



# Cabinet recommendations to Council - General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29

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

## 1 Summary

- 1.1 **Current year 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 £200k 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 Recommendations

### That Council:

- 2.1 **Approve the revenue budget for 2025/26 for General and Special Expenses, including proposed growth, as set out in Appendix A, B, C and D and summarised in Appendix 1 section 4.4;**

- 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 Appendix 1 at paragraph 4.4.5;**
- 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;**
- 2.4 **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;**
- 2.5 **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;**
- 2.6 **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;**
- 2.7 **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;**
- 2.8 **Approve that any current year surplus/deficit for Special Expenses Melton Mowbray at 31 March 2025 be transferred to/from the Special Expenses Reserve thereby bringing the actual working balance back to the target £50k;**
- 2.9 **Note the changes made to the risk categorisation of budgets as set out in Appendix 1 at paragraph 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 Background**

4.1 The General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 was presented to the Scrutiny Committee at their meeting on 23 January 2025.

4.2 Cabinet are due to consider the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 at their meeting on 6 February 2025.

## **5 Main Considerations**

5.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **6 Options Considered**

6.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **7 Consultation**

7.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **8 Next Steps – Implementation and Communication**

8.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **9 Financial Implications**

9.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

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

## **10 Legal and Governance Implications**

10.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

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

## **11 Equality and Safeguarding Implications**

11.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **12 Data Protection Implications (Mandatory)**

12.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **13 Community Safety Implications**

13.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

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

14.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

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

- 15.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **16 Risk & Mitigation**

- 16.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **17 Background Papers**

- 17.1 As outlined in the General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report at Appendix 1.

## **18 Appendices**

- 18.1 Appendix 1 – General Fund Revenue Budget 2025/26 and Medium Term Financial Strategy 2026/27 to 2028/29 report.
- 18.2 Appendix A – General Expenses Growth Proposals
- 18.3 Appendix B – Special Expenses Melton Mowbray Growth Proposals
- 18.4 Appendix C – Summary of Budget Proposals
- 18.5 Appendix D – Summary of Committee Estimates
- 18.6 Appendix E – Parish Council Precepts
- 18.7 Appendix F – Risk Assessment of Budgets
- 18.8 Appendix G – Statement of Revenue and Capital Reserves
- 18.9 Appendix H – Purpose and Future Intentions of Reserves