



Public Document Pack  
**Boston Borough Council**

**Chief Executive  
Rob Barlow**

Municipal Buildings  
Boston  
Lincolnshire PE21 8QR  
Tel: 01205 314200

Wednesday, 18 September 2024

Dear Councillor

**Cabinet – Wednesday, 25th September, 2024**

Please find attached documents for consideration at the Cabinet on Wednesday, 25th September, 2024, which were previously marked as to follow.

<b>Agenda No</b>	<b>Item</b>	
<b>4</b>	<b>2024/25 Quarter One Finance update</b>	(Pages 99 - 124)
	(A report by Christine Marshall, Deputy Chief Executive & S151 Officer)	
	<i>Portfolio Holder: Councillor Sandeep Ghosh</i>	
<b>5</b>	<b>Local Council Tax Support Scheme (Consultation) 2025/26</b>	(Pages 125 - 136)
	(A report by Christine Marshall, Deputy Chief Executive & S151 Officer)	
	<i>Portfolio Holder: Councillor Sandeep Ghosh</i>	

If you have any queries please contact a member of the Democratic Services Team (07591 352534 or [demservices@boston.gov.uk](mailto:demservices@boston.gov.uk)).

Yours sincerely

**ROB BARLOW**  
**Chief Executive**

Enc.

This page is intentionally left blank



REPORT TO:	Cabinet
DATE:	25 <sup>th</sup> September 2024
SUBJECT:	2024/25 Quarter One Finance update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Ghosh – Portfolio Holder for Finance
REPORT OF:	Christine Marshall – Deputy Chief Executive Corporate s151
REPORT AUTHOR:	Jenny Mackin (Strategic Finance Manager, PSPS), Carl Holland (Head of Finance – Client, PSPS)
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	No

## SUMMARY

This report sets out a summary of the current financial position for the Council at the end of the first quarter of 2024/25 forecasting to the year end for members consideration.

## RECOMMENDATIONS

It is recommended :

- 1) That Cabinet notes the forecast revenue position of a £148k underspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- 2) That Cabinet approves a reserve transfer of £296,307 into the budget in respect of Project Funding that has been set aside on the balance sheet for that use.
- 3) That Cabinet approves a reserve transfer of £260,000 to the Capital Reserve in respect of a VAT refund received in year.

4) That Cabinet approve the amendments to the Capital Programme to take into account the changes set out in this report at Appendix A – Table 5.

#### **REASONS FOR RECOMMENDATIONS**

To ensure the Council's forecast financial position for 2024/25 is considered and related decisions approved. It is important that the Cabinet are aware of the financial position of the General Fund to ensure that they can make informed decisions that are affordable and financially sustainable for the Council.

#### **OTHER OPTIONS CONSIDERED**

To not approve the financial movements outlined.

### **REPORT**

#### **1. BACKGROUND**

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn compared to the approved budget. This report provides information on the forecast full year financial performance as at 30 June 2024 and as detailed in the attached Appendix A, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Programme for 2024/25, and
- The Treasury Management Performance for the year.

#### **General Fund Forecast Outturn**

1.2 Quarter 1 data provides a view on which to base the full year forecast. The full year outturn based on current projections and assumptions is a forecast net service underspend for the General Fund of £148k by the year end.

1.3 The major variances relate to decreased planning, cremation and other income and increased investment income. High borrowing costs are also having an effect on the construction industry, leading to a decrease in demand for services.

The forecast position by Assistant Director and Corporate Areas is detailed at **Table 1** together with an analysis of variations.

#### **Savings Target**

1.4 An efficiency target of £846k is included in the 2024/25 General Fund Budget. Saving opportunities are being monitored throughout the year, this information is detailed in Appendix A

– Table 2. The General Fund forecast outturn position assumes 100% of the efficiency target is achieved. As at 30<sup>th</sup> June 2024, 68% of the of the efficiencies have been identified, this position reflects the recent IDB funding announcement and savings/income identified as part of the Q1 monitoring process.

In order to balance the budget remaining efficiencies to be found total £273k. As previously reported the Leader, Finance Portfolio Holder and Lenior Leadership Team review monthly progress against the current plans for achieving the requirement.

## **IDB's**

1.5 The financial pressure generated by the Internal Drainage Boards has now been supported by the Government for 2024/25 to the sum of £431k as very recently announced. This is a positive sign that the Government has taken note of the financial impact being felt by this Council and is responding to the representations by the Special Interest Group. A further meeting is scheduled with the Local Government Minister on the 21<sup>st</sup> October which affords an opportunity to press for a longer term funding solution and for further financial support as this only partially reflects the pressure that the Council has seen over the past few years.

## **Reserves**

1.6 General Fund Specific Reserves are forecasting a planned decrease of £2.711m from £16.001m. Further specific details are set out in **Appendix A – Table 4a** with associated narrative.

The General Fund Reserve Balance remains at £2.00m.

## **Capital – General Fund**

1.7 The Capital Programme for 2024/25 is £35.145m and Cabinet approval is sought for the amendments set out in Table 5 which require approval increasing it to £35.745m. Actual capital expenditure for Q1 2024/25 is £2.654m.

## **2. Treasury Management**

**2.1 Section 2.4** provides details of the Council's Treasury Investments. The Council's 2024/25 budget for investment income is £1.587m. At the end of June 2024 investment income is estimated to be approximately £565k. The current forecast outturn for 2023-24 is estimated to be approximately £1.910m which is £324k above the budget. If interest rates continue to rise this forecast outturn will increase further however reliance on this income cannot be assumed as it is forecast for rates to drop from the current peak.

## **CONCLUSION**

To ensure that the Quarter one position is scrutinised and the forecast outturn reviewed.

**IMPLICATIONS:**

*None*

**SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

*None*

**CORPORATE PRIORITIES**

*None*

**STAFFING**

*None*

**CONSTITUTIONAL AND LEGAL IMPLICATIONS**

*None*

**DATA PROTECTION**

*None*

**FINANCIAL**

As contained in this report and Appendix.

**STAKEHOLDER / CONSULTATION / TIMESCALES**

*None*

**REPUTATION**

*None*

**CONTRACTS**

*None*

**CRIME AND DISORDER**

*None*

**EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

*None*

**HEALTH AND WELL BEING**

*None*

**CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

*None*

**APPENDICES**

Appendices are listed below and attached to the back of the report: -

Appendix A	Q1 Finance Report 2024/25
------------	---------------------------

**BACKGROUND PAPERS**

None

**REPORT APPROVAL**

Report author:	Jenny Mackin, Strategic Finance Manager, PSPS and Carl Holland, Head of Finance (Client), PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Sandeep Ghosh Portfolio Holder for Finance

This page is intentionally left blank



## Boston Borough Council – Q1 Finance Report for 2024/25

### Finance Summary

- The revenue outturn forecasts a surplus position of £148k at year end.
- Specific and general reserves for the Council are £13.290m as at 31 March 2025.
- At quarter 1, Capital spend was £2.654m against a full year budget of £35.745m.
- The budgets for 2024/25 included an efficiency target of £846k, and we have achieved £573k against that target in Q1 (65%). Against the non-IDB savings target element we have achieved 147k of the £179k (82%).
- The Council held investments of £29.46m as at 30 June 2024.
- Investment income is overachieving by £324k against the budget of £1.587m.
- The Council forecasts the borrowing costs to be £111k as at 30 June 2024.
- A transfer to the Capital reserves is proposed in respect of a windfall sum for a VAT repayment of £260,000.

### Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 4 of 2023/24
Section 2.2	Revenue Budget
Section 2.3	Capital Budget
Section 2.4	Treasury Update
Section 2.5	Insurance
Section 2.6	Debt Collection
Section 2.7	Business Rates and Council Tax Collection

#### Section 2.1 – Key Financial Issues in Quarter 1 of 2024/25

- The 2024/25 budget included an efficiency target of £846k. As at 30 June, £573k (68%) savings had been identified. The process of identifying the in-year efficiencies will continue throughout the year.
- The Government announced it would provide £3m of further funding to support Councils significantly impacted by Internal Drainage Board levies and provide a longer-term funding solution in time for the 25/26 Local Government Finance Settlement. Boston has been awarded £431k for 2024/25 which has been included within the Q1 forecast and efficiencies.
- The higher levels of investment income compared to the original budget is due to increased balances available and higher interest rates on investments.
- The Capital Programme for 2024/25 is £35.145m and Cabinet approval is sought for the amendments set out in Table 5 which require approval increasing it to £35.745m.
- Planning is forecasting a reduction in planning fee income of £57k.
- Cremation income is underperforming by £39k compared to budget.
- Regulatory has reported an increase in assisted burials, identifying a pressure of £3k.
- Building control fee income is underperforming by £42k compared to budget.
- Underspends have been identified in fuel costs based on quarter 1 data.

Inflation	April (%)	May (%)	June (%)
CPI	2.3	2	2
RPI	3.3	3	2.9

## Section 2.2 – Revenue Budget

**Table 1** details the service forecast outturn by Assistant Director of £176k overspend mainly driven by income underperformance, this is offset in the Corporate Section by excess income of (£324k) driven by investment income, creating a net position of £148k. This is based on the Quarter 1 forecast position as of 30 June 2024 and is based on officers' projections for the remainder of the financial year.

Assistant Director Area	Revised Budget 2024/25 at Q1 £'000	Outturn 2024/25 at Q1 £'000	Variance (underspend)/overspend at Q1 £'000	Comments on main variances at Q4
Corporate	1,974	1,981	7	Minor variances.
Economic Growth	(2,429)	(2,428)	1	
Finance	2,963	3,004	41	Minor variances.  System changes funded through New Burdens Funding.
Governance and Monitoring	765	741	(24)	Salary savings.
General Fund Assets	(869)	(805)	63	Industrial Estate vacant units £8k, offset by new lease agreements.  Cremation income underperformance of £39k.  Additional transaction fees of £18k following implementation of the new car parking machines. Minor car parking variances.
Leisure and Culture	1,253	1,261	8	Minor Variances
Neighbourhoods	2,301	2,308	7	Minor variances.
Planning and Strategic Infrastructure	243	277	34	Development Management income forecast to be lower than budgeted, offset by savings on employee costs
Regulatory	736	777	41	Demand for service below that budgeted because of high borrowing costs on construction industry. £42k pressure on Building Control Fees.

Assistant Director Area	Revised Budget 2024/25 at Q1 £'000	Outturn 2024/25 at Q1 £'000	Variance (underspend)/overspend at Q1 £'000	Comments on main variances at Q4
				Hackney Carriage Licences to be monitored closely - forecasted £5k above budget.  Team is experiencing an increased demand in assisted burials pressure of £3k.
Strategic Growth and Development	539	539	0	
Strategic Projects	0	0	0	
Wellbeing and Community Leadership	1,821	1,821	0	
BTAC	769	767	(2)	
<b>Sub Total – Assistant Director – net costs</b>	<b>10,067</b>	<b>10,243</b>	<b>176</b>	
Internal Drainage Boards/Parish Precepts	2,973	2,973	0	
DRF	2,172	2,172	0	
MRP	129	129	0	
Interest Payments Received / Return on Property Funds	(1,586)	(1,910)	(324)	Due to higher than anticipated cash balances and better rates than expected.
M&G Property Fund Liquidation Distributions/ MRP in respect of reduced M&G Property Fund valuation	0	0	0	
Borrowing Costs	111	111	0	
Borrowing Discount Allocated to Revenue	(642)	(642)	0	
Reserves	(2,593)	(2,593)	0	
Efficiencies Required	(273)	(273)	0	£573k efficiencies identified (see table 2) reduce the requirement from original budget of £846k. Forecast assumes efficiencies will be met in full.
Court costs for council tax	265	265	0	
REFCUS & Application of Capital Grants	2,139	2,139	0	

Assistant Director Area	Revised Budget 2024/25 at Q1 £'000	Outturn 2024/25 at Q1 £'000	Variance (underspend)/overspend at Q1 £'000	Comments on main variances at Q4
<b>Non-Service Expenditure</b>	<b>2,695</b>	<b>2,371</b>	<b>(324)</b>	
<b>Total Expenditure</b>	<b>12,762</b>	<b>12,614</b>	<b>(148)</b>	
Council Tax	(5,682)	(5,682)	0	
Business Rates	(5,598)	(5,598)	0	
Non-Ring-Fenced Government Grant	(1,482)	(1,482)	0	
<b>Total Funding</b>	<b>(12,762)</b>	<b>(12,762)</b>	<b>0</b>	
<b>Total Budget – (Surplus)/Deficit</b>	<b>0</b>	<b>(148)</b>	<b>(148)</b>	

**Recommendations:**

- F1** That Cabinet notes the forecast revenue position of a £148k underspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- F2** That Cabinet approves a reserve transfer of £296,307 into the budget in respect of Project Funding that has been set aside on the balance sheet for that use.
- F3** That Cabinet approves a reserve transfer of £260,000 to the Capital Reserve in respect of a VAT refund received in year.

The 2024/25 budget included an efficiency target of £846k, below are efficiencies achieved at Q1:

Table 2 – Efficiency Description	Amount £'000	Comments
Regulatory – Climate Change	(28)	Funding of service
Governance – Legal Services	(3)	Merging of Legal subscriptions
Operations – Vehicle Holding Account	(30)	Estimated saving of the fuel budget to due to reduced fuel costs
Leisure & Culture	(35)	Additional income whilst Parkwood continue to generate income from 2 pools due to delayed building works
Wellbeing & Community Leadership - CCTV	(20)	CCTV enhanced and overtime budget
Planning & Strategic Infrastructure	(1)	Planning budget no longer required
ICT	(9)	Efficiency savings identified as part of Q1 monitoring
Housing Standards	(16)	Efficiency savings identified as part of Q1 monitoring

IDB	(431)	Further funding received
<b>Total efficiencies found</b>	<b>(573)</b>	
<b>% Achieved</b>	<b>68%</b>	
<b>Target</b>	<b>(846)</b>	
<b>Efficiencies to be identified</b>	<b>(273)</b>	

Further work is underway to look at and consider opportunities for efficiencies and we are engaging with Service Managers to take this process forward.

Based upon 2024/25 budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Annual Savings Requirement (£'000)	172	1,417	1,344	1,333	1,852
IDB Funding Requirement (£'000)	674				

### Income

The Council has a number of demand-led budget areas which are reliant on income for services provided.

Income Area	Revised Budget to 31 March 2025 £'000	Actual Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
GF – Car Parking, Bereavement, and Property, Office Cleaning	(1,906)	(1,853)	53	£39k reduction in fee income for cremations, £8k reduction in income for Car parking permits, £7k reduction in car parking income.
Leisure Pool, and Markets	(139)	(123)	16	(£35k) Other income, £16k reduction in fees and charges for Leisure Pool Services.
Neighbourhoods – Office Cleaning, Recycling	(1,102)	(1,102)	0	
Development Management	(638)	(581)	57	Reduction in planning fees income
Regulatory – Land Charges, Licences	(435)	(397)	38	(£5k) forecast increase in Hackney Carriage Licences, £42k reduction in building control fees. £2k reduction in licencing fees and charges.

Table 3 – Trading Income Budgets				
Income Area	Revised Budget to 31 March 2025 £'000	Actual Income to 31 March 2025 £'000	Variance (above)/ below budget £'000	Comments
Bed & Breakfast	(30)	(30)	0	
Property Asset Income	(1,028)	(1,030)	(2)	
<b>Total</b>	<b>(5,278)</b>	<b>(5,116)</b>	<b>162</b>	

**Budget Additions:**

Table 4 - General Fund Revenue Budget Movement				
Description	AD	Approval	Funding	£
Income management	AD Corporate	Proforma B	ICT Reserve	15,504
Technology Forge contract	AD Corporate	Proforma B	Transformation Reserve	8,390
Planning Service review	AD Planning and Strategic Infrastructure	Proforma B	Transformation Reserve	8,016
Technology Forge migration	AD General Fund Assets	Proforma B	Transformation Reserve	20,369
Interim Waste manager	AD Neighbourhoods	Proforma B	Transformation Reserve	13,416
Accessing EHC fundings	AD Wellbeing and Communities	Proforma B	Transformation Reserve	5,000
Server Room relocation	AD Corporate	Proforma B	Transformation Reserve	7,200
Guildhall support for funding submission	AD Leisure and Culture / General Fund Assets	Proforma B	Transformation Reserve	12,442
NHS project funding balance	AD Economic Growth	Cabinet - 25th September	Transformation Reserve	296,307

Vehicle upgrades	AD Neighbourhoods	Proforma B	Capital Reserve	7,150
Boston Events	AD Leisure and Culture	Proforma B	Contingency Reserve	14,130
Boston Market regeneration	AD Leisure and Culture	Proforma B	Contingency Reserve	47,750
Fly tipping liaison officer	AD Regulatory	Proforma B	Contingency Reserve	8,800
Tree works	AD Neighbourhoods	Proforma B	Insurance Reserve	10,375
BTAC Events	AD Leisure and Culture	Proforma B	BTAC Reserve	4,000
<b>Subtotal - Reserves</b>				<b>478,849</b>
Migration of data from Alfresco	AD Corporate	Proforma B	In year savings	12,275
AD Finance	AD Corporate	Proforma B	Increased salary efficiency target	13,070
Serious Violence funding	AD Wellbeing and Communities	New Budget	Additional Income	265,220
Household support fund	AD Wellbeing and Communities	New Budget	Additional Income	185,800
Env Health Qtr 1	AD Regulatory	New Budget	Additional Income	4,410
Software licences	AD Corporate	New Budget	Additional Income	3,000
DA accreditation	AD Wellbeing and Communities	New Budget	Additional Income	5,000
Climate Change transfer of funding from ELDC	AD Regulatory	New Budget	Additional Income	55,000
Additional Homelessness income	AD Wellbeing and Communities	New Budget	Additional Income	92,670
Broker Fees Temporary investments	AD Finance	New Budget	Additional Income	10,000
<b>Subtotal - Additional Income/Efficiency Increases</b>				<b>646,445</b>
<b>Total Movement as at 30 June 2024</b>				<b>1,125,294</b>

Reserves

At 30 June 2024 specific reserves were £13.290m, after a net transfer from reserves of £2.711m to cover revenue and capital expenditure. **Table 4a** reflects the outturn position.

<b>Table 4a – Specific and General Reserves Balance</b>				
<b>Reserve</b>	<b>Balances at 1 April 2024 £'000</b>	<b>Contributions into Reserves £'000</b>	<b>Use of Reserves £'000</b>	<b>Balances at 31 March 2025 £'000</b>
Capital Funding	6,390	0	(2,122)	4,268
Transformation	981	60	(189)	852
Repairs and Renewals	612			612
ICT	33		(16)	17
Housing	1,450	0	(82)	1,368
Controlling Migration Fund	14			14
Insurance	207		(10)	197
Risk Mitigation Reserve	1,116			1,116
Funding Volatility	1,892			1,892
Contingency Reserve	382	0	(248)	135
Climate Change Reserve	102			102
Planning Reserve	339	0	(50)	289
Property Funds Reserve	146			146
<b>Specific Reserves Total</b>	<b>13,665</b>	<b>60</b>	<b>(2,717)</b>	<b>11,008</b>
General Fund	2,000			2,000
S106 & Commuted Sums	128			128
BTAC	208		(4)	204
Year End Movements	0		(50)	(50)
<b>TOTAL</b>	<b>16,001</b>	<b>60</b>	<b>(2,771)</b>	<b>13,290</b>



## Section 2.3 – Capital Budget

This section covers:

- Revisions to the Capital Programme
- Progress against the 2024/25 approved capital programme and the anticipated outturn
- Funding of the Capital Programme

Table 5 – 2024/25 Capital Programme and Outturn

Scheme	Approved Budget 2024/25	Changes to approved budget	Revised Budget 2024/25	Actual June 2024/25	Forecast Outturn 2024/25	Variance (under)/over
	£000	£000	£000	£000	£000	£000
Disabled Facilities Grant	934	300	1,234	79	1,234	-
Multi Use Games Area (Controlling Migration Funding)	17	(17)	-	-	-	-
Resurfacing & footpath improvements	28	17	45	50	50	5
Town Centre Heritage Scheme	973	-	973	116	973	-
Vehicle Replacements	311	-	311	-	311	-
Housing Strategy	57	-	57	-	-	(57)
Information Technology Infrastructure Refresh	347	(40)	307	-	148	(159)
Neighbourhood Vehicle Replacements	56	-	56	-	56	-
Bin Safety Upgrade	-	7	7	-	7	-
Markets Regeneration	-	44	44	-	44	-
ICT – Revenues & Benefits	-	92	92	-	92	-
ICT – Relocate Server Room to SHDC	-	120	120	-	120	-
Pool Cars	-	68	68	-	68	-
Fly-Tipping Intervention	-	9	9	-	9	-
<b>Total Projects (Excl Towns Funds, UKSPF &amp; LUF)</b>	<b>2,723</b>	<b>600</b>	<b>3,323</b>	<b>245</b>	<b>3,112</b>	<b>(211)</b>
Towns Fund - Leisure	4,028	-	4,028	48	4,028	-
Towns Fund - Mayflower	9,248	-	9,248	151	9,248	-
Towns Fund - St Botolph's Library	69	-	69	12	69	-
Towns Fund - Healing the High St (incl. Shodfriars)	1,712	-	1,712	43	1,712	-
Towns Fund - Boston Station	2,268	-	2,268	61	2,268	-
<b>Total Towns Fund Projects</b>	<b>17,325</b>	<b>-</b>	<b>17,325</b>	<b>315</b>	<b>17,325</b>	<b>-</b>
UKSPF (Capacity building projects for local groups)	323	-	323	90	323	-
UKSPF Rural (Community projects aimed at reducing the cost of living)	203	-	203	40	203	-
<b>Total UKSPF Projects</b>	<b>526</b>	<b>-</b>	<b>526</b>	<b>130</b>	<b>526</b>	<b>-</b>
LUF - Civic Hub	887	-	887	1	200	(687)
LUF - Crown House	7,158	-	7,158	1,963	2,000	(5,158)
LUF - Public Realm	6,526	-	6,526	-	2,000	(4,526)
<b>Total LUF Projects</b>	<b>14,571</b>	<b>-</b>	<b>14,571</b>	<b>1,964</b>	<b>4,200</b>	<b>(10,371)</b>
<b>Grand Total</b>	<b>35,145</b>	<b>600</b>	<b>35,745</b>	<b>2,654</b>	<b>25,163</b>	<b>(10,582)</b>

The revised capital budget as at Q1 was £35.745m, derived from the combination of the 2024/25 approved budget of £35.145m, new in-year approved spend, and decommitted spend. The overall expenditure as at Q1 is £2.654m.

The Towns Fund projects represent the largest specific group at £17.325m, 48% of total revised capital budget followed by Levelling Up Fund (LUF) £14.571m which represents 41%. Others make up the remaining £3.323m, 11% of total revised capital budget.

The overall expenditure forecast as at Q1 is showing spend at £25.163m.

### Changes to approved capital budget

The changes proposed to the approved budget are additions of £640k and decommitments of £40k (£600k net amount) and these are detailed below.

Table 5a – Changes to approved capital budget		
Project Description	Amount £'000	Approval
Disabled Facilities Grants	300	Approval sought to increase DFG budget, current budget due to be spent by end of the year. Progress made on case backlog and reducing waiting times. Funded by grant received in prior year.
Information Technology Infrastructure Refresh	(55)	Decommit budget previously earmarked for server refresh, linked to relocation to server room to SHDC.
Information Technology Infrastructure Refresh	15	Proforma approved by S151 for Income Management Single Solution.
Bin Safety Upgrade	7	Proforma approved by S151 for Bin Lift Safety Upgrade.
Markets Regeneration	44	Proforma approved by S151 for Markets Regeneration.
ICT – Revenues & Benefits	92	Approval sought to invest for investment to bring Revenues & Benefits systems inline across SELCP.
ICT – Relocate Server Room to SHDC	120	Approved by Cabinet 24 July 2024.
Pool Cars	68	Approved by Cabinet 24 July 2024.
Fly-Tipping Intervention	9	Proforma approved by S151 for Fly-Tipping Intervention.
<b>Total</b>	<b>600</b>	

**F2** That Cabinet approve the amendments to the Capital Programme to take into account the changes set out in this report at Appendix A – Table 5.

### Progress against approved budgets

- **LUF – Civic Hub** – Demolition works on hold, pending decision to demolish, once decision made scheme will be able to progress.
- **LUF – Crown House** – Withdrawal of YMCA as a partner has led to the Council delivering the Council directly. Currently being programmed.
- **LUF – Public Realm** – On site in January 2025, design works have taken longer than originally expected.

### 2024/25 Funding

All Projects	Approved Budget 2024/25	Revised Budget Plus Slippage/ accelerated spend (-) 2024/25	Full year forecast	Variance
	£'000	£'000	£'000	£'000
Internal Borrowing	(403)	(523)	(364)	159
External Grants	(32,294)	(32,603)	(22,237)	10,366
Capital Reserve	(2,384)	(2,511)	(2,511)	-
Other Reserve – Housing	(57)	(57)	-	57
Other Reserve – Repairs and Renewals	(7)	(7)	(7)	-
Other Reserve – COVID-19 Reserve	-	(44)	(44)	-
<b>Totals</b>	<b>(35,145)</b>	<b>(35,745)</b>	<b>(25,163)</b>	<b>10,582</b>

### Capital Financing

The current Capital Programme is financed from reserves and internal borrowing in line with the Capital Strategy.

**Table 6** indicates the forecast capital resources available to the Council at the end of 2024/25. The estimated position for the following years is also provided.

Table 6 – Capital Resources			
	2023/24 £'000	2024/25 £'000	2025/26 £'000
Capital Resources* available at start of each year	5,918	6,193	3,682
Capital Investment (estimate in future years)	(5,939)	(35,745)	(5,289)
Additional Sources of Finance			
New Capital Receipts (estimate in future years)	-	-	-
Funding from other reserves	167	108	-
External Grants	3,924	32,603	1,803
Internal borrowing	1,779	523	569
Budgeted contributions to capital reserve	344	-	-
<b>Estimated Capital Resources* at end of each year</b>	<b>6,193</b>	<b>3,682</b>	<b>765</b>

\* Capital Reserve and Capital Receipts

## Section 2.4 – Treasury Management

*Investments at 30 June 2024*

During the financial year the Council has made fixed term investments in line with the agreed Treasury Management Strategy. A minor breach of the CCLA Money Market investment limit occurred on 20 May 2024 by £150k which was corrected on 21 May 2024. Processes have been reviewed and changes made to prevent this type of occurrence happening going forward.

Detailed in **Table 7** are the investments held by the Council on 30 June 2024 excluding accrued interest. Note this represents the position at year end. The peaks and troughs in cash flow are managed on a daily basis. Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g., Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of Boston's own resources.

**Table 7 – Cash Investments on 30 June 2024**

Financial Institution	Country	Amount (£)	Start Date	Maturity Date	Fixed/Variable	Yield %
HSBC Bank	UK	109,729	N/A	Current A/C	Variable	0.00%
CCLA Money Market Fund	Various	7,350,000	N/A	Instant Access	Various	5.21%
UBS Bank	Switzerland	3,000,000	13/07/23	12/07/24	Fixed	6.69%
Police & Crime Commissioner for Humberside	UK	2,000,000	29/01/24	29/07/24	Fixed	5.70%
Blackpool Borough Council	UK	2,000,000	09/02/24	09/08/24	Fixed	5.90%
DNB Bank	Norway	2,000,000	31/08/23	30/08/24	Fixed	6.18%
Leeds City Council	UK	2,000,000	08/03/24	09/09/24	Fixed	6.10%
DNB Bank	Norway	1,000,000	06/11/23	04/11/24	Fixed	5.72%
Goldman Sachs Bank	UK	2,000,000	17/05/24	18/11/24	Fixed	5.275%
Wrexham County Borough Council	UK	3,000,000	25/01/24	24/01/25	Fixed	5.70%
CIC Bank	France	3,000,000	03/05/24	02/05/25	Fixed	5.33%
Canterbury City Council	UK	2,000,000	21/05/24	21/05/25	Fixed	5.25%
<b>TOTAL</b>		<b>29,459,729</b>				

The Council has purchased property fund units and the table below provides a breakdown in relation to the purchase of these units:

Fund	Date of Purchase	Net Asset Value at Date of Purchase (£)	Premium/ (Discount) on Purchase (£)	Premium/ (Discount) on Purchase (%)	Total Cost (£)
Black Rock UK Property Fund	05/08/16	255,085	(5,102)	(2.00)	249,983
	30/12/16	255,085	(5,103)	(2.00)	249,982
	28/09/18	<u>3,945,592</u>	<u>54,449</u>	<u>1.38</u>	<u>4,000,041</u>
	<b>TOTAL</b>	<b>4,455,762</b>	<b>44,244</b>	<b>0.99</b>	<b>4,500,006</b>
Schroder UK Real Estate Fund	05/08/16	250,000	-	-	250,000
	03/09/18	<u>4,020,006</u>	<u>(20,000)</u>	<u>(0.50)</u>	<u>4,000,006</u>
	<b>TOTAL</b>	<b>4,270,006</b>	<b>(20,000)</b>	<b>(0.47)</b>	<b>4,250,006</b>
Threadneedle Property Unit Trust	31/08/16	263,549	(13,177)	(5.00)	250,372
	31/08/18	2,902,441	86,572	2.98	2,989,013
	28/09/18	483,966	16,116	3.33	500,082
	31/10/18	<u>483,930</u>	<u>16,357</u>	<u>3.38</u>	<u>500,287</u>

	<b>TOTAL</b>	<b>4,133,886</b>	<b>105,868</b>	<b>2.56</b>	<b>4,239,754</b>
M&G Investments UK Property Fund (after distributions)	14/09/18	<b>248,257</b>	<b>88,020</b>	<b>2.25</b>	<b>336,277</b>
AEW UK Core Property Fund	31/10/18	<b>3,745,319</b>	<b>254,681</b>	<b>6.80</b>	<b>4,000,000</b>
<b>TOTAL</b>		<b>16,853,230</b>	<b>472,813</b>	<b>2.30</b>	<b>17,326,043</b>

*Property Fund Investments (Capital Expenditure) as at 30 June 2024*

Financial Institution	Purchase Cost (£)	Q1 Budgeted Net Revenue 2024/25 (£ & %)	Q1 Estimate Net Revenue (£ & %)	2024/25 Budgeted Net Revenue 2024/25 (£ & %)	2024/25 Estimated Outturn Net Revenue (£ & %)	Net Asset Value (£)	Total Gain/(Loss) Since Purchase (£ & %)	Capital Gain/(Loss) Since 31/3/24 (£ & %)	2024/25 Combined Annual Return (%)
BlackRock UK Property Fund	4,500,006	42,384 4.00%	38,769 3.45%	180,000 4.00%	173,892 3.86%	3,992,735	(507,271) (11.27%)	14,209 0.36%	4.22%
Schroder UK Real Estate Fund	4,250,006	44,877 4.00%	38,111 3.60%	170,000 4.00%	165,728 3.90%	3,561,947	(688,059) (16.19%)	(30,958) (0.86%)	3.04%
Threadneedle Property Unit Trust	4,239,754	42,281 4.00%	33,144 3.11%	169,590 4.00%	160,452 3.78%	3,568,826	(670,928) (15.82%)	49,802 1.42%	5.20%
M&G Investments UK Property Fund (After Distribution Payments)	336,277	7,280 4.00%	3,353 4.00%	29,200 4.00%	13,451 4.00%	470,097	133,820 N/A	(12,379) N/K	N/K
AEW UK Core Property Fund	4,000,000	39,890 4.00%	39,890 4.00%	160,000 4.00%	160,000 4.00%	3,480,545	(519,455) (12.99%)	48,282 1.41%	5.41%
<b>TOTAL</b>	<b>17,326,043</b>	<b>176,712</b>	<b>153,267</b>	<b>708,790</b>	<b>673,523</b>	<b>15,074,150</b>	<b>(2,251,893)</b>	<b>68,956</b>	
Adjustment for 23/24 Accrual	-	-	<b>(22,284)</b>	-	<b>(22,284)</b>	-	-	-	
<b>GRAND TOTAL</b>	<b>17,326,043</b>	<b>176,712</b>	<b>130,983</b>	<b>708,790</b>	<b>651,239</b>	<b>15,074,150</b>	<b>(2,251,893)</b>	<b>68,956</b>	

The overall change in the combined Net Asset Values for all funds in Quarter 1 was an increase of £68,956. The movement in fair value of the funds gets charged to the revenue account and reversed out through the MIRS to the capital adjustment account each year end so there is no bottom-line impact.

Property Fund Dividends

An analysis of dividend distributions received since the purchase of the property funds to 30 June 2024 can be found in **Table 8** below.

**Table 8 – Property Fund Dividend Information**

Financial Institution	Actual Net Dividend Distributions Received Pre 2024/25	Net Dividend Distributions Received 2024/25	Adjustment For 2023/24 Accrual	Total Net Distributions Received Since Purchase
BlackRock UK Property Fund	809,969	38,769	645	849,383
Schroder UK Real Estate Fund	809,186	38,111	(1,171)	846,126
Threadneedle Property Unit Trust	1,015,699	33,144	(3,229)	1,045,614
M&G Investments UK Property Fund	534,942	3,353	-	538,295
AEW UK Core Property Fund	905,204	39,890	(18,529)	926,565
<b>Total Revenue</b>	<b>4,075,000</b>	<b>153,267</b>	<b>(22,284)</b>	<b>4,205,983</b>

The M&G UK Property fund is liquidating its assets and therefore their fund valuation is reducing as repayments are made. Of the £4m originally invested, M&G have now paid Boston BC distribution payments totalling £3,663,724 as of 30 June 2024, from the asset sale proceeds leaving a balance of £336,276.

Maturity Structure of Investments

An analysis of the maturity structure of investments on 30 June 2024 can be found in Table 9 below.

**Table 9 - Maturity Structure of Investments on 30 June 2024.**

Period to Maturity	Amount (£)	% of Portfolio
Instant Access	7,459,729	16%
Less than one month	5,000,000	11%
One to three months	6,000,000	13%
Three to six months	3,000,000	6%
Six to nine months	3,000,000	6%
Nine months to a year	5,000,000	11%
>12 Months	17,326,043	37%
<b>TOTAL</b>	<b>46,785,772</b>	<b>100%</b>

Summary of Investment Income Received Against Budget and Forecast Outturn

Table 10 below provides a comparison of interest received against budget at Quarter 1 and a forecast outturn position for the year.

**Table 10 - Interest Received Against Budget and Forecast Outturn**

Investment Type	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Treasury Investments						
Gross Interest	(221,322)	(435,861)	(214,539)	(887,720)	(1,268,912)	(381,192)
Brokers Fees	<u>2,493</u>	<u>1,532</u>	<u>(961)</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Net Position	(218,829)	(434,329)	(215,500)	(877,720)	(1,258,912)	(381,192)
	(5.075%)	(5.500%)	(0.425%)			
<u>Property Funds</u>						
Gross Distributions	(219,096)	(162,399)	56,697	(878,790)	(807,436)	71,354
Less Management Fees	<u>42,384</u>	<u>31,416</u>	<u>(10,968)</u>	<u>170,000</u>	<u>156,197</u>	<u>(13,803)</u>
Net Distributions	(176,712)	(130,983)	45,729	(708,790)	(651,239)	57,551
	(4.000%)	(3.548%)	0.452%			
M&G Property Fund Liquidation Distributions ( <i>to be used for Minimum Revenue Provision Contributions as the original capital purchase was unfinanced capital expenditure</i> )	0	0	0	0	0	0
<b>Total Net Income</b>	<b>(395,541)</b>	<b>(565,312)</b>	<b>(169,771)</b>	<b>(1,586,510)</b>	<b>(1,910,151)</b>	<b>(323,641)</b>
	<b>(4.531%)</b>	<b>(4.796%)</b>	<b>(0.265%)</b>			

Treasury investments achieved an average rate of 5.500% compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.167% and property fund investments achieved an average rate of 3.548%. The combined rate achieved on all investments was 4.796%.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from capital expenditure slippage and higher interest rates on investments. These rates are likely to fall below the average budget rate later in the financial year.



External Borrowing

The Council has a £1m Lender Option Borrower Option (LOBO) loan with State Street Nominees at a rate of 11.125% which is due to mature in 2051.

The following table provides a comparison of budgeted borrowing costs and the outturn position for the year.

**Table 11 – Summary of Borrowing Costs Against Budget and Forecast Outturn**

Borrowing Type	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn
State Street LOBO	27,736	27,736	111,250	111,250
<b>Total Borrowing Costs</b>	<b>27,736</b>	<b>27,736</b>	<b>111,250</b>	<b>111,250</b>

Summary of the Net Treasury Position Against Budget and Forecast Outturn

The table below provides an analysis of the net treasury position and forecast outturn. It also includes the 2024/25 allocation of the discount received following the premature repayment of PWLB borrowing in 2023/24.

**Table 12 - Summary of the Net Treasury Position Against Budget and Forecast Outturn**

	2024/25 Budget Quarter 1	2024/25 Actual Quarter 1	2024/25 Variance Quarter 1	2024/25 Annual Budget	2024/25 Forecast Outturn	2024/25 Forecast Variance
Net Investment Income (Table 10)	(395,541)	(565,312)	(169,771)	(1,586,510)	(1,910,151)	(323,641)
Premature Repayment of Borrowing Discount Allocated to Revenue	(159,996)	(159,996)	0	(641,743)	(641,743)	0
Total Borrowing Costs (Table 11)	27,736	27,736	0	111,250	111,250	0
<b>Overall Net Position</b>	<b>(527,801)</b>	<b>(697,572)</b>	<b>(169,771)</b>	<b>(2,117,003)</b>	<b>(2,440,644)</b>	<b>(323,641)</b>

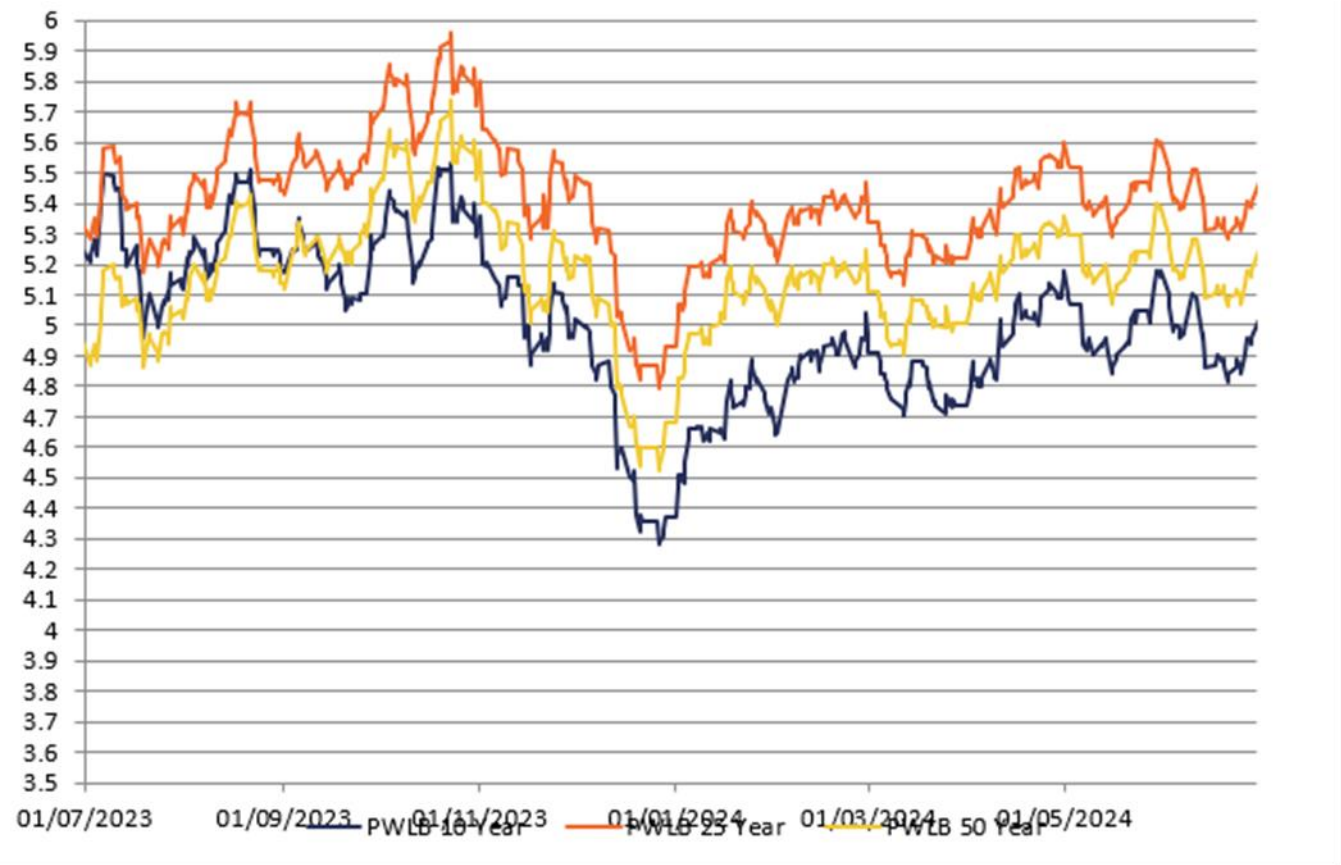
On 30 June 2024 it can be seen from the table that the overall net treasury position after borrowing costs is a favourable £323,641 above budget.

Public Works Loan Board (PWLB) Borrowing Rates

The 50-year PWLB certainty rate was 5.18% on 30 June 2024.

The following graph shows the PWLB rates over the last 12 months.

Graph 1 – PWLB Borrowing Rates



Section 2.5 – Insurance – This information will be circulated after the meeting.

**Section 2.6 – Debt Collection**

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the new financial procedure limits there are no debts in excess of £5,000 requiring Cabinet approval for write off.

An analysis of the sundry debts the Council held as at 30 June 2024 is show in **Table 8**.

Table 8 – Sundry Debt Analysis							
0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total
£	£	£	£	£	£	£	£

311,972	171,074	35,156	16,486	22,016	44,553	608,674	1,209,928
---------	---------	--------	--------	--------	--------	---------	-----------

Note: This does not include details of invoice amounts (£127,704.85) that are not yet due

## Section 2.7 – Council Tax and Business Rates

There remains uncertainty over the longer term effect on collection and recovery as a result of the ongoing impact of the pandemic, and the cost of living challenges. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity is in place throughout the year.

### Council Tax Support Scheme (CTS)

Following the annual review during 2023/24, the 2024/25 scheme has remained unchanged from the previous year, allowing for national up-ratings. A more fundamental review of the scheme is underway in 2024/25.

### Council Tax – 2024/25 In-Year Collection

The collectable debit for the year at 30 June 2024 was £44.6m with a net collection rate of 26.93% achieved (26.98 % at 30 June 2023).

### Business Rates – 2023/24 In-Year Collection

The collectable debit for the year at 30 June 2024 was £20.7m with a net collection rate of 30.86% achieved (29.72% at 30 June 2023).

This page is intentionally left blank



<b>Report To:</b>	Cabinet
<b>Date:</b>	25 September 2024
<b>Subject:</b>	Local Council Tax Support Scheme (Consultation) 2025/26
<b>Purpose:</b>	To agree consultation options for the local Council Tax Support scheme, 2025/26
<b>Key Decision:</b>	N/A
<b>Portfolio Holder:</b>	Councillor Sandeep Ghosh, Portfolio Holder for Finance
<b>Report Of:</b>	Christine Marshall, Deputy Chief Executive, Corporate Development and S151
<b>Report Author:</b>	Sharon Hammond, Head of Revenues and Benefits
<b>Ward(s) Affected:</b>	All
<b>Exempt Report:</b>	No

## Summary

Council Tax Support provides financial assistance through a reduction in Council Tax bills for households on a low income or receiving certain benefits.

The Council is required to review its local Council Tax Support scheme each year and consult on its scheme proposals for the forthcoming year. Pension age residents are regulated by national rules in England and are not affected by any changes in this review.

This report provides an update on the current scheme and presents scheme modification options for the Boston Borough Council working age Council Tax Support scheme to take forward to consultation with major preceptors and the public, with a view to helping the council decide its local scheme for 2025/26.

## Recommendations

That Cabinet

- i. Considers the modification options presented in sections 6 of this report, and
- ii. Confirms the option(s) it wishes to consult on, and
- iii. Approves consultation, and delegates oversight of the consultation approach to the Section 151 Officer in conjunction with the Portfolio Holder for Finance.

## Reasons for Recommendations

This will enable a period of consultation with major preceptors and the general public on Cabinet's preferred scheme option(s) for its 2025/26 Council Tax Support Scheme.

Following a consultation period, a report, including the consultation feedback, will come back to Cabinet to make its final recommendation to Full Council in respect of the scheme for 2025/26.

## Other Options Considered

*Do nothing – This option is discounted as Cabinet has previously indicated its intention to carry out a more fundamental review of its scheme for 2025/26.*

*Replace the default, means tested scheme with an income banded scheme – this alternative approach has been discounted as part of the fundamental review process.*

## 1. Background

- 1.1 This report updates Cabinet on the performance of the current Council Tax Support (CTS) scheme and provides details of the fundamental review in respect of 2025/26.
- 1.2 Boston's scheme currently provides for a maximum 75% support. Since its introduction in 2013, some changes to the scheme have been made, including restriction to Band D Council Tax liability, and discretion to assess Universal Credit earnings claims every three months. In 2024/25, a new class for Care Leavers was introduced.
- 1.3 Cabinet previously recognised the need for fundamental review of the scheme, with the current scheme now dated, being relatively unchanged since its introduction in 2013, and, having regard to the rollout of Universal Credit which replaces legacy benefits (including Housing Benefit).
- 1.4 This report provides information on the scheme review, and the options for 2025/26.
- 1.5 Regulations continue to prescribe the rules for calculating entitlement for pension age Council Tax Support schemes.

## 2. 2024/25 Current Scheme Expenditure and Caseload

2.1 The total caseload and expenditure, at July 2024, is:

2024/25	Number of live claims	Amount of CTS
Working Age	2,703	£2,155,294.78
Pensioner	1,997	£2,224,798.49
<b>Total</b>	<b>4,700</b>	<b>£4,380,093.27</b>

2.2 A caseload comparison of data from 2023 shows a small overall increase of 190 live claims, being a reduction of 2 in pensioner group and an increase of 192 Working Age group, which may reflect the economic pressures on households.

2.3 The cost of Council Tax Support is shared across major preceptors as part of the collection fund accounting process:

Current Council Tax Support 2024/25	BBC	LCC	PCC
£4,380,093.24	£450,930.62	£3,294,366.52	£634,796.13
	10.30%	75.21%	14.49%

2.4 Whilst this report focuses on the scheme for working age claimants, it is also timely to update Cabinet on the Ministry for Housing, Communities and Local Government (MHCLG) intentions for a national Pension Credit promotion campaign and awareness raising. MHCLG report that nationally 880,000 households are missing out on financial support worth on average £3,900 per year, and that entitlement to Pension Credit will lead to other additional benefits, including winter fuel payments, reductions in electricity bills, free TV licence for over 75, help with housing costs through Housing Benefit, and eligibility for Council Tax Support. MHCLG has indicated it considers local authorities are best placed to support the preparatory work and more details will be forthcoming.

It would be reasonable to assume an increase in CTS pension caseload and expenditure as a result of increased Pension Credit take-up.

## 3. Fundamental Review

3.1 Following Cabinet's decision for a fundamental review of the scheme to be carried out in 2024, Visionary Network Ltd (and its partners Inbest Ltd and Ascendant Solutions Ltd) were appointed in March 2024 to support S&ELCP with a CTS scheme review for each council, to carry out option modelling and provide evaluation of the financial impact of potential changes to each council's scheme.

3.2 The fundamental review is timely recognising that the current scheme is now dated, being relatively unchanged since its introduction in 2013. Over time, its original alignment with Housing Benefit has moved further away as a result of welfare reform and the roll out of Universal Credit, and, having regard to the Department for Work and Pensions (DWP) latest 'Move to Universal Credit' program currently underway, we are likely to see more residents drawn into CTS. The objectives of the review

included scheme modernisation and simplification for the customer and for operational administration.

- 3.3 The review considered the different scheme types and their prevalence in local authorities, demonstrating that whilst almost a third are now income banded schemes, two-thirds presently remain as default (means-tested) schemes, like BBC's current scheme. The review did not identify compelling reason to move to an income banded scheme at this time, and therefore modelling of modification options for the 2025/26 scheme are based on the default scheme approach.
- 3.4 The data analysis and scheme option modelling carried out by Visionary Network and its partners is based on a snapshot of caseload data from May 2024. It should be recognised that caseload will fluctuate continuously as new claims and changes are constantly being processed. Any inconsistencies arising through the data analysis are being explored and the figures provided should be recognised as indicative.
- 3.5 The data analysis and modelling is based on assessing the impact of changes on current caseload. Whilst it can't predict future entitlements, it provides insight to the potential effect on existing recipients. The scheme modelling does not include any provisions for 2025/26 increases in Council Tax or for DWP up-ratings, or for any increase in CTS that may arise through additional take-up or increased entitlement, generated by the economy or by the governments Move to Universal Credit and Pension Credit take-up programmes.
- 3.6 The need for administrative efficiency and increased automation has been a further consideration for the future scheme, in particular recognising the significant increase in the volumes of Universal Credit related records. Schemes must be compatible with current software, as any significant modifications may require additional software features outside of current agreements, incurring additional costs.
- 3.7 Council Tax Support schemes must be affordable, and in reaching decisions there must be consideration to how the scheme will be funded. CTS schemes cannot be changed mid-year.
- 3.8 The final scheme will benefit from simplified rules, developed by Visionary Network Ltd, in plain English. In turn this will made schemes easier to understand, both for customers to access and understand the scheme, and for staff who administer it.

#### **4. Caseload Analysis**

- 4.1 A high volume of complex data has been analysed by Inbest Ltd (partner of Visionary Network Ltd). For the purpose of analysis all records have been anonymised to prevent identification.
- 4.2 Table 1, shows the make-up and distribution of CTS across Working Age (WA) household types, using data from May 2024. The data shows almost 75% of the WA caseload receive the current scheme maximum, 75%, support.



**Table 1**

Household Type	Working Age Caseload	Of which on Max 75% CTS	Current Expenditure
Single	1196	990	£957,743
Single with Child(ren)	845	549	£578,617
Couple	280	214	£283,553
Couple with Child(ren)	264	178	£246,939
	<b>2585</b>	<b>1931</b>	<b>£2,066,852</b>
		74.70%	

- 4.3 An analysis of the correlation between households currently receiving Council Tax Support and the level of Council Tax arrears in financial 2023/24 is shown in Table 2.

**Table 2**

Household Type	Working Age Caseload	With 2023/24 arrears	Amount of 2023/24 arrears
Single	1196	288	£88,562
Single with Child(ren)	845	342	£112,604
Couple	280	64	£17,219
Couple with Child(ren)	264	84	£33,069
	<b>2585</b>	<b>778</b>	<b>£251,454</b>
		30.10%	

- 4.4 Table 2 does not include households currently on CTS with arrears in earlier years, nor does it include arrears for households that received CTS at some point previously but are not currently in receipt of CTS. The actual overall position of arrears in relation to CTS households will therefore be greater than indicated.
- 4.5 The data shows that almost 55% of the amount of arrears in CTS recipient households is in households with children.

## 5. Establishing a Council Tax Support scheme for 2024/25

- 5.1 For each financial year, the billing authority must consider whether to revise its scheme or replace it with another scheme. Council Tax Support schemes cannot be changed mid-year.
- 5.2 The Local Government Finance Act requires that before a scheme can be adopted by the billing authority, it must: -
- Consult any major precepting authority which has power to issue a precept to it,
  - Publish a draft scheme in such manner as it thinks fit, and
  - Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

## 6. 2025/26 Scheme Modification Option Proposals for Consultation

- 6.1 The following modification options have been developed for Cabinet consideration in line with the preferences expressed by Members through review meetings. This will

retain the default (means tested) scheme approach, which uses premiums and allowances (as uprated by DWP) as a measure of claimant financial need based on household composition, age and if anyone in the household has a disability.

6.2 All options will continue to protect War Pensioners and Care Leavers.

6.3 The options will provide for an incremental approach to modifying the current scheme, allowing for review after the first full year of scheme performance (i.e. 2025/26 scheme performance reviewed in 2026/27) and to consider if any further modifications are needed. Schemes cannot be changed mid-year.

#### **A. Modify the maximum CTS amount.**

The scheme currently provides for a maximum of 75% CTS support for all household types.

According to recently published DWP estimates, 30% of children in Boston Borough live in relative low-income households. There are currently 1,109 households with children in receipt of CTS, of which 727 receive the current maximum 75% CTS award.

Options i) and ii) below provide for increased support for households with children, demonstrating the council's commitment to respond positively to the concerns over child poverty.

- i) Increase the maximum CTS for households with children to 100%, and to 85% for other households.**
- ii) Increase the maximum CTS for single households with children to 90%, for couples with children to 80%, and retain the current level of support at 75% for other households.**

#### **B. Remove the earnings disregard for Universal Credit claims.**

'Earning disregard' is the income ignored when assessing eligibility for benefits, letting people keep more of their earnings.

The Department for Work and Pensions will already have regard to earnings and disregards in its calculation of the Universal Credit award, however, under its current scheme, Boston is then applying a further earnings disregard in its calculation of Council Tax Support for Universal Credit recipients.

The current scheme requires a manual process to apply a disregard to CTS calculations, based on the level of earnings.

This change will see the full amount of the UC award included in the CTS calculation.

This will make the scheme fairer and will improve administrative efficiency in the manual processing of high volumes of Universal Credit records each month.

## Impact

The indicative net impact on the cost of the scheme for modification options:

**A i) Increase the maximum CTS for households with children to 100%, and to 85% for other households.**

**A ii) Increase the maximum CTS for single households with children to 90%, for couples with children to 80% and retain the current level of support at 75% for other households.**

and

**B. Removal of the earnings disregards,**

is shown in the table below: -

Household Type	Option A i)	Option A ii)
Families	100%	
Single/Couples	85%	75%
Single with Child(ren)		90%
Couples with Child(ren)		80%
Indicative Net Increase /(Reduction) in scheme cost	£383,856	£78,482

The cost of this increase would be shared between the major precepting authorities in the following proportions (based on 2024/25 % split): -

Option	Indicative net change in CTS expenditure	Preceptor Share		
		BBC	LCC	PCC
A i)	£383,856	10.30%	75.21%	14.49%
A ii)	£78,482	£39,537.14	£288,697.86	£55,620.69
		£8,083.65	£59,026.31	£11,372.04

## C. Introduce a standard £10 rate for non-dependant deductions.

Deductions in the current scheme are based on a DWP scale of deductions (currently ranging from £4.10 to £15.10) dependent upon the non-dependants' earnings and circumstances.

This change would remove the scale of deductions and apply a standard £10 weekly deduction for each non-dependent.

Exceptions would continue to apply for households meeting certain criteria, including where claimant or partner is receiving Personal Independence Payment, Disability Living Allowance or Attendance Allowance, or where the non-dependent is over 18 on certain benefits.

This change will remove the need to obtain evidence from non-dependants, in turn simplifying the claim process for the customer, and allowing improved administration efficiency.

### **Impact**

Data analysis indicates that changes exceeding £1 per week, would negatively impact 163 claimants, and positively impact 25, resulting in a marginal reduction in the overall CTS expenditure. A small number of claimants, around 52, would lose entitlement.

### **D. Introduce a minimum weekly award of £1.00 per week.**

Under the current scheme CTS will be awarded and Council Tax bills updated and issued even where the CTS amount is a few pence per week.

Many small changes, especially those under £1.00, can make it difficult for Council Taxpayers to keep track of their claims. By streamlining administration, we aim to simplify the process, reducing confusion for claimants and ensuring a smoother, more efficient experience for managing their support.

This change would mean if entitlement to CTS was below £1 per week, there would be no CTS award made.

Cumulative data modelling on the first 3 modification options, A-C, above, indicates 20 people will be affected by this change, losing a total of £602 CTS support (average loss £30 per year per household).

### **E. Reduce Upper Capital Limit**

Capital in this context is savings and other investments, including cash, stocks and shares, property other than the main home.

There are two relevant Capital limits in the calculation of Council Tax Support: -

- i. Lower Capital Limit (LCL) – this is the amount that a claimant can have in savings and investments before it affects the amount of CTS.
- ii. The Upper Capital Limit (UCL) – this is the point at which claimants cannot claim CTS.

Boston has retained LCL of £6,000 and UCL £16,000 since CTS was localised in 2013. Claimants that have capital between £6,000 and £16,000 will have an assumed income of £1 for every £250, or part thereof, (known as 'tariff income') as part of the CTS calculation.

It should be recognised that not all capital is accessible, and households with a modest level of capital may still need support.

Reducing the UCL would mean that households with capital in excess of the new UCL would not be entitled to CTS.

Data indicates that 20 households may lose CTS if the UCL was reduced from £16,000 to £10,000.

- F. Remove the current three-month review period on Universal Credit earnings cases and replace with a threshold for earnings changes of**
- £30 per week (£130 per month) or
  - £50 per week (£217 per month)
- with discretion.**

The national living wage is now £11.44 per hour, and the Real Living Wage £12 per hour. This means that presently if someone works just over 1 hour extra per week they could lose some of their CTS.

This change will result in losers as well as gainers, as households who earn less would no longer automatically get more CTS. This issue would be dealt with through the provision for discretion, enabling CTS claims to be updated on a case-by-case basis, through customer request or as part of operational checks.

This change would reduce the number of changes applied to CTS, and in turn reduce the frequency of rebilling and re-profiling of instalments providing households with more certainty for budgeting, and reducing the costs associated with the re-issue of additional bills.

As this change would apply to future decisions it cannot be costed other than to recognise the current level of support will remain unchanged in more cases.

**G. Introduce a Discretionary Exceptional Hardship Payment Fund**

Recognising that within any scheme there may be hardship, the council may wish to put aside a specific budget for payments, with focus on those hard cases that need additional help. This approach would include signposting to other sources of help and to support customers with income maximisation opportunity.

As a discretionary scheme, the full cost of such payments will fall on Boston Borough Council.

**H. Update the 2025/26 scheme in line with DWP uprating.**

This would be consistent with previous years, aligning the scheme with the DWP's annual update of allowances and premiums for 2025/26.

- 6.4 Cabinet are asked to consider which of the option(s) A – H above they wish to consult on. The results from consultation will be reported back to Cabinet later in the year for its final scheme recommendation to Full Council, with the final decision for 2025/26 decided by 11<sup>th</sup> March 2025.

**7. Conclusion**

- 7.1. The fundamental review has provided Boston BC with the opportunity to look at its current scheme and consider how it wishes to better support residents in the future, having regard to affordability. Engagement through the review has provided Members with information on scheme approaches and modifications, and the options proposed from the steer provided will enable consultation on proposals that provide a balance of recognising the need for increasing support for families, and the need for administrative simplification.

7.2. The options decided by Cabinet will require consultation with major preceptors, the general public and other interested stakeholders, with results helping to inform the council on its final scheme decision for 2025/26.

### **Implications**

#### **South and East Lincolnshire Councils Partnership**

None

#### **Corporate Priorities**

None

#### **Staffing**

None

#### **Workforce Capacity Implications**

None

#### **Constitutional and Legal Implications**

None

#### **Data Protection**

None

#### **Financial**

There are no financial implications as a direct result of this report which is seeking approval to consult on options. Following consultation, a further report will be brought back to Cabinet for a final scheme decision.

#### **Risk Management**

None

#### **Stakeholder / Consultation / Timescales**

Consultation with major preceptors and other interested parties will be carried out based on Cabinet's decision on the proposals set out in the report.

#### **Reputation**

*None*

#### **Contracts**

None

## **Crime and Disorder**

None

## **Equality and Diversity / Human Rights / Safeguarding**

The existing Council Tax Support scheme continues to be delivered on the basis of the DWP's previous means tested Council Tax Benefit scheme regarding protection for vulnerable groups, including children and the disabled. The options for consultation do not change this approach.

## **Health and Wellbeing**

None

## **Climate Change and Environmental Implications**

None

## **Acronyms**

CTS – Council Tax Support

DWP – Department for Work and Pensions

MHCLG – Ministry for Housing, Communities and Local Government

LCL – Lower Capital Limit

UCL – Upper Capital Limit

## **Appendices**

None

## **Background Papers**

None

## **Chronological History of this Report**

A report on this item has not been previously considered by a Council body.

## **Report Approval**

Report author:	Sharon Hammond, Head of Revenues and Benefits <a href="mailto:sharon.hammond@pspsl.co.uk">sharon.hammond@pspsl.co.uk</a>
Signed off by:	Christine Marshall, Deputy Chief Executive, Corporate Development and S151
Approved for publication:	Councillor Ghosh, Portfolio Holder for Finance

This page is intentionally left blank