific grants a local authority will receive for the coming, and potentially future years, as well as setting out the maximum increase in council tax that can be set without triggering a referendum.

4.3.2 In November 2024 the Government issued a finance policy statement setting out their proposals for the 2025/26 Local government Finance Settlement and their plans for reform of the local government finance system. The key principles being the distribution of funding to areas with greater need with multi-year settlements being introduced from 2026/27 alongside a business rates reset. The provisional settlement issued in December 2024 was in line with this policy statement and published formal consultation, not just on the provisional settlement for 2025/26, but also on the principles and objectives of funding reform that will be implemented from 2026/27 including the intention for a business rates reset. The consultation on the provisional settlement closed on 15th January 2025 and the final settlement is then issued some time afterwards which can change some of the previous levels of funding announced in the provisional settlement.

4.3.3 The key elements set out in the 2025/26 provisional finance settlement are as follows:

a) Business Rates – The Settlement Funding Assessment used to calculate retained business rates and determine Revenue Support Grant (RSG) was increased by 0.37%. The resulting calculation has resulted in a reduction in retained business rates income after allowing for the likely outcome of appeals and bad debt provisions. Following an assessment the Leicestershire business rates pool is continuing for 2025/26 based on estimated significant growth across the pool area. A number of service grants have been rolled into Revenue Support Grant with the overall total being a reduction from £110k to £102k in 2025/26;

b) Council Tax – The settlement has confirmed that the referendum limit for district councils is the higher of 3% or £5 overall increase in a Band D property;

c) Rural Services Delivery Grant (RSDG) – The “Efficiency for SPARSE” services grant has been confirmed as discontinuing as set out in the finance policy statement issued in November 2024. This represents a loss of funding of £247k. The money saved from the ending of this grant has been used to create a Recovery Grant. This is a new grant which uses a formula based on deprivation, taxbase and population to ‘*lay the foundations for reform’* as the government have phrased it of which Melton will receive a Nil amount. This is indicative of the priority for funding now being given to areas of greatest need;

d) New Homes Bonus (NHB) – 2017/18 saw significant changes to the calculation of NHB with the government reducing legacy payments from 6 to 5 years in 2017/18 and to 4 years in 2018/19 onwards. In addition, local authorities whose housing growth is less than 0.4% receive no NHB payment; with authorities only receiving the payment on growth amounting to over 0.4%. The Government outlined proposals in previous consultations to remove NHB funding from 2021/22 onwards. However, this has been extended annually in subsequent finance settlements with these allocations being for one year only. For 2025/26 the government has again extended the scheme for a further year on the same basis with this being the last year pending the review of the finance system from 2026/27 onwards. As such Melton will receive a one off payment for new homes built over the previous year in 2025/26 of £574k which is less than the £726k received in 2024/25;

e) Funding Guarantee/Funding Floor – The government previously provided a funding guarantee grant to ensure all councils receive an inflationary increase of at least 3% in their Core Spending Power. Melton didn't receive anything in 2024/25 due to the increase in the NHB award in that year. In 2025/26 this funding guarantee has been replaced by a new "Funding Floor" which provided for no Council to receive a reduction in core spending power after taking into account the additional income from Council tax. Due to the loss of RSDG and the reduction in NHB over 2024/25 the Council, after taking into account the increased council tax generated by a maximum increase, has received £168k of funding floor grant. This results in an overall net loss of £232k from NHB, RSDG and funding floor grant;

f) Services Grant **–** This grant was introduced in 2022/23 and in 2024/25 the Council received £9k. This grant has now been discontinued;

g) Business Rates Levy - The Government holds back a share of business rates growth to fund any safety nets across the sector. Any unused surplus is then distributed to local authorities. There is a sum that remains unallocated and may be distributed as part of the final settlement or if not early in the new financial year. This amount is not known at this stage and the budget will need to be adjusted when notification is received;

h) Reimbursement of Increase to Employers National Insurance Contributions - It was expected to receive the compensation amount for the increase in the employees NI contributions announced in the budget as part of the settlement. Instead, the formula used to calculate this has been received and the actual amounts will be announced with the final settlement. Government will use each authority's share of Net Current Expenditure for 2023-24 to distribute the total amount available of £515m. Initial calculations indicate this will fall somewhat short of the Council's actual cost of £172k;

i) Flexible Homelessness Support Grant – whilst not part of the finance settlement this grant was notified at the same time and is a significant funding stream for this Council and many districts. The council received £109k in 2024/25 the amount for Melton for 2025/26 is £256k. This will help to mitigate the significant increase in net expenditure for homelessness as a result of increased use and cost of temporary accommodation.

The final settlement for 2025/26 is not expected until late January early February 2025 and will need to be received before the council tax is formally set by Council.

4.4 Proposed Budget 2025/26

4.4.1 The proposed budget for 2025/26 is set out in Appendix D and is summarised in the table below:

Proposed Budget 2025/26	**£000**
General Expenses	
Net Cost of services-Updated Base Budget	9,259
Recurring and One-off Growth Proposals (Net utilisation of UKSPF funding) (see Appendix A, B and C and paragraph 4.4.3 below)	103
Proposed Net Cost of Services	**9,362**
Non Service Related Budgets	-2,957
Business Rates Equalisation Reserve	-238
Net Expenditure	**6,166**

Net Expenditure Met by:	
Non Domestic Rates	-1,332
NNDR Collection Fund Deficit	485
Council Tax Collection Fund Deficit	16
New Homes Bonus	-574
Revenue Support Grant	-101
Council Tax	-4,258
Corporate Priorities Reserve – Non Recurring Cost	-103
Deficit to be met from the Corporate Priorities Reserve	**299**
Note the reimbursement of Employers NI contributions from Government will reduce this deficit	
Special Expenses Melton Mowbray	
Net Cost of Services-Updated Base Budget	698
Proposed Growth	50
UKSPF	-25
Non Service Related Budgets	-124
Net Expenditure	**599**
Net Expenditure Met by:	
Council Tax	-567
Play area Reserve– Non Recurring Cost	-25
Deficit to be met from Special Expense Reserve	**7**

4.4.2 The budget for 2025/26 has been prepared on the basis of maintaining services at their agreed levels, except where the Council has already agreed to a change, in which case any change in cost has been incorporated into the base budget. The proposed budget aligns with the Corporate Strategy.

4.4.3 The growth proposals are set out in Appendices A and B with a summary at Appendix C. The growth for Special Expenses is a non-recurring item and is proposed to be met from the play area reserve after the utilisation of UKSPF. The growth proposals for general expenses are both non recurring and ongoing commitments, and therefore after utilising UKSPF and Council reserves for non recurring items, results in a budget deficit of £299k that then also needs to be funded from reserves. Where these items are ongoing this will impact on baseline budgets from 2026/27 onwards when the UKSPF ends and the council has to meet these costs from its own resources These have been incorporated into the budget and MTFS as set out in Appendix D and the above table and are summarised below:

Growth Proposals:

<u>**General Fund Growth Proposals**</u>	**Recurring £000**	**Non Recurring £000**
Strategic Sport: Funding to maintain existing service provision and address funding shortfall in physical activity and sports team budget following reduction in public health funding.	25,000	
Corporate Services: Finance system upgrade required linked to new 5 year contract.		85,000
Strategic funding: Budget to support the proactive identification and generation of external funding	52,720	
Community Coordinator: To bring together the current fixed term community coordinator role and rural food hub coordinator into one new temporary role.		35,044
Planning Enforcement: additional capacity for planning enforcement consisting of an additional 1 FTE Investment in new	53,590	
Waste and Environmental Services: 1 FTE Green and Open Spaces Officer for a 2 year fixed term, costs split with Special Expenses.		18,000
Waste and Environmental Services: A shared Leicestershire Waste Partnership Officer. Cost net of partner contributions.		9.000
Growth and Regeneration: Make permanent the existing Assistant Director role in Growth and Regeneration	11,130	

<u>**Special Expenses Non Recurring Growth Proposal**</u>		
Waste and Environmental Services: 1 FTE Green and Open Spaces Officer for a 2 year fixed term, costs split with Special Expenses.		50,000

4.4.4 **Budget Development and Assumptions**

All service budgets and projected income streams have been subject to scrutiny by the Senior Leadership Team. The draft budget and proposals have been considered by the Scrutiny Committee. A number of principles and assumptions have been applied when preparing the summary set out in the proposed budget and Appendix D as follows:

a) No provision has been included for the reimbursement of the increase to employers national insurance contributions. The budget will be updated when the final settlement is received and will serve to reduce the deficit and thereby the contribution from the Corporate Priorities Reserve;

b) No allowance has been made for the introduction of mandatory food waste collection and changes to the recycling regime with the assumption that any additional costs will be covered by new burdens grant. The Council has received notification of a capital funding allowance to support implementation, but this is assessed as not being sufficient to meet the costs of additional vehicles and caddies and will need to be supplemented from the council's own capital resources. Other options are being explored to fund the provision of vehicles through revenue. Discussions are ongoing with the contractor to determine the best option for the implementation of this service and the provision of the necessary vehicles. As such there is a risk that the revenue new burden funding will also not be sufficient to meet the additional revenue costs. As well as any ongoing revenue implications there will be a need to cover the one off costs of implementation and project management. As such delegation is included to utilise reserves to cover the one off costs of implementation of food waste collection and recycling reforms as well as any revenue costs needed to provide the necessary vehicles and delivery of the service including contractual costs subject to affordability and this not undermining the council's financial sustainability;

c) Assumptions have been made regarding the funding of growth items from UKSPF. Should these not meet the relevant criteria then they will need to be funded from general reserves. Delegation is requested to enable access to the reserves for those growth items approved but are then found to not meet the relevant criteria. A formal decision will be taken as appropriate to approve the use of UKSPF in its totality including those items not covered by the growth proposals;

d) That the Council sets a 2.99% overall council tax increase. Increases for Special Expenses for Sproxton and Gaddesby have been set at the level required to balance the budget. Frisby has been set at a level to spread the significant cost of the repairs required to the closed churchyard wall over a 3 year period. The increase for Special Expenses Melton Mowbray is proposed at 2.99% leaving the increase for General Expenses at 2.70% in order to bring the combined, overall increase to 2.99%. Capping levels are set to include all council funds;

e) The approved establishment has generally been budgeted for in full, but no provision has been made for recruitment costs or savings as a result of any vacancies;

f) The capital programme as set out elsewhere on this agenda is approved. The revenue implications of which have been considered when preparing the budget;

g) Assumptions have been made in respect of a number of service related income streams in addition to assumptions over the level of interest from investments. The actual position could differ significantly from that estimated;

h) Estimated retained business rates income has been based on the Council's estimated NNDR1 form (Non Domestic Rating Income Calculation and Estimate of Collection fund Surpluses and Deficits). As experience has shown, the actual amount can vary significantly in and between years as a result of levy calculations. A business rates equalisation reserve is held to smooth out some of these implications between years and £238k is included in the budget for 2025/26 to cover the deficit on the NNDR collection fund and the levy gain that is applied in 2024/25 but then adjusted in 2025/26. Based on the forecasts this will put the estimated balance at 31.3.26 at just over £363k which is within the parameters of what is considered appropriate for this fund;

i) Assumptions have been made regarding grant income and charges for services provided by other partners, where certainty surrounding these costs and income, have not yet been provided;

j) No contingency has been included in the budget for 2024/25 due to affordability;

k) The forecast deficit of £187k at 31st March 2025 will be funded by a transfer from the Corporate Priorities Reserve. For Special Expenses Melton Mowbray the forecast deficit of £21k is to be met from a transfer from the Special Expenses Reserve;

l) No allowance has been made for the outcome of the review of Members Allowances currently underway;

m) The cost of external audit is intended to be met in full with clarity still required over the level of fees that will be payable for the financial years 2020/21 to 2022/23 where the accounts received a disclaimed opinion;

n) Following the departure of a member council from the Leicestershire ICT partnership the future operating model is still being discussed and modelled. As was highlighted when the 2024/25 budget was set this could result in some redundancy costs for which all partners will be liable. The extent and split of these is still not known and therefore it is highly likely that resources from reserves will be needed to meet these costs. A delegation was previously approved to access the reserves to fund this cost. With this still not being known no allowance has been made in this respect in the forecast balances and reserves.

4.4.5 The proposals and assumptions set out above would result in the proposed Council Tax levels for each fund as set out below.

Fund	**Council Tax at Band D** **£**	**Change over 2024/25** **%**
General Expenses	208.11	2.70
Special Expenses - Melton Mowbray	58.54	2.99
Special Expenses – Sproxton Nos. 2 & 4	86.66	11.18
Special Expenses – Frisby	73.68	76.09
Special Expenses – Gaddesby	30.54	7.97
Average		**2.99**

4.5 Parish Precepts

4.5.1 For information, a summary of the parish precepts received to date is set out at Appendix E.

4.6 Budget Monitoring

4.6.1 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:

a) High risk and complex budgets.
b) High risk budgets.
c) Lower risk budgets.

4.6.2 The categorisation of the various services has been reviewed for 2025/26 and is set out in Appendix F. Changes have been made to the risk profile with Phoenix house and Parkside added onto the list of high risk budgets due to the need to keep up to date with service charge recharges to tenants and the impact of actual charges being different to that forecast. Customer services is removed as this is no longer considered a high risk.

4.7 Financial Projections for Future Years (Medium Term Financial Plan)

4.71 The estimates in Appendix D contain forward projections for the financial years 2026/27 to 2028/29 as set out below. This is based on the estimated likely position for these future years. Maximum council tax increases plus increased yield from new properties does not cover the forecast increase in salaries and contract costs. This therefore creates an ever increasing deficit in the forecast. This is worsened by the assumed cessation of time limited grant funding in 2026/27 and 2027/28 alongside a lack of certainty regarding future levels of inflation, particularly with regard to wage inflation. Whilst there is great uncertainty regarding government funding this has been assumed at current levels in the forecast even if the category of funding may change. However, the sensitivity analysis does consider the potential implications of this. The table below does not take account of any management interventions to achieve efficiencies, secure new revenue (e.g. through the Stockyard) or implement any of the key aspects of the Financial Sustainability Plan (e.g. Asset Development Programme). If delivered, these would help to reduce the deficits projected below and work will continue to achieve this, as it has in previous years.

Budget Forecast	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	£000	**£000**	**£000**	**£000**
General Expenses				
Net Cost of Services	9,361	10,364	10,845	11,127
Non Service Related Budgets	-2,957	-2,913	-2,832	-2,756
Business Rates Equalisation Reserve	-238	0	0	0
Net Expenditure	**6,166**	**7,451**	**8,013**	**8,371**
Net Expenditure Met by:				
Non Domestic Rates	-1,332	-1,119	-1,152	-1,187
Council Tax Collection Fund Surplus(-)/Deficit	16	0	0	0
NNDR Collection fund Deficit	485	0	0	0
New Homes Bonus/Fair Funding	-574	-574	-574	-574
Revenue Support Grant/Fair Funding	-101	-101	-101	-101
Council Tax	-4,258	-4,447	-4,645	-4,868

Budget Forecast	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000
Use of Reserves	-402	0	-120	0
Deficit for the Year	**0**	**1,210**	**1,421**	**1,641**
Special Expenses Melton Mowbray				
Net Cost of Services	723	718	740	762
Non Service Related Budgets	-124	-122	-115	-110
Net Expenditure	**599**	**596**	**625**	**652**
Net Expenditure Met by:				
Council Tax	-567	-596	-626	-658
Use of Reserves	-32	-25	0	0
Estimated Surplus (-)/Deficit for the Year	**0**	**0**	**-1**	**-6**

4.7.2 With regard to the forecast deficits on general expenses should these not be addressed through savings and efficiencies the gap would have to be met from reserves. The table below shows that should this be the case the Council's unringfenced Corporate Priorities Reserve would be exhausted in 2027/28. Changes in the assumed level of government funding both in the final settlement for 2025/26 and also following the funding review could significantly alter these projections both positively and negatively.

General Expenses	2026/27	2027/28	2028/29
	£000	£000	£000
Corporate Priorities Reserve B/F	2,031	1,381	-40
Forecast Deficit	-1,210	-1,421	-1,641
Business Rates Pool Money	560	0	0
Corporate Priorities Reserve C/F	1,381	-40	-1,681

4.7.3 With the ongoing uncertainty regarding inflation levels coupled with long term uncertainty regarding government funding it is extremely challenging to reliably project the Council's financial position into these later years. As such sensitivity analysis has been undertaken and for information best and worse case scenarios of the potential surplus/deficit for future years with regard to general expenses as set out below.

	2026/27	2027/28	2028/29
Potential Deficit	£000	£000	£000
Best Case Scenario	354	474	539
Worse Case Scenario	2,666	3,094	3,530

4.7.4 The key factors influencing the sensitivity analysis and creating such a large variations between best and worse case scenarios are the assumptions regarding inflation, the outcome of the pension triennial valuation in 2027/28, interest rate assumptions, and retained business rates. In drawing up this projection a number of other assumptions have been made regarding service expenditure and income following discussions with budget holders, and scrutiny by the Senior Leadership Team. Some of the key assumptions that have been made in preparing these forward projections and have influenced the large variations between best and worse case scenarios are as follows:

a) That an overall increase in council tax of 2.99% will be set in future years;

b) Varying assumptions made regarding the future of fixed term posts currently funded from reserves and grant income;

c) That various time limited funding streams cease at the end of their initial period;

d) The expected position is based on the current level of service provision with assumptions incorporated regarding general inflation changes to prices and pay, pension costs and income streams and estimated changes in demand. No allowance is made as part of the projections for the delivery of any financial sustainability savings or income generation which would require a change to service levels/policy. This is to enable the true surplus/deficit to be identified that will require management intervention in order to address the position;

e) Growth projections for council tax growth have been based on historical trends;

f) An allowance has been made for the transfer of part of the land charges service to the Land Registry in 2026/27;

g) The £544k Extended Producer Responsibility Allowance Grant is assumed to be a one off benefit in 2025/26 due to its intended incorporation into the funding formula and no details regarding its distribution between collection and disposal authorities being available;

h) As the compensation for employer national insurance contributions has not been received as part of the provisional settlement this has not been incorporated into any forward forecasts and therefore any amount will serve to reduce the forecast deficits in future years.

Reserves

4.8.1 A Statement of Revenue and Capital Reserves is attached at Appendix G. The key reserves set out in this statement which are affected by the 2025/26 funding proposals are summarised below:

	Corporate Priorities Reserve	General Reserve Special Expenses	General fund Working Balance	Regeneration and innovation Reserve	Business Rates Equalisation Reserve
	£000	£000	£000	£000	£000
Actual Balance 1.4.24	2,444	118	1,000	461	809

	Corporate Priorities Reserve	General Reserve Special Expenses	General fund Working Balance	Regeneration and innovation Reserve	Business Rates Equalisation Reserve
	£000	£000	£000	£000	£000
Estimated net change 2024/25	-150	-50	0	-88	-207
Estimated balance 1.4.25	2,294	68	1,000	372	602
Proposed Movement in Reserves 2025/26	158	-6	0	-77	-238
Estimated Balance 31.3.26	2,451	62	1,000	295	364
Estimated Draw for Outstanding Delegations	-300			-150	
Potential Balance 31.3.26	2,151			145	

4.8.2 The figures set out in the statement at Appendix G are based on the following assumptions:

a) The capital programme and the movement in the reserves and balances is as reflected in the budget;
b) Any surplus/deficit on the general expenses and Special Expenses MM revenue budget is met from a transfer to and from the Corporate Priorities Reserve and Special Expenses Reserve respectively in order to maintain the working balances at their current target levels;
c) Transfers are made from and to the business rates equalisation reserve in order to mitigate the financial implications between years of the levy payments and collection fund surplus/deficits. This follows the establishment of a reserve at the end of 2014/15;
d) Due to the number of outstanding delegations the potential impact on the Corporate Priorities Reserve and Regeneration and Innovation Reserve has been estimated in the above table. These include allowances for the outstanding planning appeal (£120k), IT new operating 2 partner model (£50k), Waste (£100k), Devolution (£30k),Planning Productivity (£150). To note a recent decision was taken by Cabinet to provide delegation for accessing the reserves to support work on devolution.

4.8.3 With regard to the revenue reserves the Council has three main categories. These are either ‘*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 is set out in Appendix H.

4.8.4 In relation to the non-earmarked general reserves, they are available to support a range of projects which may be required for the Council to deliver, as well as being available to support capital expenditure should that be necessary due to a low level of capital receipts being held. The reserves have in recent years been utilised to support non recurring expenditure in support of structural changes, and to balance the budget as is proposed for 2025/26. The reserves had stabilised in recent years and have increased with the addition of the business rates pool money however the budget for 2025/26 does draw heavily on these to fund residual growth items after UKSPF and the in year deficit. It is clear that the financial challenges remain, particularly with the reduction in central government core funding, the ending of non recuring grant funding and the implications of the intended business rates reset in 2026/27. The Council clearly has a structural deficit that needs to be addressed through future savings and the actions required to address this shortfall will have a lead time to implement and in some cases a cost of implementation which will continue to put pressure on the reserves and is likely to cause further reductions in their levels. Whilst reserves have been boosted in recent years by the allocation of business rates pool monies the current agreement with pool members regarding the distribution of these ends in 2025/26 and any reset carries a high risk of making the pool unviable moving forward.

4.8.5 The reserves in respect of Special Expenses Melton Mowbray have been heavily depleted in recent years as a result of recent in years deficits. In light of recent overspending in year primarily due to declining cemetery income it would be prudent to consider increasing the working balance from its current level of £50k as this has not been revised for some years. It is considered a larger balance would help mitigate any overspends and when considered alongside the reducing reserves would assist with financial resilience with regard to this fund. The need to consider longer term cemetery provision will require further funding, subject to future consideration by the Council. As such moving forward there is a need to continue to identify savings on this fund in order to generate sufficient headroom to increase the working balance as well as cover the revenue costs of any borrowing undertaken to fund future cemetery provision.

4.8.6 CIPFA (the Chartered Institute of Public Sector Finance and Accountancy) issue a Financial Resilience index for all councils which is available publicly. This is in response to concerns regarding the viability of councils. It is suggested that Chief Finance Officers should comment on the results as part of their statement on the adequacy of the reserves as part of their budget reports. The key messages for Melton are as follows:

a) The Council is deemed at higher risk due to its level and use of reserves in comparison to net revenue expenditure and the relative level of earmarked reserves. This was a key concern which led to the increase to the working balance in 2023/24. This is a key resilience indicator as it affects the Council’s ability to respond to unexpected events and manage the financial impacts of any changes needed to become more efficient;

b) Melton is shown as being at a medium risk compared to similar authorities and other districts as a result of the proportion of income from fees and charges it generates. This is because this places less reliance on central government for funding with fees and charges being within the authority's control. However, when events such as the pandemic occur such income can become a significant risk;

c) Melton is at a lower risk compared to similar authorities and other districts as a result of having lower business rates growth. The implications being that with this source of funding being at risk of the baseline being reset, above which a portion of growth is retained, Melton has comparatively less to lose than other councils.

4.8.7 The relatively low level of the Council's reserves compared to other similar authorities is also highlighted in the Office for Local Government (Oflog) corporate indicator set. This is an issue for small councils due to their comparative size. The Council needs to be mindful of this when considering its budget position and future financial resilience.

4.8.8 Whilst the Council's reserves have stabilised, and increased in recent years, the need to draw on reserves to balance the 2024/25 and the proposed 2025/26 budgets due to what is a structural deficit will mean that future year's indices will be negatively affected. In addition the council continues to draw on the reserves to fund non recurring items of expenditure both as part of the budget and through the exercise of delegation for specific items and pressures. It does need to be recognised that as reserves above the minimum level deplete further, the ability to support the financial implications of change and transformation from reserves – e.g. costs arising from changes to staffing structure - will be more difficult and such costs could have to be met from within the annual revenue budget. This would therefore require sufficient savings to be made in year or income generated to meet these costs. Should reduced funding from central government result in further savings and efficiencies having to be made then there is a high risk that reserves would need to be drawn on to support the associated one off costs of achieving these. Further gains from the business rates pool will mitigate this and support resilience but if used to support savings plans will not then be available to support other non recurring direct service delivery expenditure. A business rates reset is likely to affect the viability of the pool from 2026/27 and also there is no agreement regarding the distribution with other pool members post 2025/26 even if the pool continues. Whilst not covered by the resilience index, as set out in the capital strategy, the Council is vulnerable due to its low level of capital receipts and the ongoing need to invest in existing assets that have needs identified through stock condition surveys. If assets are not identified for sale that will generate additional receipts that can be invested elsewhere -opportunities for which are limited - then the Council will need to identify revenue it can use to fund such capital expenditure directly or to fund the costs of borrowing. The Council has an asset development programme which is progressing and this should lead to the realisation of capital receipts or additional revenue income but the level and timing of these is uncertain.

5 Options Considered

5.1 It is a requirement to set an annual budget and consider the impact on the Council's reserves and balances. The options contained within the budget have been subject to scrutiny and reflect the feedback given.

6 Consultation

6.1 Public consultation was undertaken in relation to previously approved Corporate Strategy. The budget proposed is in line with that strategy. A residents survey was undertaken in

2022 and the results compared to previous surveys so the direction of travel could be understood.

6.2 The Scrutiny Committee has considered the budget proposals and the outcome of their consideration is set out elsewhere on the agenda. All members were invited to the Scrutiny Committee. Prior to this formal meeting a Budget Scrutiny Workshop was held in December 2024.

6.3 Budget holders, managers and staff have been engaged at various stages in the process as the budget has been developed.

6.4 Business ratepayers have been consulted via the website.

7 Next Steps – Implementation and Communication

7.1 The recommended budget will be presented to the Council meeting on 6th February 2025. Council tax calculations including the various preceptor amounts as required by the regulations set out in the Local Government Finance Act 1992 will be presented to Council on 27th February 2025. Following their approval the budget book and council tax invoices will be finalised and raised. The budgets set will be monitored and reported on as appropriate during 2025/26

8 Financial Implications

8.1 The financial implications of proposals are set out above.

8.2 Section 25 of the Local Government Act 2003 imposes a duty on the Chief Finance Officer to report formally to Council on the following:

a) The robustness of the estimates utilised to set the Council Tax;

b) The adequacy of the proposed financial reserves.

8.3 Local Government generally is operating during a period of prolonged financial uncertainty and significant change. This uncertainty relates to both the overall UK economy as well as the impact of potential national policy changes to the way in which local government is funded in the medium / long-term. Demand pressures, high inflation and interest rates on top of 10+ years of cuts to local government funding have put significant pressure on the budgets of local authorities. Against this backdrop there has been much criticism of the system of local government funding and a collapse in the system of local authority audit with a large number of council's receiving disclaimed opinions in order to meet backstop dates for the finalisation of their statement of accounts. Several Section 114 reports have been issued by s151 officers and many more warnings against their likelihood in the future. Some of these reports and warnings have been issued because of poor governance which has led some councils to take unwise decisions or fail to make adequate responses to increasing pressures. However, S114 report warnings are now being reported for councils that are not regarded as having behaved imprudently but are struggling to meet the financial pressures they face. This is happening at unitary, upper tier and lower tier councils across the political divide.

8.4 The budget and Medium Term Financial Strategy are approved on an annual basis and so it would be easy to neglect the longer-term strategic picture. But the Council operates in an environment where demands for services, and their costs, are increasing. There is a downward trend in resources and increasing pressure to spend and utilise reserves to protect services. This is not a sustainable position. It is important therefore that the council continue to manage its resources in a prudent and sustainable way, ensuring that it understands and can plan and manage risks effectively over the medium term which is why a strong link is necessary between service and financial planning.

8.5 The Council has had recourse to utilise reserves to balance its budgets in recent years and maximised council tax increases although the budget has not contained savings targets. Identification and capturing of efficiency savings remain a priority not just to reduce the forecast budget gap in the MTFS but also to ensure value for money services are delivered.

8.6 The budget ensures that all aspects of the budget (Revenue, Capital and Treasury) are understood, and the interdependencies are taken account of. The Council's S151 officer sits at a level within the Council to have oversight on the Council's financial decision making and her views are appropriately sought.

8.7 With regard to the robustness of the estimates, by their very nature estimates are not factual they are the best estimate of the likely position taking into account the various risks associated with items of income and expenditure. One of the key areas of risk with regard to the robustness of the estimates relates to the assumptions made regarding income levels (including central government funding) and inflationary impacts particularly the level of any national pay award. Further assumptions have had to be made in bringing together the estimates for 2025/26 and these are set out elsewhere in the report along with the key risks set out in Section 15 alongside some elements that were not finalised at the time the budget was produced for this report. A number of the growth proposals include posts which have yet to be subject to job evaluation.

8.8 As set out above future maximum increases in council tax alongside council tax growth is not sufficient to meet the rising costs of service provision. Unless future opportunities arise from other funding streams there is therefore an ongoing pressure to meet the costs of existing service provision from efficiencies and savings if the budget is to remain balanced. Of particular concern is the structural deficit within the general expenses budget and that this needs to be met from the reserves. Whilst there is considerable uncertainty associated with the future funding of local government, alongside the Council having a track record of prudently managing its finances, and there could be a view that a cautious approach to service reductions should be taken. Unfortunately, the low level of the Council's reserves reduces the level of flexibility the Council has, and therefore there is a real risk that the Council may have to make more aggressive service savings in future years if the deficits cannot be mitigated. It is also clear from the provisional settlement that rural district councils are not a high priority to receive additional funding. As such the Financial Sustainability Programme, and key elements like the Asset Development Programme, need to continue to be progressed and implemented as a priority. Subject to these concerns the S151 Officer confirms that she is satisfied with the robustness of the 2025/26 base budget.

8.9 With regard to the adequacy of the reserves the Council does review the level of general fund working balances required based on an assessment of risk, which is the minimum required, on an annual basis. Following a LGA financial resilience review the general expenses working balance was increased during 2023/24 to £1m. As a result of the current extreme financial pressures on the budget it is vital that there is a sufficient minimum level of reserves to cushion the council against unexpected events. A statement of the reserves is attached at Appendix G. Low levels of reserves inhibit the Council's ability to either invest to save or to balance the revenue budget until savings are identified or to fund any one off costs of delivering against savings plans. In such an event such limited reserves would quickly be depleted. The Council's low level of capital receipts are also a concern which represents a risk in funding any future repairs required to maintain the Council's assets. Due to recent pressures on the Special Expenses MM fund it would be prudent to consider an increase to this working balance as part of measures to address the budget gap.

8.10 On this basis the S151 Officer confirms that the Council has adequate reserves for its immediate and short term needs. However, should the future year deficits as set out in the MTFS be realised then service reductions will have to be considered which are likely to require a draw on reserves in order to achieve these.

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

9 Legal and Governance Implications

9.1 Under section 151 of the Local Government Act 1972 a local authority must make proper arrangements for the administration of its financial affairs.

9.2 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.

9.3 Under section 28 of the Local Government Act 2003 a local authority has to review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in it's budget.

9.4 The Council is required under statute to fix the level of council tax for 2025/26 by 11 March 2025 and in order to do so will have to agree a balanced budget by the same date taking into account a range of factors, including consultation feedback, and all of these decisions must also be taken having proper regard to the Council's duties under the Equality Act 2010.

9.5 The budget approval process is separate from individual decisions which would be incidental to the budget setting process. Legal implications will continue to be considered, and appropriate advice given, in implementing budget proposals.

9.6 Regulations made under the Local Government Act 2003 require the Council to have proper regard to the CIPFA Code of Practice for Treasury Management in Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities , compliance with which provides assurance that the Council's investments are, and will continue to be, within its legal powers and duties.

Legal Implications reviewed by: Monitoring Officer.

10 Equality and Safeguarding Implications

10.1 When considering the MTFS, and any savings and investment proposals, the Council must have due regard to the public sector equality duty (PSED) in section 149 of the Equality Act 2010 which requires the Council to have due regard in it's decision-making processes to the need to: eliminate discrimination, harassment, victimisation or other prohibited conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't.

10.2 The proposals in this report do not have any immediate impact on that duty since Service Areas have had regard to those duties in relation to their elements of the budget proposals. If equalities implications arise in implementing these proposals the service area concerned will assess these and take appropriate measures to comply with those duties.

11 Data Protection Implications

11.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks to the rights and freedoms of natural persons arising directly from this report.

12 Community Safety Implications

12.1 Individual budgets will have links to community safety issues as a core service area of the Council.

13 Environmental and Climate Change Implications

13.1 Individual budgets will have links to environmental and climate change across the council and will be incorporated into the budgets being proposed.

14 Other Implications (where significant)

14.1 There are no other implications to those set out elsewhere within the report.

15 Risk & Mitigation

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	Assumptions around demand and usage resulting in fees and charges and other income including planning fees, investment income and property rentals not being achieved.	Significant	Critical	Medium Risk
3	Grant and partnership income for supporting service delivery are withdrawn or reduced over that budgeted for; funding is provided in areas such as benefits administration, sports commissioning homelessness, climate change and resettlement schemes.	Significant	Critical	Medium Risk

Risk No	Risk Description	Likelihood	Impact	Risk
4	Assumptions made for retained business rates aren’t achieved resulting in reduced income over that estimated and a deficit in the collection fund which would impact on future financial sustainability. This could be the result of less growth, changes in reliefs and discounts over that estimated, closure of businesses, successful including empty relief and backdated appeals being higher than estimated, changes to baseline assumptions.	Significant	Critical	Medium Risk
5	Projections for Housing growth used to calculate council tax are inaccurate.	Low	Marginal	Low Risk
6	Any by-elections are not budgeted for resulting in an overspend or savings having to be made elsewhere to cover.	Significant	Marginal	Medium Risk
7	Unexpected costs arise in areas such as enforcement, planning appeals with the associated legal costs.	Significant	Marginal	Medium Risk
8	Homelessness costs are unable to be contained within budget as a result of rising need including asylum seekers.	High	Critical	High Risk
9	Changes to the local plan framework result in increased costs which cause the baseline budget to be insufficient.	High	Critical	High Risk
10	Inflation provided for is insufficient for contractual, utilities and pay increases particularly in light of the impact on the national living wage.	Significant	Critical	Medium Risk
11	Depletion of the Council’s capital resources increases the need to borrow for any capital spend which will impact on the revenue budget with any borrowing costs needing to be met and this increases pressure on revenue spend elsewhere.	Significant	Marginal	Medium Risk

Risk No	Risk Description	Likelihood	Impact	Risk
12	Due to essential asset repairs being undertaken only, as a result of affordability, that this creates future asset repairs that are unaffordable.	High	Critical	High Risk
13	Changes in Government Policy relating to waste including the requirement to collect food waste is not fully funded.	High	Critical	High Risk
14	Delays in prompt invoicing of leases and service charges results in difficulty in recovering outstanding balances which could lead to debts being reduced or written off.	High	Critical	High Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				1
	5 High			8, 9 12,13, 14	
	4 Significant		6,7, 9,11,	2,3,4,10,	
	3 Low		5		
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	As a corporate risk this is being managed with a full action plan in place. Mitigation includes priorities agreed through corporate strategy, Regular liaison and consultation with the unions, the workforce strategy, maximising partnership working to deliver better outcomes at reduced local cost, regular review of MTFS, well informed public and members around priorities, cost of services and resources available. Regularly review risk associated with partnership projects and funding, risk assessed working balance which takes into account potential fluctuations of income and expenditure levels against budget and an increase to the minimum balance, MTFS is subject to sensitivity analysis, ongoing review of any changes in government funding, ongoing consideration to be given to public consultation to ensure the proposals are understood within the context of the financial position, regular liaison and lobbying of government and other groups to recognise the need for fair funding and business as usual costs through fair funding review. The key mitigation is the development of a robust and achievable financial sustainability plan that is regularly reviewed and delivered as a priority.
2,3,4,5,6,7,8,9,10,14	Robust budget monitoring processes in place which are risk assessed to enable potential overspends to be highlighted at an early stage so corrective action can be taken to curtail expenditure elsewhere to offset such losses and shortfalls. The Council does hold unearmarked reserves and some specific reserves that could be used for some areas of pressure, albeit these are reducing and are extremely limited, and should be taken in the context of the future significant cuts that are set to continue and the recent draw on these.
11,12	Prioritise identification of assets for sale in order to realise capital receipts to use to fund capital spend elsewhere.
13	Work with other councils to ensure any shortfall in funding is understood and lobby Government and other bodies such as LGA, DCN to increase the funding to the level that meets costs. Work with contractor to mitigate increased costs to fit within funding provided.

16 Background Papers.

16.1 There are no background papers.

17 Appendices

17.1 Appendix A – General Expenses Growth Proposals

17.2 Appendix B – Special Expenses Melton Mowbray Growth Proposals

17.3 Appendix C – Summary of Budget Proposals

17.4 Appendix D – Summary of Committee Estimates

17.5 Appendix E – Parish Council Precepts

17.6 Appendix F – Risk Assessment of Budgets

17.7 Appendix G – Statement of Revenue and Capital Reserves

17.8 Appendix H – Purpose and Future Intentions of Reserves