Melton Borough Council

Narrative Statement

Helping People. Shaping Places.

Subject to Audit









2025/2026

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1. Introduction to the 2025/26 Statement of Accounts by Dawn Garton, Director for Corporate Services (Section 151)

I am pleased to present Melton Borough Council's Statement of Accounts for the financial year ended 31 March 2026. The published accounts are an important element of the overall arrangements for demonstrating the Council's financial stewardship of public money. Whilst by their very nature the accounts are backward-looking, they provide the context for a challenging medium term financial position resulting primarily from a number of central government policy changes and decisions in relation to local government funding, the provision of food waste collection services, and the impending local government reorganisation.

The year-end financial position for 2025/26 is reported to the Cabinet in July 2026. The report describes the outturn position for the council's main accounts and outlines the key variations (which are also shown later in this report at section 10).

The current economic climate continues to prove challenging with the Medium-Term Financial Strategy showing budget deficits across a 'best to worse case' scenario, as reported to the Council in February 2026. Whilst the Council has a financial sustainability plan, this is not sufficient to meet these forecast deficits without recourse to reserves. Whilst there is the option to commence a large-scale savings programme, the level of savings required would be significant and incur sizeable costs and resources to implement. This would be at the same time as the Council will be preparing for the necessary changes arising from any Local Government Reorganisation (LGR) decision, which would no doubt risk diverting resources from this priority workstream. In response, the Council plans to defer the introduction of a food waste collection service until 1 April 2028 in order to benefit from the economies of scale arising from the consolidation of services associated with LGR.

The preparation of the 2025/26 accounts in a timely manner enables the Council to finalise its consideration of the financial position for the year and to move on to address the challenges that 2026/27 and later years will bring. The 2024/25 audit opinion was disclaimed.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It aims to provide information so that the reader can:

- Understand the overarching financial position of the Council and the outturn for 2025/26;
- Have confidence that public money has been used and accounted for in an appropriate manner; and
- That the financial position of the Council is sound and secure.

The style and format of the accounts complies with the CIPFA standards and is similar to previous years. The Narrative Report provides information about Melton, including the key issues affecting the accounts. It also provides a summary of the financial position as at 31 March 2026.

I would like to thank all my team and other officers who have supported the process and worked so hard to publish the Statement of Accounts within the required deadline. In addition, my thanks also go to the team and services who have managed budgets throughout the year resulting in an underspend transferred to reserve after taking account of a significant amount of unspent budget carried forward to 2026/27 to support specific issues and projects.

Dawn Garton FCPFA

Director for Corporate Services

2. About Melton

Detailed and up to date statistics regarding the Borough of Melton are set out in our State of Melton report which is refreshed on an annual basis to capture the key data and statistics which inform the Council's decision-making.

2.1 About the Council

Melton is a Borough Council serving the people, communities and businesses of Melton located in North East Leicestershire. The Council serves over 51,800 residents over 16 wards with 28 elected Councillors.

The Council is one of seven District (or Borough) Councils in Leicestershire which operate within a two-tier system where responsibilities are divided between the District or Borough Council and Leicestershire County Council.

As at the 13 April 2026, the Labour Group have five Councillors, the Conservative Group has 11 Councillors, and there are eight Independents as well as three non-aligned Members and one Liberal Democrat.

Councillors set the strategy and policy direction for the Council and Officers work within the direction that has been set. A Leader is elected by the Council on a four yearly basis and is currently Councillor Ronan Browne who has appointed a Cabinet to make decisions on key strategic issues. Each Councillor who sits on the Cabinet has a portfolio or responsibility for a particular Council function, such as Housing and Communities or Economic Development and Regeneration.

To ensure the Cabinet can be held to account for the decisions it makes, the Council has appointed a Scrutiny Committee. This is made up of Councillors who are not members of the Cabinet. Their role is to assist the Cabinet with policy development and to scrutinise the decisions the Cabinet is about to or has already taken.

The Council also has four Regulatory Committees which deal with matters regarding Planning, Licensing and Audit and Standards. There is also a Committee for employment matters relating to certain Senior Officers.

More information on the political representation of the Council can be found on the website.

Melton contains 26 local councils (25 parish councils and one parish meeting). Melton Mowbray is not a parished area.

Edward Argar is the Conservative MP for Melton and Syston, and has been since 12 July 2024.

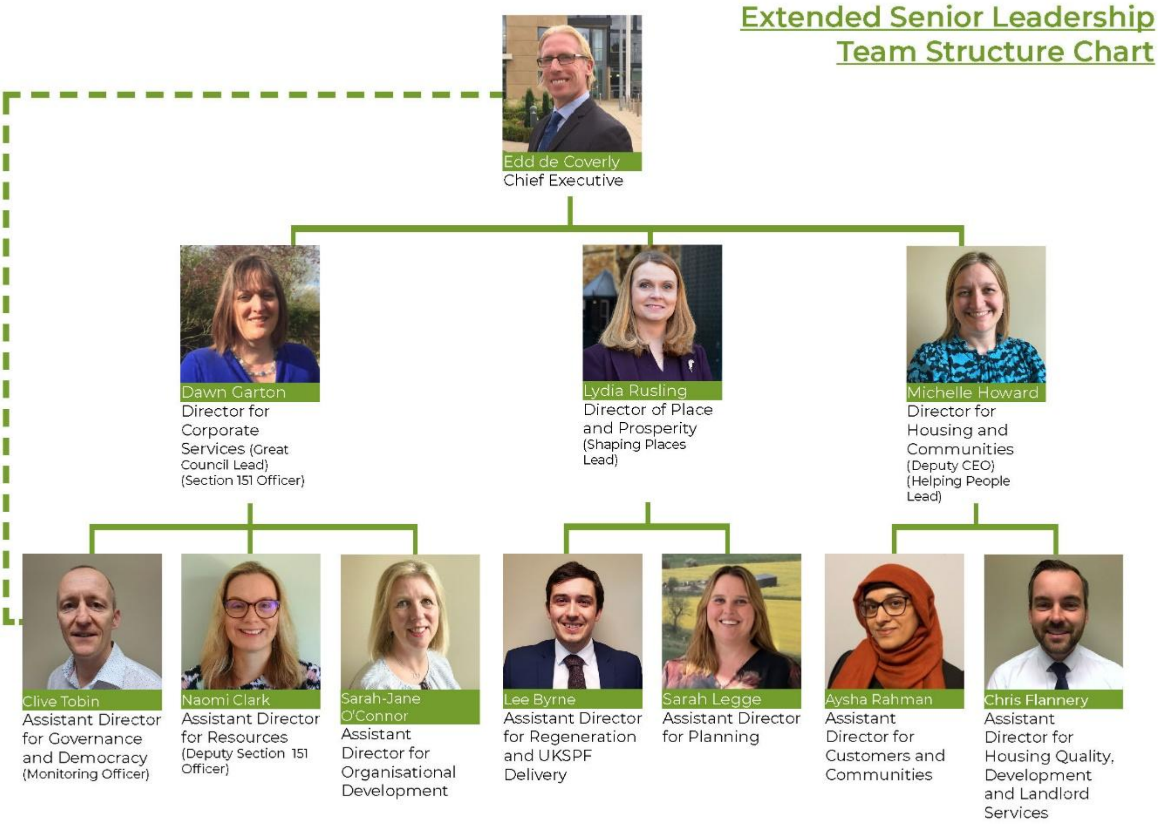
The Council employs approximately 200 full-time and part-time staff.

The Council delivers a full range of services and works in partnership with Leicestershire County Council and many other agencies, including the National Health Service, Leicestershire Police, and Leicestershire Fire and Rescue Service.

Some of our key Partnerships which help us to deliver for the residents include:

- Leicester and Leicestershire Local Economic Partnership
- Community Safety Partnership/Safer Melton Partnership
- Leicestershire Waste Partnership
- Melton Business Improvement District (BID)
- Melton Sport and Health Alliance
- Helping People Partnership Board
- Green Living Leicestershire
- Levelling Up Fund Executive Board
- Parish Councils
- Community Support Hub
- Leicestershire Rural Partnership
- IT Partnership

2.2 How the Council delivers services.



The Council is divided into three Directorates namely:

- Corporate Services
- Prosperity and Place
- Housing and Communities

Corporate Services

The services delivered by our teams in Corporate Services are set out below:

- Benefits

- Council Tax and NNDR
- Communications and Public Relations including Website and Social Media
- Corporate Consultation and Engagement
- Finance
- Human Resources
- Information Technology (ICT)
- Internal Audit
- Procurement through the Welland Procurement Unit
- Corporate Complaints
- Data Protection
- Democratic Services
- Elections and Electoral Register
- Legal Services
- Mayor and Civic Duties
- Post and Reprographics
- Performance and Policy
- Emergency and Business Continuity Planning

Prosperity and Place

The services delivered by our teams in Prosperity and Place are set out below:

- Corporate Policy and Asset Management
- Economic Development (including Town Centre Management and Funding)
- Enforcement: breaches of licensing and planning control, tenancy, place
- Environmental Health: food safety, pollution; environmental crime,' Stray Dogs contract
- Licensing (Taxis, alcohol sales, Late Hours Catering and Entertainment etc)
- Strategic Housing
- Building Control
- Conservation
- Development Control (Planning Applications, Appeals and pre application advice)
- Planning Control
- Land Charges / Personal searches
- Melton Local Plan and other planning policy

Housing and Communities

The services delivered by our teams in Housing and Communities are set out below:

- Private Sector Housing including Disabled Facilities Grants via 'Lightbulb
- Burial and Cemetery
- Community Safety/Family Intervention
- Customer Services
- Environmental/Grounds Maintenance Services
- Housing Benefit and Council Tax

- Housing - /Homelessness/Housing Needs/Repairs & Tenant Liaison
- Leisure and Culture
- Community Support Hub and Case Management
- Neighbourhood Management
- Young People and Seniors
- Waste Management and Recycling
- Housing Asset including housing repairs
- Tenancy Services including the Intensive Housing Management Team (sheltered housing)
- Housing Development

2.3 Our Corporate Priorities

Our Corporate Strategy 2024-2036 sets out our long-term ambitions for the next 12 years, and the work we are going to undertake to deliver them.

Corporate Strategy 2024 -2036 – Melton Borough Council

2.4 Policy Framework

Shown below are the key policies and strategies that shape what we do as a Council and in partnership with stakeholders.

Regional and Sub Regional Strategy

- Leicestershire Sustainable Community Strategy
- Levelling Up Fund with Rutland County Council
- Leicester and Leicestershire Economic Growth Strategy 2021-2030
- Leicester and Leicestershire Strategic Growth Plan 2050
- Helping People Partnership Board
- Place Board
- Midlands Engine

Our Corporate Strategies

- Vision 36 and Corporate Delivery Plan
- Medium Term Financial Strategy 2024 – 2028
- Treasury Management Strategy
- Capital Strategy
- Way We Work Strategy
- Local Plan
- Equalities, Diversity and Inclusion Policy
- Commercial Strategy

Our Corporate Priority Strategies

- **Key Strategies**
    - Integrated People Offer
    - Economic Development Strategy

    - Risk Management Strategy

- **Service Specific**
    - Housing Revenue Account Business Plan
    - Housing Revenue Account Asset Management Plan
    - Housing Strategy
    - Asset Management Plan
    - Customer Feedback and Complaints Policy
    - Communications and Engagement Strategy

- **Partnership Plans**
    - Leicestershire Joint Strategic Needs Assessment
    - Melton BID Business Plan 2021-2026
    - Community Health and Wellbeing Plan 2023-2028

2.5 Trade Union Time

Item	Details
1. Total number (absolute number and full time equivalent) of staff who are union representatives (including general, learning and health and safety representatives)	➢ 2 staff (2.0 FTE) 2.5 days / 18.5 hours union activity per year
2. Percentage of working hours spent on facility time	➢ 0% of working hours: 0 representatives ➢ 1 to 50% of working hours: 2 representatives ➢ 51 to 99% of working hours: 0 representatives ➢ 100% of working hours: 0 representatives
3. The names of all trade unions represented in the local authority	➢ UNISON
4. Total pay bill and facility time costs	See items below
• **Total pay bill:**	➢ £10,246.426.21
• **Total cost of facility time** - A basic estimate of spending on unions (calculated as the number of full-time equivalent days spent on union duties multiplied by the average salary), and	• £213
• **Percentage of pay spent on facility time -** A basic estimate of spending on unions as a percentage of the total pay bill (calculated as the number of full-time equivalent days spent on union activities multiplied by the average salary divided by the total pay bill	• 0.002

2.6 Equalities

The Council published our Equality, Diversity and Inclusion Policy. which covers all our legal duties as required by The Equality Act 2010.

The Councils four-year equality review and action plan covering the period 2024 -2028 consists of the following objectives:

a) Engage in appropriate, target driven ways that are always accessible.
b) Develop and support a diverse workforce (being recognised as an employer of choice).
c) The Council have publicly committed to reducing inequalities, strengthening community cohesion and challenging discrimination. Therefore, there needs to be active work to further raise the profile of ED&I within the Council.
d) Ensure services are in place or commissioned which are inclusive, responsive and foster good relations with and within the community (understanding difference and celebrating diversity).

The action plan is a live working document that allows progress of actions to be mapped, and also allows the Council to understand what resources, time commitment and constraints are preventing an action to be completed.

The Council's Corporate Equalities Group (CEG) has been long established to provide support and scrutiny and to promote ED&I themes throughout the Council. The group consists of team members from across the Council, the Portfolio Holder, and overseen by the Strategic Lead for Connecting and Enabling Communities and the Assistant Director for Customer and Communities. One way of ensuring compliance is to demonstrate we have given due regard to impact of our policies or working practices on people with protected characteristics. We do this through the completion of Equality Impact Assessments (EIAs). As part of the process for completing an EIA, a cross-directorate virtual group is tasked with providing Check and Challenge of the EIA.

2.7 Local Government Reorganisation

The English Devolution White Paper (published on 16 December 2024) set out the government's vision for simpler local government structures. Alongside the publication of the English Devolution White Paper on the 16 December, the Minister of State for Local Government and English Devolution wrote to all Councils in remaining two-tier areas and neighbouring small Unitary Councils to set out plans for a joint programme of devolution and local government reorganisation.

On the 5 February 2025, the Minister of State for Local Government and English Devolution issued a statutory invitation to all Councils in 2-tier areas and small neighbouring Unitary Authorities to develop proposals for unitary local government. These will bring together lower and upper tier local government services in new Unitary Councils to deliver local government reorganisation. This invitation requested that Councils produce interim plans and submit these to government by Friday 21 March

2025, setting out their progress on developing proposals in line with the criteria and guidance.

Four plans have been submitted in final proposals to Government in November 2025:

- one by Leicestershire County Council;
- a north/south (Rutland) approach – with Northwest Leicestershire, Charnwood and Melton in the north, Hinckley and Bosworth, Blaby, Oadby and Wigston, Harborough and Rutland in the south; and
- Leicester City Council has submitted its final proposal for two unitary councils covering the area – but with an extension of the city's boundary into parts of Blaby, Oadby and Wigston, Harborough and Charnwood. The city council has also included a 'base proposal' to Government which would see the city merged with all of Blaby, Oadby and Wigston and Harborough councils but the city is clear this proposal has only been included to be legally compliant. Its preferred option is to expand partially into multiple areas.

Government ran a consultation on the submitted proposals which ended on 28 March 2026. The table below gives the expected future timeline.

Key milestone	Date
Expected LGR decision from Government	Summer 2026
Elections to shadow authorities	April/May 2027
Vesting day for new authorities	April 2028

This would mean that Melton Borough Council would cease to be a Council on 31 March 2028 and would be merged into a new Unitary Council as from 1 April 2028, referred to as the vesting day. Up until then Melton Borough Council will continue to deliver services as normal.

3. Key Factors that have influenced the financial position of the Council in 2025/26

The outturn position for 2025/26 is outlined in section 10, together with explanations of the key variances to the budget. The outturn position is also reported to Cabinet in July of each year, the committee papers for which are available on the council website.

The General Expenses account experienced a number of budget variances during the year, and as a result has a sizeable level of budget carry forward into 2026/27 (£931k). It is important that the carry forwards are managed effectively and used to ensure that the relevant corporate priorities are positively contributed to. After taking account of the carry forward amounts, the outturn was £97k underspent which increases the corporate priorities reserve and allows the working balance to remain at its agreed £1m level.

Although there were a number of budget variations during the year (mainly relating to service specific factors), overall, the outturn was close to the forecast level reported to Council in February 2026 with no material changes to report. This provides a solid basis for the councils Medium-Term Financial Strategy going forward, although the previously identified challenges and risks remain.

3.1 Reserves, financial performance and financial position

The close monitoring of the budget has resulted in a slightly better position overall for general expenses (after accounting for budget carry forwards) with an increase to the corporate priorities reserve over that forecast.

The position for Special Expenses Melton Mowbray at year end is broadly in line with the budget.

The Council's Medium-Term Financial Strategy approved in February 2026 when the budget for 2026/27 was approved, provides forward forecasts for the next 3 financial years. These indicate the potential for increasing deficits over that period as a result of inflationary pressures, demand, changes to local government funding and the requirement to introduce a food waste collection service. The slight increase to the general fund reserves over that forecast helps provide more resilience but the position remains challenging due to the Council's relatively low level of unallocated reserves overall.

Demand pressures, inflation and interest rates, in addition to many years of real terms reductions in local government funding have put significant pressure on the budgets of local authorities.

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.

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 Medium-Term Financial Strategy but also to ensure value for money services are delivered.

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.

Of particular concern is the structural deficit within the general expenses budget and that this needs to be met from the reserves as well as the statutory need to implement a food waste collection service. Whilst the outcome and timing of Local Government Reorganisation is unknown the Council needs to manage its finances and operate as a going concern. The Council does have 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 level of the Council's reserves comparative to the forecast deficits, the costs of delivering a food waste collection service and the likely transitional costs of Local Government Reorganisation 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 if the deficits cannot be mitigated.

As such the Financial Sustainability Programme, and planned savings initiatives need to continue to be progressed and implemented as a priority.

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 a regular 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. At its meeting in February 2026 the Council did approve an increase to the target working balance with regard to Special Expenses Melton Mowbray to £100k which was to be increased if there was a surplus on the account. However, as there was not surplus the actual balance has remained unchanged at £50k.

3.2 Cash flow management

The Council has an annual cashflow forecast that covers both weekly and monthly incomings and outgoings during the financial year. This has been closely monitored over the year to understand any significant impacts. Investments are placed across a number of different products including 30-day notice accounts and money market funds which both provide access to more liquid funds, ensuring a greater balance is available for urgent cashflow requirements which might arise. The Council has maturity laddering in place to ensure an even spread of investments maturing throughout the year to help with cashflow requirements should something unexpected happen. Each maturity is assessed on a case-by-case basis.

The Council does not have any borrowing on the General Fund and the HRA self-financing loan is fixed rate borrowing so there is no impact on changes to repayment amounts.

All controls and prudential indicators have been maintained in accordance with the approved Treasury Management Strategy 2025/26.

The Treasury Management Strategy Statement sets out how the Council's treasury management service will support the capital decisions taken, the day-to-day treasury management activity and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by section 3 of the Local Government Act 2003. This is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.

3.3 Major risks to the Authority

The Council's Chief Financial Officer has a duty under the Local Government Act 2003 in setting the budget to comment on the robustness of the estimates and the adequacy of the reserves. This requires that effective budget monitoring procedures are set in place to monitor expenditure and income against the budget and careful consideration is given to determining the level of reserves.

There are a number of financial pressures and uncertainties which could affect the estimates particularly in future years and collectively these indicate significant financial pressure on the Council's resources. The forward projections have been subjected to sensitivity analysis considering the potential risks associated with particular items and assumptions. These do indicate potential wide fluctuations in any year which could see the likely surpluses/deficits being substantially different to those expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks, there is a risk contained within the Council's corporate risk register relating to finance. As a corporate risk an action plan is in place and is actively managed, linked to the Financial Sustainability Plan.

In terms of any going concern assessment, the main mitigating factor is that the authority continues to have available general fund balances above the current recommended minimum working balance. At the end of 2025-26 it is forecast to be £3.3m which is considerably above the minimum level taking into account the balance on the Corporate Priorities Reserve, Regeneration and Innovation Reserve and Working Balance.

Additionally, the Council's cash flow forecasts anticipate that cash balances will remain in a positive position for 2026/27 and we are therefore confident that the going concern basis of accounting will continue to be applicable for a period of 12 months from the date of approval of these financial statements.

4. The 2025/26 Revenue Budget Process

The budget was scrutinised by the Senior Leadership Team and the Scrutiny Committee prior to submission to Cabinet to consider the draft estimates and to provide guidance on a number of areas for both General and Special Expenses.

The 2025/26 budget was prepared in line with the Council's Corporate Strategy and included an overall Council Tax increase of 2.99% across all Council funds, in accordance with the Government's referendum limit. Despite continued efforts to secure additional income and deliver efficiencies, the baseline budget remained in deficit and includes a number of growth proposals for both General and Special Expenses.

In 2025/26, the cost of eligible growth items was budgeted to be supported through UKSPF funding. Following approval of proposed growth items, and after applying reserves to fund non-recurring growth, the budget position would be a deficit of £200k on General Expenses and £7k on Special Expenses Melton Mowbray. These deficits would be funded from reserves to achieve a balanced budget.

The growth and savings proposals were discussed at the Scrutiny Committee held in January 2025, with the formal budget proposals taking into account Member feedback being recommended to Council by Cabinet at their meeting on 6 February 2025. At the meeting of Full Council held on 12 February 2025 the 2025/26 budget was formally approved.

The Revenue Budget Proposals 2025/26 for Housing Revenue Account (HRA) was presented to the Scrutiny Committee at their meeting on 23 January 2025. On 6 February 2025 Cabinet considered the Budget Proposals 2025/26) at their meeting on 6 February 2025.

The HRA rent setting and budget proposals for 2025/26 were presented to Council and approved at the same meeting. In line with Government parameters, rents for Council dwellings were increased by 2.70%. The budget was based on the HRA 30-year Business Plan, presented to Cabinet in July 2022, and the Asset Management Plan, presented in January 2024. Together, these evidence-based plans provide a robust basis for budget setting and investment in Council homes.

5. Council Tax

As part of the Cabinet recommendations to Council, Council Tax was recommended to allow for an overall increase in Council Tax of 2.99% across all Council funds in line with the Government's referendum limit.

This was formally approved by the Council at their meeting on 27 February 2025. During this period, the other major preceptors of Leicestershire County Council, Police & Crime Commissioner for Leicestershire and Leicestershire Combined Fire Authority also set their precepts and charges along with the Parish Councils.

The comparison of Council Tax levels for 2024/25 and 2025/26 is shown below:

Organisation	2024/25 £	2025/26 £	Increase %
Melton Borough Council (average for whole area excluding Parish Councils)	230.85	237.76	2.99

Organisation	2024/25 £	2025/26 £	Increase %
Leicestershire County Council (including 2% social care levy)	1,601.58	1,681.50	4.99
Police & Crime Commissioner for Leicestershire	286.23	300.23	4.89
Leicestershire Combined Fire Authority	81.65	86.65	6.12
Parish Councils (average for whole area)	77.69	84.65	8.96
Average for whole area (including precepts)	2,241.29	2,350.68	4.88

5.1 Council Tax Base

The revision to the 2025/26 Tax base, resulting in an increase of 348 to the number of Band D equivalents to 20,459 in total (as shown in the table below), produced an increase in Council tax income of £222k when taking into account the Council Tax increase of 2.99% on an average band D property to £237.76 the Borough as a whole (excluding Parish Councils).

Council Tax Base	2023/24	2024/25	2025/26
Number of Band D Equivalent dwellings	19,698	20,111	20,459

5.2 Collection Fund

The payments out of the Collection Fund for the in-year Council Tax (excluding prior year surpluses/deficits) from 2024/25 to 2025/26 are set out in the table below and show a year-on-year increase in funding available for the Precepting Bodies reflecting the increase in Council Tax Base and any general increases on the Council Tax charge.

Organisation	2023/24 £'000	2024/25 £'000	2025/26 £'000
Leicestershire County Council	30,049	32,209	34,402
Police & Crime Commissioner for Leicestershire	5,382	5,756	6,142
Leicestershire Combined Fire Authority	1,562	1,642	1,773

6. Medium Term Financial Strategy for 2026/27 to 2028/29

In addition to the 2025/26 budget a Medium-Term Financial Plan is produced for the period 2026/27 to 2028/29. The purpose of the financial plan is to use financial modelling to forecast, at an overview level, what the Council's net budgets could potentially be for the next four financial years. Commencing with the 2025/26 revenue budget, it sought to determine changes thereto – some committed, some not; some increasing expenditure/reducing income, some reducing expenditure/increasing income; some triggered by legislative changes, some for other reasons. As far as practicable, it also incorporates the financial implications of schemes aimed at meeting the Council's priorities.

In drawing up this projection a number of 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 as follows:

- That an overall increase in council tax of 2.99% will be set in future years;
- Varying assumptions made regarding the future of fixed term posts currently funded from reserves and grant income;
- That various time limited funding streams cease at the end of their initial period;
- 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;
- Growth projections for council tax growth have been based on historical trends;
- An allowance has been made for the transfer of part of the land charges service to the Land Registry in 2026/27;
- 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.

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

Item	**2026/27**	**2027/28**	**2028/29**
Potential Deficit	**£000**	**£000**	**£000**
Best Case Scenario	253	373	438
Worst Case Scenario	2,567	2,996	3,431

The end product of this exercise was a four-year forecast, consistent with the Council priorities including indicative transfers to and from reserves. As outlined above, the proposed 2025/26 budget was not balanced, and it was proposed that the modest deficit be met from the Corporate Priorities Reserve. Given continued economic volatility and wider uncertainty around public finances, this was considered a prudent approach, avoiding the need to introduce savings proposals hastily without sufficient time to assess or consult on their implications.

7. Projected Level of Balances

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.

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 (where required). The reserves had stabilised in recent years and been boosted from the business rates pool however the recent changes to the local government funding system effectively removes much of this valuable source of income in future years. The Council clearly has a structural ongoing deficit that needs to be addressed through the financial sustainability programme 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. When the council approved the budget for 2026/27 it did so against a background of an uncertain financial future with the Medium-Term Financial Strategy showing a range of forecasts, ranging from ‘best to worse case’ scenarios.

CIPFA (the Chartered Institute of Public 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:

- The Council is deemed at higher risk due to its level 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 previous years. 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;
- Compared to other district councils, and particularly similar district councils classed as being our “nearest neighbours” in terms of comparability, Melton has a high level of debt and interest payable to net revenue expenditure. This is because the indicators include HRA debt. Not all councils have a HRA and therefore it is difficult

to draw comparisons in this area, particularly given Melton has no general fund debt currently;

- 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.

The relative low level of the Council's reserves compared to other similar authorities is also highlighted in the new 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.

Whilst the Council's reserves have stabilised, and increased in recent years, the potential need to draw on reserves to balance future years' budgets may mean that future year's indices will be negatively affected. 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. 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 Asset Management Plan identifies assets for sale but there is insufficient information to put a potential value to what this could generate and therefore there is not sufficient evidence to make any assumptions with regard to potential capital receipts and what this could fund. The Council has an asset development programme which is progressing and this should lead to the realisation of capital receipts which would be available for asset improvements or investment elsewhere for a revenue return.

The draft Statement of Accounts revises the total level of balances at the end of 2025/26 to £14.831m (£15.262m previous year) mainly as a result of in year overspends in the Housing Revenue Account.

8. Budget Monitoring

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:

- High risk and complex budgets.
- High risk budgets.
- Lower risk budgets.

The categorisation of the various services is reviewed annually in consultation with the Senior Leadership Team and reported to The Council as part of the annual budget report.

During the financial year revenue and capital budget monitoring information is reported to Cabinet. The Senior Leadership Team receives monthly finance reports on the revenue position, and they also undertake regular monitoring of the Capital Programme.

In addition, treasury management performance is also reported to Cabinet and then Council as part of the CIPFA code of best practice on Treasury Management which includes the Annual Strategy, Mid-year Performance Review and Annual Report.

9. Capital Strategy and Capital Programme

The Council has a five-year capital programme. The Senior Leadership Team take a proactive approach in ensuring a realistic and affordable programme is developed, that meets the Council's priorities and objectives as set out in the various strategies set out in the Corporate Policy Framework.

The Capital Programme and Capital Strategy was approved at the Council meeting on 12 February 2025 and provided the framework within which the Council's capital investment plans will be delivered.

It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Members of the Scrutiny Committee reviewed the projects for both General and Special Expenses for the capital programme in 2025/26 prior to the formal Cabinet recommendations. These proposals were incorporated into the revenue budget and prudential indicators as part of the Treasury Management Strategy presented to Council.

In total the original capital programme in 2025/26 was £10.497m (before any carry forward were approved at year end), and an additional £5.346m spend on the HRA. The majority of funding comes from Capital Receipts and third-party contributions with respect to the general fund and for the HRA the Major Repairs Reserve and cash backed depreciation. As 2025/26 progressed, initial plans were revised to incorporate expenditure carried forward from the previous year, approvals and scheme updates as information became available.

As part of the updated Prudential Code for Capital Finance in Local Authorities there is a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It need not duplicate other documents but should include cross references where relevant. It should provide enough detail to ensure that all Members understand how the authority is delivering stewardship of the authority's resources, prudence and sustainability and meeting the authority's reporting requirements. The strategy links to the priorities as set out in the Corporate Strategy.

The strategy sets out the links to external influences and partners as well as the linkages to the Council's own priorities and planned activities. In terms of the financial implications and links to affordability, as set out in the strategy, work has been undertaken on refreshed stock condition surveys which have been reviewed and built in the Council's investment strategy. These will then feed into Asset Management Plans for both the General Fund and the Housing Revenue Account (HRA). Due to the unaffordable level of investment required on the general fund assets, it is proposed to focus on essential repairs which is reviewed annually through the Corporate Property Team to then feed into the annual budget process.

An updated HRA business plan was approved during 2022/23 which provides a framework for capital investment planning. The HRA Asset Management Plan 2024-2029 was approved by Cabinet in January 2024 and provides a framework for capital investment planning.

The Asset Management Plan is used to set budgets each year and will be updated on an annual basis. This will ensure that it remains current and relevant in line with a changing financial context and regulatory environment. The Asset Management Plan is evidence led document. It is informed by a comprehensive condition survey of over 93% of the Council's housing stock and by consultation with residents as part of the development of the HRA Business Plan. It provides responses to policy recommendations arising from the HRA Business Plan, ensures an emphasis on decent and safe homes, and is set within the context of regulatory change to enable continued compliance and tenant safety.

The HRA Asset Management Plan represents a mature and sustainable approach to investment planning and enables investment in tenants' homes, options to acquire or convert assets to create new homes and maximises opportunities to match fund external grant funding to support decarbonisation efforts.

In the main the HRA programme is funded from the three main reserves which are utilised in a priority order:

1. Major Repairs Reserve
2. HRA Capital Receipts
3. Regeneration and Development Reserve (this is built up from contributions from the revenue account in line with the interim HRA Business Plan).

With the limited capital resources at the Council's disposal, it is highly likely that future funding needs may need to be met from borrowing which will impact on the Council's revenue budget unless investment is met by savings in expenditure or additional income being generated. The stock condition surveys for the General Fund have been used to develop an asset management plan which can be considered alongside the baseline revenue budget available for repairs to assess ongoing affordability. The capital repairs identified from the surveys will be used to update the capital strategy and inform future capital needs.

10. Revenue Outturn Position 2025/26

10.1 General Expenses

A balanced budget was set for 2025-26 with some utilisation of reserves. The table below shows the provisional outturn position compared to the previous forecast position reported to Council in February 2026 when the budget for 2026/27 was set. Overall, this shows an underspend on general expenses of £1,028k which after allowing for carry forwards into 2026/27 of £931k results in an improved position on the corporate priorities reserve of £97k at 31.3.26.

Item	**Forecast Position £'000**	**Provisional Year End Position £'000**	**Variance to Forecast Budget (Underspend) / overspend £'000**
Net Expenditure	7,335	6,645	(690)
Total funding	**(5,863)**	**(6,059)**	**196**
Net Surplus (-) / Deficit for year	**1,472**	**586**	**(886)**
Funded by			
Carried Forward Reserve	(979)	**(979)**	-
Regeneration and Innovation Reserve	(160)	**(260)**	(100)
Corporate Priorities Reserve		**(42)**	(42)
Net position	333	**(695)**	**(1,028)**
Contributions to/From (-) Corporate Priorities Reserves			
Corporate Priorities Reserve	(333)	**695**	**(1,028)**
Overall net position			
Less c/fwds into 2026/27	0	**(931)**	**(931)**
Net Change in Corporate Priorities Reserve	**(333)**	**(236)**	**(97)**

The original net expenditure budget for General Expenses for 2025/26 (prior to council tax and grant funding) was set at £6.166m. This was subsequently updated to a forecast budget of £7.335m after taking account of budgets carry-forwards from the previous financial year (£979k) and supplementary estimates (189.5k) approved in year.

Following the approval of the supplementary estimates and carry forwards the net budget for 2025/26 provided for a balanced budget with a draw on the corporate priorities reserve of £333k, as shown in the above table.

As part of the Council's flexible budget monitoring processes, budgets are updated throughout the year to take account of supplementary estimates, virements and other budget changes. As part of the budget monitoring and review process, budget holders are requested to provide an explanation of variations against their approved budget on individual services.

The key reasons for the variations against the net income and expenditure budgets are summarised each year in the Outturn report that is presented to Cabinet in July.

The following table outlines some of the key budget variances for the year (i.e. those exceeding £50k);

UNDERSPENDS *less expenditure or more income than budgeted for*	**OVERSPENDS** *More expenditure or less income than budgeted for*
Homelessness (£95k) Mainly relating to increased spend on Bed & Breakfast accommodation due to demand.	**Rent Allowances (£125k)** Mainly attributable to the write-off of historic debt. This is partly offset by the saving in financing costs where the bad debt provision has reduced accordingly as the majority of these bad debts were already provided for.
Financing Costs (£147k) Reduction in bad debt provision due to the write off of long-standing rent allowance debts as expected and provided for. Also, a number of unbudgeted grant receipts that have been transferred to Reserves (therefore no real impact on the General Expenses bottom-line).	**Welland Procurement Partnership (£104k)** The Partnership generated less income than expected due to tougher market conditions and less local govt contract opportunities.
Corporate Project – Finance (£55k) The finance system project was deferred until 2026/27 and so the budget has been carried forward.	**IT (£67k)** Due to several budget variations including a contribution form the reserves that was missed and will be actioned in the new financial year and less income generated from other local authorities.
Corporate Services (£147k) The underspend is mainly due to vacancies in the finance team for which a carry forward is to be made into the new financial year to meet the ongoing costs of agency staff.	**Car Parking / Bus Station (£51k)** Primarily due to less income being generated in the year than originally budgeted for. Partially due to the period where charges were not levied.

UNDERSPENDS *less expenditure or more income than budgeted for*	**OVERSPENDS** *More expenditure or less income than budgeted for*
Corporate Repairs (£322k) Delayed works has resulted in a need to carry the underspent budget forward into 2026/27.	**Phoenix House (£63k)** As a result of reduced income and professional fees being greater than budgeted for.
Waste Management (£321k) Works delayed until 27/28 which has also served to reduce the grant income used to offset the spend. Underspend against refuse contractor of £256k of which £231k is due to leasing charges transferred "below the line" in accordance with IFRS16.	
Development Control (£237k) The variance is primarily due to underspends on employee costs and additional planning income over that budgeted.	

The level of budget carry forwards for the year-end total £931,870. In accordance with the Council's Constitution, these are subject to approved by the Portfolio Holder for Corporate Finance, Property and Resources.

SPECIAL EXPENSES MELTON MOWBRAY

A balanced budget was set for 2025-26 utilising reserves, and the table below shows the impact of the provisional year end position against the against the forecast position reported to council in February 2026 when the budget for 2026/27 was set. This shows an underspend of £74k for the year which after allowing for the carry forwards of £75k a slight reduction in the reserve which is actually below £1k.

Item	**Forecast Position £'000**	**Provisional Year End Position £'000**	**Variance to Budget (Underspend / overspend) £'000**
Net Expenditure	773	611	(162)
Non-service related costs	(149)	(61)	88
Net Expenditure	624	550	**(74)**
Total Funding	**(568)**	**(568)**	**0**
Net Surplus (-) / Deficit for year	56	**(18)**	**(74)**
Funded by C/fwd Reserve	(50)	**(50)**	0
Special Expense Reserve	(6)	68	**(74)**
plus c/fwds into 2025/26	0	75	75
Net Change in the Special Expenses Reserve	(6)	7	(1)

The net revenue expenditure in respect of Special Expenses (MM) for 2025/26 was originally estimated at £574k, which was subsequently updated to an approved budget of £624k. Following the approval of carry forwards of £50k from 2024/25.

The following Table outlines some of the key budget variances for the year in respect of Special Expenses Melton Mopwbray;

UNDERSPENDS *less expenditure or more income than budgeted for*
Open spaces (28k) Vacant 2-year fixed term Green & Open Spaces Officer post, net of UKSPF funding. The underspend also includes £3k in respect of a change in accounting treatment in respect of lease rentals.
Cemetery (80k) Footpath removal works delayed until 2026/27 (£50k), and income exceeded budget expectations following a review of fees and charges.

There are no significant variances on the closed Churchyards of Sproxton and Gaddesby. There is an underspend of £5k on Frisby. There was an existing budget allocation for the rectification of the Frisby Church Wall. Since then, further developments have identified additional work requirements. The underspend has been requested to carry forward to support the additional survey work needed to fully understand the extent of the new structural issues on site and the associated costs for remediation.

10.2 Housing Revenue Account (HRA)

The figures summarised in the following table, compare the provisional year end position for 2025-26 to the original estimate set in February 2025 and the approved estimate (the approved estimate being the original estimate as adjusted by supplementary estimates, virements and budget reductions authorised during the financial year). The approved estimate is the authorised budget for spending purposes.

Item	**Approved Budget (2025-26)**	**Estimated Year End Position (2025-26)**	**Variance (2025-26)**
	£000	£000	£000
Expenditure	8,880	9,651	771
Income	-9,901	-9,956	-55
Net Interest Charges	942	903	-38
Total Net Expenditure	**-79**	**598**	**678**
Contribution to/from(-) Reserves	79	-598	-678
In Year Surplus(-)/Deficit	0	0	0

The provisional year end position shows an actual deficit of income over expenditure of £598k at "Net Operating Expenditure" level, being an overspend of £678k against the approved budget surplus of £79k. There are a number of budget variances that make up this overspend, the most significant of which are outlined below.

- **General Management (£58k underspend):**

  Less than budgeted expenditure on employee costs (£19k), increased insurance premium costs (£27k), underspend on uncontrollable costs (£64k).

- **Resident Involvement (£33k overspend):**

  Postage and printing of our tenants' newsletters and statements has increased considerably, resulting in an overspend of £33k.

- **Special Services:**

  A £109k underspend due to the utility charges budgets, a £67k overspend for responsive repairs for communal works which sit outside the Price Per Property (PPP) contract. An overspend also occurred re: Harborough Lifeline in relation to the switch to digital measures. Vacancies within the special services team has resulted in the use short term staffing measures causing an overspend of £12k.

- **Repairs & Maintenance (£906k overspend):**

  An overspend on employee costs following a number of changes within the Housing Assets Team and short-term measures to cover vacancies (£70k), correction of incorrect voids accrual from the previous year (£92k overspend).

  There has been a significant overspend on the voids budget. The number of voids budgeted for in the year was 150, which is historically the average number per year. However, 195 have been completed (including some high-cost voids). These actions have had positive impacts on the General Fund temporary accommodation costs and on ASB in Melton Mowbray, but do increase the number of void properties, which puts pressure on the voids budget. In addition, the average void cost has increased from the budgeted £3.5k. An overspend of £552k has resulted. In 2025 a value for money review was completed which showed that the current voids contract does not represent value for money, leading the Council to re-procure the contract with a different payment model for voids. Works outside of PPP also increased substantially following the introduction of new regulations regarding emergency hazards damp and mould resulting in a £284k overspend.

- **Additional Income (£55k):**

  The high level of voids has also had a knock on impact to the income from rents, a shortfall of £28k.The normal year-end adjustments from the rent accounts when input into the ledger result in additional income of £32k.The reduction to the bad debt provision follows reduced arrears remaining on the rent accounts, this was off-set by write-offs but an underspend of £87k has resulted.

- **Interest on balances:**

  The increased interest rates have contributed to an increased share of investment income to the HRA of £51k.

  Summary

  The actual contribution from reserves against the budgeted contribution reflects the over and underspends noted above and as approved in February 2025 the HRA working balance remains at £1m. This has resulted in an increased need to draw on the reserves by £677,936 in line with the overspend. When the £190k of carry forwards are accounted for, there is an increased draw on the reserves of £868k.

  There have been no significant changes to the accounting requirements of the HRA accounts in 2025-26.

10.3 Basis of Preparation and Accounting Policies

Local authorities in the United Kingdom are required to prepare their Statement of Accounts (accounts) in accordance with 'proper practices,' which is based on the Code of Practice of Local Authority Accounting (the Code).

The Council follows parameters set out by External Audit in their Audit Planning Report where a materiality level is set to determine whether the financial statements are free from material error for which they define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Their evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. The parameters for the 2025/26 accounts have been notified for these financial statements for Melton of £865k based on 2.5% of gross revenue expenditure for prior year. Audit will then communicate uncorrected audit misstatements greater than £40k to the Audit and Standards Committee.

10.4 Long Term Borrowing – Public Works Loans Board (PWLB)

During the year, £2m of borrowing was repaid, and none raised leaving the outstanding loan debt at 31 March 2026 at £29.315m. The maturity profile of the outstanding loan debt at 31 March 2025 and 2026 is shown below:

Balance 31 March 2025 £'000	**Analysis of Loans by maturity**	**Balance 31 March 2026 £000**
2,000	Maturing in less than 1 year	2,000
2,300	Maturing in 1-5 years	600
300	Maturing in 5-10 years	0
26,715	Over 10 years	26,715
31,315		**29,315**

Accounting practice requires that local authorities disclose the fair value, i.e. (the settlement value), of their portfolio. The fair value at 31 March 2026 was £22,758m (£25,697m at 31 March 2025).

The figures have been calculated by reference to the 'premature repayment' set of rates in force on that day.

10.5 Investments

During the year investments increased by £1.7m and stood at £19.860m at 31 March 2026.

10.6 Capital Expenditure

Capital expenditure in 2025/26 was £5.273m (General Fund and Housing).

The major items of capital expenditure in 2025/26 were Disabled Facilities Grants £0.181m, Stockyard LUF £0.419m, ICT Infrastructure £0.148m and various works to Council owned dwellings £4.279m.

The programme was funded by the following sources:

Funding Source	**£'000**
Capital receipts	1,597
Major repairs reserve	2,038
Development & Regeneration Reserve	233
Third party contributions	0
Grants & Contributions	1,167
Direct Revenue Financing	238
Total	**5,273**

10.7 Reserves

Overall revenue reserves and revenue account balances have decreased by £0.431m and at 31 March 2026 totalled £14.831m. These are analysed below:

Item	**31 March 2025 £'000**	**31 March 2026 £'000**
Special reserves	10,448	9,650
Other reserves	2,764	3,131
General Expenses working balance	1,000	1,000
Special Expenses working balance	50	50
Housing Revenue Account working balance	1,000	1,000
Total	15,262	14,831

10.8 Pensions Liability/Asset

Since 2003-04 Local Authorities have had to account for retirement benefits when they are committed to give them, even if the actual payment will be many years into the future. At the end of 2025/26, the asset was £10.934m. Full information is available in note 34 to the Core Financial Statements.

Under IAS19 we are required to measure the defined benefit asset reported as the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Based on the required calculation looking at future time horizons and additional secondary contributions the council has to make the revised final pension position moves back to being a liability which stands at £8.422m on the balance sheet.

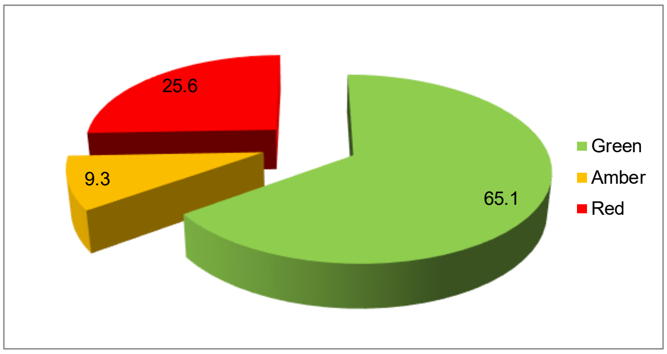
11. Non-Financial Performance of the Council 2025/26

11.1 Performance against Corporate Objectives

The overall performance against each of the 6 Corporate Priorities. This is a snapshot relating to the position as at the end of quarter 4 (31 March 2026) of the financial year 2025-26.

Corporate Measures set

Live measures	%	
Total	100	43
Green	65.1	28
Amber	9.3	4
Red	25.6	11



During 2025/26 we delivered the following outcomes:

- 100% of our housing stock with a current gas safety check.
- We collected 97.98% of our Council Tax payments.
- We collected 96.93% of our National Non-Domestic Rates payments.
- We pay over 96% of our undisputed invoices within 30 days.
- We had over 2,150,000 visitors to Melton Mowbray Town Centre
- We had over 436,000 visits at Council Leisure Facilities.
- We received 451 planning applications.
- 98% of food businesses that are broadly compliant at inspection.

More information on how we perform as a Council can be found here.

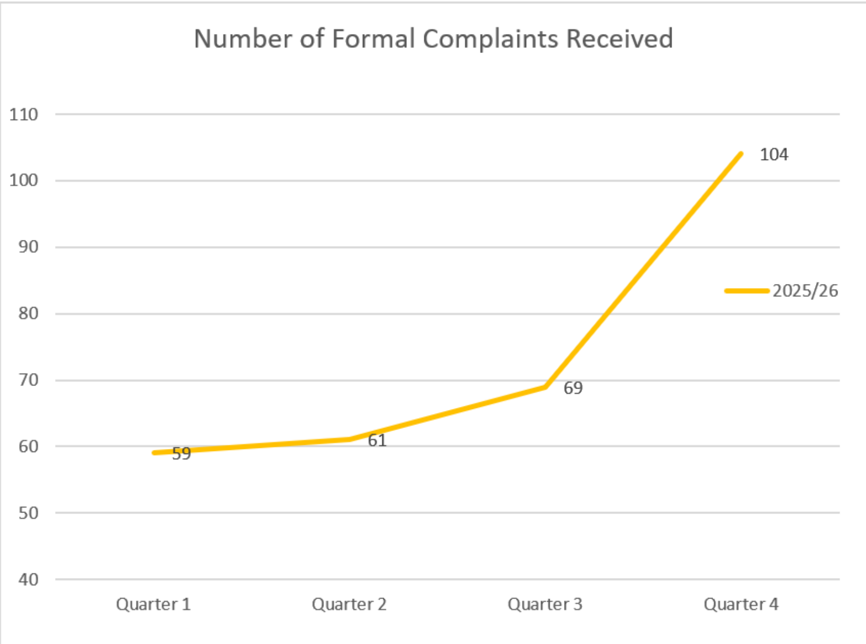
What is next for the Council?

Looking to the year ahead, the Council will continue to deliver high quality services for the residents and place of Melton against the priorities set out in our Corporate Strategy.

11.2 Complaints Analysis

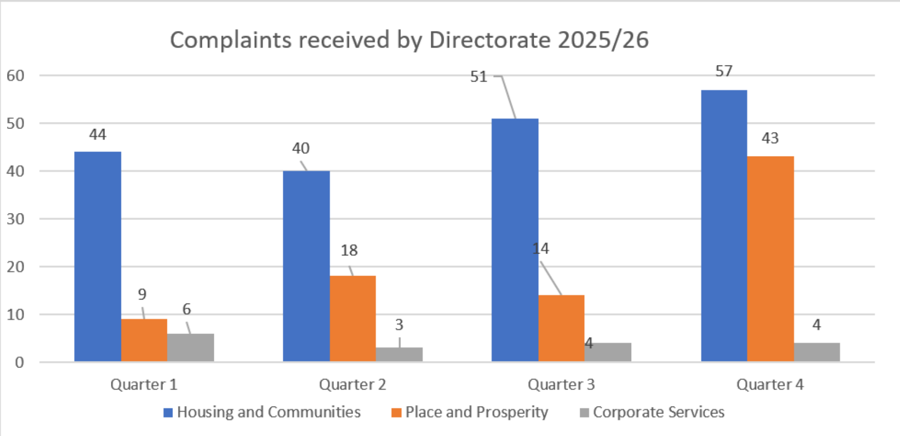
The Council recognises that complaints are a valuable opportunity to gain feedback, learn and improve services. The Council wants to provide a positive response to complaints and encourages feedback so that positive action can be taken. The Corporate Complaints process comprises a two-stage internal process comprising stage one complaints which are dealt with by Service Managers and stage two complaints where the stage one response is reviewed by a Director. Where a complainant remains dissatisfied with the Council's response after this process, they can refer the matter for independent review by the Local Government and Social Care Ombudsman or Housing Ombudsman. The Council plans to review and update its Customer Feedback and Complaints Policy in 2026/27 to ensure continued compliance with the Ombudsman's guidance.

In 2025/26, the Council received 293 formal complaints from customers.



Complaints by Directorate.

Of the 293 formal complaints received from customers in 2025/26, the vast majority relate to the more customer facing departments of Housing and Communities. Given the outward facing nature of this directorate this is not unexpected. The breakdown of these complaints by Directorate is shown below.



Complaints upheld or partially upheld.

Of the 293 formal complaints received this year from customers, 136 of these have been upheld or partially upheld by the Council which is 46.42% and is a reduction on the 61.58% upheld last year.

Ombudsman Complaints

From 1 April 2025 to 31 March 2026, 13 complaints were received by the Local Government and Social Care Ombudsman in respect of Melton Borough Council. Of these, five were not for them or not ready for them to investigate. They assessed and closed six complaints and investigated and upheld two complaints.

From 1 April 2025 to 31 March 2026, six complaints were determined by the Housing Ombudsman in respect of Melton Borough Council. Of these six complaints, one was classed as a service failure, two were classed as maladministration, two found no maladministration and one was outside their jurisdiction to determine.

12. Governance and Risk

12.1 Annual Governance Statement

The Council undertakes an annual review of the sufficiency and effectiveness of its governance framework. At the end of each year annual assurance statements are issued to each Member of the Senior Leadership Team to provide assurances on the identification and assessment of risks, and that sound operational arrangements exist within their service. Following their return these are considered by Senior Leadership Team to identify which of the issues raised are appropriate to be included in the Annual Governance Statement (AGS). In addition, the Council receives an annual report from the Head of Internal Audit providing details of the effectiveness of Internal Control with an annual opinion. This information is considered alongside the Council's Local Code of Corporate Governance which is consistent with the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework. Consideration was given to any issues that needed to remain an area of focus during the year (together with any new areas) and are set out in the action plan in the AGS document.

12.2 Risk Management

The Council has a Strategic Risk Register which was formally reviewed and updated during the year with the Strategic Leadership Team. A formal bi-annual review is also undertaken by the Audit and Standards Committee. The risks contained in the updated Corporate Risk Register reviewed by members at Audit Standards in March 2026 were:

PLACE – those areas which directly impact our communities:

- Inability to secure the best outcomes from the devolution white paper for Melton and the impact on the Council as an organisation
- Implementation of food waste collection arrangements
- Capacity to respond and recover to a major incident
- Continuity of waste collection and street cleansing services as a result of insufficient drainage on site

PRIORITIES – those commitments made in our Corporate Strategy

- Failure to deliver MMDR (South) and the impact on Melton Borough Council's Local Plan.
- Uncertainties regarding future leisure provision in Melton.
- Private Sector Housing.

SERVICE AND GOVERNANCE – those areas which are associated with our service areas and corporate governance

- Failure to secure financial stability in the medium term
- Financial pressures undermining partnerships (integrated working)
- Failure of a key supplier e.g. Housing Repairs, Waste and Leisure
- ICT Security Breaches
- Resourcing of the LUF and ADP developments
- Lack of capacity to deliver services and projects due to resourcing issues in specific teams
- Capacity to deliver the new Vision 36 and the Corporate Delivery Plan
- Provision of ICT Services in Melton

All risks in the Strategic Risk Register are supported by an action plan which is regularly reviewed and updated. At an operational level, a risk register review has also been undertaken within each of the Directorate areas to refresh and update the current service risks which will be regularly reviewed by directorates. Key projects are also supported by a risk log and reports to the Council’s committees also have a section where the risks of proposals are considered as part of the decision-making process.

13. Summary Position

The year-end position for 2025/26 has shown that flexible budget management processes and the good working relationships and partnership between finance and budget holders has enabled increased costs to be offset by savings elsewhere as well as creating a modest surplus for General Expenses. A number of revenue and capital budgets that have been carried forward into 2026/27 to support service delivery and progress specific projects. This is a significant achievement for the Council in such economically challenging and uncertain conditions.

In 2025/26 the Council has faced a number of challenges and with further significant changes ahead, the Council will need to continue to adapt and tackle these challenges head on. There are risks as highlighted above which will need to be managed through the Council's robust risk management processes. Whilst the council ended the financial year in a stable and improved position, the ongoing uncertainties associated with general economic conditions, future delivery of a food waste service and the spectre of Local Government Re-organisation will continue to provide a high degree of uncertainty.

14. Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact me at Melton Borough Council, Corporate Services, Parkside - Station Approach, Burton Street, Melton Mowbray, LE13 1GH.

15. Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, which have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

D K Garton FCPFA

Section 151 Officer

Director for Corporate Services