



BOSTON BOROUGH COUNCIL

REPORT OF SANDEEP GHOSH, FINANCE PORTFOLIO HOLDER

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DRAFT BUDGET SETTING REPORT - 2024/25-2028/29 – FOR CONSULTATION

FOREWORD TO THE BUDGET FROM COUNCILLOR SANDEEP GHOSH - FINANCE PORTFOLIO HOLDER

The creation of next year's budget has been challenging. It has been set within a background of unprecedented inflationary pressures and significant changes in resident, customer, and business needs. Despite these challenges, the Council's financial position means that it is well placed and able to take a considered approach to mitigating these exceptional challenges.

The Government has provided a one-year settlement, however, the uncertainty remains significant and into the medium-term.

Boston Borough Council remains sovereign in terms of its constitution and budget, as do the Councils we partner with, and our BBC priorities are to ensure that the Council remains financially resilient, able to deliver services it has to by law, and to provide support to the district's most vulnerable residents. Secondly, to continue the process of redressing the imbalances created by the cost of living crisis by focussing on the provision of financial support to underpin economic recovery for the district and seeking to invest in our places.

Despite the challenges we have we continue to work to develop new opportunities, efficiencies and income streams to support the Council's revenue budget.

A significant element of the Council's budget is the Drainage Board Levy. Like the Council, the drainage boards are also experiencing increased cost demands. The Council is liaising with the Boards, who are attempting to limit future increases, where possible. This is proving increasingly difficult with significant increases in power costs being experienced. Representations to government have been made and continue to be made due to the substantial loss of income to the Council,

Another key component of the council's budget is its share of business rates income which has seen changes following the settlement in December. In addition, inflationary pressures have been seen across all areas of the council's budget, particularly pay, contracts, utilities, and fuel.

The proposed council tax increase for 2024/25 is an annual increase of £7.20 for a band D property.

A series of short and medium term mitigations have been identified to balance the budget.

The Council has maintained a capital resource base commensurate with our capital delivery ambitions and is moving towards use of the minimum revenue provision for financing ongoing asset investment requirements.

The Budget for 2024/25 proposes:

- A Council Tax increase of £7.20 per year (for Band D homes this is equivalent to 13.8p per week).

- To continue with the generation of additional efficiencies, shared services and income from commercial activities guided by our Delivery Plans.
- Increased capital investment in Council assets to help generate new income streams, reduce running costs, and help deliver services more efficiently.
- Significant grant expenditure

Our focus is to deliver well the projects we have already committed to through the Towns Fund, Levelling Up Fund and UK Shared Prosperity Funds we have received to support our community and places to thrive in a challenging economic environment.

Councillor Sandeep Ghosh, Portfolio Holder for Finance



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EXECUTIVE SUMMARY:

	2023/24	2024/25
Boston Borough Council Precept	£4.235m	£4.387m
Council Tax Increase	2.97%	3.45%*
Council Tax Band D	£208.89	£216.09
Government Funding	£1.387m	£1.391m
Retained Business Rates used to support budget	£4.208m	£5.101m
Boston Town Area Committee Special Expense Account (3.95% increase proposed)	£0.764m	£0.769m
Earmarked Reserves (at 1 April)	£11.277m	£11.208m

*See note at 4.5 Council Tax

1. INTRODUCTION

- 1.1 This appendix sets out the draft combined 2024/25 budget estimates and Medium-Term Financial Strategy (MTFS) for the period 2024/25 to 2028/29 for the Council's General Fund. The Medium-Term Strategy sets out the current and forecast future costs of the Council and is linked to the Sub-regional Strategy and Annual Delivery Plan, which sets out the aims and ambitions of the Council.
- 1.2 The MTFS establishes a set of financial policies and principles which aim to provide a sound basis for maintaining the financial integrity of the Council over the medium term.
- 1.3 This Appendix sets out:
- The Council's Medium Term Financial Strategy for the period 2024/25 to 2028/29.
 - The 2024/25 General Fund Revenue Budget & Financing.
 - The General Fund Reserves Position.
 - The General Fund Capital Programme and Financing.
 - Risks, key issues, sensitivity and monitoring.
 - Treasury management policy and investment strategy (to follow in final budget report).
- 1.4 The unprecedented challenges faced by all of us in 2022/23, 2023/24 have continued into 2024/25, with significant inflationary pressures. The government settlement delivered in mid-December for Boston included New Homes Bonus (£343k) and 3% funding guarantee (£470k).
- 1.5 In 2024/25, a budget is proposed that allows expenditure to be financed using reserves and creation of efficiencies and appropriate funding in order to smooth the impact of the council's ongoing pressure. Savings are required going forward as a result of increased inflationary costs and other cost pressures but particularly in relation to substantial pressure from the IDB levy where it has and continues to lead on raising this issue with its partners in the South and East Lincolnshire Partnership. This means that the Council can continue to provide services whilst also supporting its overall objectives. The Council will continue to strive to be as efficient as possible in all its work, building on the SELCP Partnership with its partners whilst ensuring it maximises the income it receives.

2. BUDGET ASSUMPTIONS

Table 1 – Assumptions which influence the five year financial strategy

Assumption	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Budgeted inflation ¹	0%	0%	0%	0%	0%	0%
Pay costs increase ²	5%	3.5%	3%	2.5%	2.5%	2.5%
Number of Full Time Equivalent Employees	244.71	242.60	235.74	230.74	230.74	230.74
Staffing levels ³	96%	96%	96%	96%	96%	96%
Pension contribution rate – current service cost ⁴	23.6%	23.6%	23.6%	23.6%	23.6%	23.6%
Pension contribution cash amount to fund deficit on scheme ⁴	£687,000	£713,000	£741,000	£741,000	£741,000	£741,000
Return on cash investments ⁵	4.40%	4.70%	3.20%	3.00%	3.25%	3.25%
Return on property funds ⁶	3.60%	4.00%	4.00%	4.00%	4.00%	4.00%
Utility cost rises ⁷	150%	0%	0%	0%	0%	0%
Fuel cost rises ⁸	25%	0%	0%	0%	0%	0%
Tax base ⁹	1.1%	0.1%	1.5%	1.5%	1.5%	1.5%

Notes to Assumptions

These assumptions reflect, where known, future changes which may arise from the implementation of the council's organisational development plans including the South and East Lincolnshire Councils Partnership with South Holland District Council and East Lindsey District Council (see Section 7).

1. Although inflation does affect the price of supplies and services that the Council procures, because services are given cash limited budgets, they have to absorb the cost of inflation within the resources they have – as such the net impact of inflation is reduced to zero within the estimates. The only exceptions are those contracts which have an agreed inflationary arrangement built into them, we expect that contract costs will substantially increase on renewal.

2. The nationally agreed pay award ended on 31st March 2023. An award for 2023/24 was agreed November 2023 being a rise of up to 9.42% for the lowest paid through to 3.88% for those on the highest bands. For 2024/25 a 3.5% increase has been assumed with this moving to 3% for 2025/26 and then 2.5% from 2026/27 onwards.
3. An annual General Fund saving in staff costs (£354k) is built into the budget (equivalent to 4% of the staff budget) due to anticipated staff vacancies during the year.
4. Based on the Pension Triennial Valuation the pension contribution will be 23.6% in 2024/25 with an additional lump sum amount payable towards the deficit on the pension scheme – this rate is applied only to those staff in the local government pension scheme. A further review will take place which could change the amount from 2027/28 onwards. Any vacant posts are assumed to be within the pension scheme. The pension contribution rate is assumed to stay at 23.6% throughout the life of the MTFS. The lump sum towards the deficit is confirmed for 2024/25.
5. These are the estimated returns on cash. Average rate achieved to Q3 2023/24 was 5.09%.
6. These are the estimated returns on the Property Fund that the council holds. Average rate achieved to Q3 2023/24 was 3.99%.
7. Utility costs in 2023/24 were inflated by 150% as a result of increased wholesale prices. For 24/25 budget assumptions have been based on actuals for 2023/24 to rebase the budgets where needed to reflect actual spend.
8. Vehicle fuel costs were increased by 25% in 2023/24 due to national trends, fuel costs have now been rebased to reflect the current fuel costs and actuals from 2023/24.
9. The tax base projections for 2024/25 has provided for a growth of 28 band D equivalent properties. Future growth has been projected at 1.5% (see section 4.6 and Table 3).

3. RESOURCES AND SPENDING PLANS

- 3.1 The following section of the Appendix outlines the resources that will be available to the Council under 6 headings, Business Rates, Council Tax, Revenue Support Grant and other Government Grants, New Homes Bonus, Fees and Charges and Other Income.
- 3.2 On 18th December 2023 the Local Government Finance Settlement 2023/24 was delivered. The papers included a continuation of New Homes Bonus for 2023/24 and the stream called Funding Guarantee, replacing the Lower Tier Service grant.
- 3.3 As part of the policy statement, it was confirmed there would be no review or business rates or funding formula for at least 2 years.
- 3.4 As a result of this announcement, it makes planning the years from 2025/26 onwards very difficult as many things could change because of these planned reviews and resets. As and when further announcements are made Members will be kept up to date accordingly and the financial impact assessed.

4. DETAILED RESOURCES AND SPENDING PLANS

DETAILED RESOURCES

Business Rates

- 4.1 Under the current arrangements for retained Business Rates, where a Council collects rates above an assessed baseline level set by the Government, a 50% levy is applied that is paid to the Government. In order to avoid this 50% levy a business rates pool was adopted with the County Council and other districts within Lincolnshire.
- 4.2 The Council is expecting a number of appeals. A provision has been put aside based on intelligence from the Council's advisors to hopefully cover any effects from this but there still remains a large amount of uncertainty in this area.
- 4.3 Table 2 provides details of the anticipated business rates figures for 2023/24 and provisional figures for 2024/25 through to 2028/29.

Table 2 – Business Rates

	Draft 2023/24 £'000	Draft 2024/25 £'000	Draft 2025/26 £'000	Draft 2026/27 £'000	Draft 2027/28 £'000	Draft 2028/29 £'000
Retained Business Rates	(7,658)	(7,606)	(7,758)	(7,913)	(8,071)	(8,233)
S31 Grants relating to Business Rates	(2,645)	(2,519)	(2,570)	(2,621)	(2,673)	(2,727)
Tariff	5,247	5,352	5,459	5,568	5,679	5,793
Pre- levy income	(5,056)	(4,773)	(4,869)	(4,966)	(5,065)	(5,167)
Renewable Energy (100% retained by Boston BC)	(189)	(189)	(193)	(197)	(201)	(205)
Levy payment to Lincolnshire Pool	298	240	245	250	255	260
Estimated (Surplus)/Deficit on Collection Fund	739	(379)	0	0	0	
Net Retained Business Rates Income	(4,208)	(5,101)	(4,817)	(4,913)	(5,011)	(5,112)

- 4.4 As well as the potential for the authority to attract additional income through retained business rates there is also the risk of uncertainty through a reduction in the amount of business rates that it collects, this has been further exacerbated by economic impacts. This coupled with uncertainties relating to appeals against rateable values for business premises, with the potential for successful appeals being backdated makes estimating income accurately extremely challenging and potentially volatile.

Council Tax

- 4.5 The MTFs assumes a Council Tax increase in line with the maximum allowed under the Local Government Settlement. In the case of BBC for 2024/25 this is a £7.20 (3%) per annum increase (for band D properties). See Table 3 below for the estimated changes in the tax base and council tax collected.

Table 3 – Council Tax

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	No. Of properties	No. Of properties	No. Of properties	No. Of properties	No. Of properties	No. Of properties
Council Tax base (Band D equivalents)	20,274	20,302	20,607	20,916	21,229	21,548
Council Tax Band D	208.89	216.09	221.04	225.99	230.94	235.89
Annual Increase £	6.03	7.20	4.95	4.95	4.95	4.95
Annual Increase %	2.97%	3.45%	2.29%	2.24%	2.19%	2.14%
Gross Council Tax collected	£4,235,036	£4,387,059	£4,554,867	£4,726,722	£4,902,709	£5,082,911
In year Surplus / (deficit)	(£28,346)	(£121,331)	£0	£0	£0	£0
TOTAL	£4,206,690	£4,265,728	£4,554,867	£4,726,722	£4,902,709	£5,082,911

Local authorities are permitted to increase council tax by up to 3% or £5, whichever is higher, relating to the relative basic amount. The RBA takes into account the total of the council tax precepts plus Boston Town Area Committee, the table below demonstrates that the annual increase is within the 3% threshold when considering the RBA.

Relative Basic Amount Calculation	2023/24		2024/25		Movement	
	Precept (£)	Band D (£)	Precept (£)	Band D (£)	£	%
BTAC	763,636.00	79.39	768,772.00	80.37	0.98	1.24%
BBC	4,235,036.00	208.89	4,387,059.00	216.09	7.20	3.45%
TOTAL - RBA	4,998,672.00	246.56	5,155,831.00	253.96	7.40	3.00%
Tax Base						
BTAC	9,619		9,566		-53.00	-0.55%
BBC	20,274		20,302		28.00	0.14%

4.6 The tax base for 2024/25 has decreased by 0.55% and increased by 1.50% per annum thereafter. This is based on the latest projected house building trajectory.

BTAC expenses

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
BTAC Expenses*	764	769	794	811	827	827

*From 25/26 assumptions have been made that BTAC will remain as per 2024/25. This will be adjusted for final budget once all information is available.

Table 4 – Precepting Authority Band D charges

Authority	Proposed Band D amount. (£p)	Increase over 2024/25 £	Increase over 2024/25 %
Lincolnshire County Council *	TBC	TBC	TBC

Police and Crime Commissioner *	TBC	TBC	TBC
Boston BC	£216.09	£7.20	3.45%
Parishes (average) *	TBC	TBC	TBC

*TBC – will be confirmed for final budget as information not yet available.

Revenue Support Grant (RSG) and Section 31 Grants

4.7 The table below currently builds in the assumption that RSG will continue throughout the MTFs period until such time as we have more information regarding future funding. Other than S31 grants for Business Rates (see table 2) the other main non-specific grants received by the Council relate to the Rural Services Delivery Grant (RSDG) and the more recent Funding Guarantee grant. RSDG for 2023/24 is proposed to be £100k and the Funding Guarantee grant is £470k for 2024/25, the future of this grant into the longer term is not known however it now incorporates the previous Lower Tier Grant.

Table 5 - Revenue Support Grant and other Non-Specific S31 Government Grants

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue Support Grant	433	461	461	461	461	461
Rural Services Delivery Grant	100	100	100	100	100	100
Services Grant	109	17	17	17	17	17
Funding Guarantee (3%)	457	470	470	470	470	470
Total Received	1,099	1,048	1,048	1,048	1,048	1,048
Annual Change in resource	380	(51)	0	0	0	0

New Homes Bonus

4.8 New Homes Bonus (NHB) allocations were announced as part of the Local Government Finance Settlement for 2024/25. The government has added a year of additional grant, and the assumption currently is that this will continue or be replaced with another similar scheme.

4.9 In light of current funding pressures an element of the New Homes Bonus is being used to support budgetary pressures (£343k).

Table 6 – New Homes Bonus estimates

	Draft 2023/24 £000	Draft 2024/25 £000	Draft 2025/26 £000	Draft 2026/27 £000	Draft 2027/28 £000	Draft 2028/29 £000
New Homes Bonus	288	343	343	343	343	343

Fees and Charges

- 4.10 The Council is dependent on direct payment for many of its services in the form of various fees, charges and rents. Fees and charges play an important role in the effective delivery of services; they not only raise income but can control access to services, help the council respond to competition, fund investment and guide client behaviour.
- 4.11 In some cases the levels of fees are set by the Government and the Council has no control over what is charged. Where the Council has had control it has not always increased these charges in line with inflation or other market conditions. Given future uncertainty around levels of government grant support and business rates income, the Council will have to develop policies for continually reviewing its fees and charges in order to maintain this income at current or higher levels. A complete review of fees and charges in light of inflationary pressures is currently underway.

Table 7 – Fees and charges income budgets (Subject to Review)

Budget Area	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Leisure income*	820	0	0	0	0	0
Building control	170	206	206	206	206	206
Licensing	131	142	142	142	142	142
Land charges	78	51	51	51	51	51

Bereavement	934	978	978	978	978	978
Garden Waste	644	680	680	680	680	680
Trade waste	402	395	395	395	395	395
Planning fees	645	645	600	600	600	600
Parking	1019	993	993	993	993	993
Markets	95	95	95	95	95	95
Other small areas	220	190	163	158	234	190
TOTAL FEE INCOME	5,158	4,375	4,303	4,298	4,374	4,330

*No leisure income during 24/25 due to transferring to Parkwood Leisure during 23/24.

Other Income

4.12 The Council also receives other forms of income, as shown in the following table.

Table 8 – Other Income

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000
Interest on Investments	1,632	2,084	1,588	1,375	1,259	1,205
Housing Benefit Subsidy	11,210	12,391	12,391	12,391	12,391	12,391
Housing Benefit/Universal Credit Overpayments	120	30	30	30	30	30
Council tax and Housing benefit administration grant	260	183	183	183	183	183
Specific Government Grants	736	328	295	295	295	295
Court Income & Council Tax Penalties	251	265	265	265	265	265
Rental income	967	900	903	907	912	916
NNDR admin grant	92	91	91	91	91	91
Other Contributions (from external bodies for sharing of services and posts)	1,522	0	0	0	0	0

Other Income	29,568	7,289	7,400	7,310	7,340	7,508
Use of Reserves	4,879	70	4,794	73	73	73
Total Other Income	51,237	23,631	27,940	22,920	22,839	22,957

- Use of Reserve values will change as and when new schemes are approved for inclusion within the programme.
- Increase in the Housing Benefit Subsidy income is due to a realignment of the budget to reflect current anticipated levels of activity. There is a corresponding increase in expenditure.

4.13 Summary

Table 9 – All sources of income

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Business Rates	4,208	5,101	4,817	4,913	5,011	5,112
Revenue Support Grant	433	461	461	461	461	461
Services Grant	109	17	17	17	17	17
Funding Guarantee (3%)	457	470	470	470	470	470
Rural Services Delivery Grant	100	100	100	100	100	100
New Homes Bonus	288	343	343	343	343	343
Council Tax	4,207	4,266	4,555	4,727	4,903	5,083
Funding subtotal	9,802	10,758	10,763	11,031	11,306	11,587
Fees, Charges, Rents	5,158	4,374	4,303	4,298	4,374	4,329
	51,236	23,630	27,939	22,920	22,838	22,956

Other Income						
Fees, Charges & Other Income subtotal	56,394	28,004	32,242	27,218	27,212	27,285

2024/25 SPENDING PLANS

- 4.14 Table 10 below shows the estimated Council spending plans for the next 5 years. It shows expenditure analysed by the CIPFA Standard classification. The paragraphs below the table provide explanations for the main variances across the MTFs.
- 4.15 The table below summarises the main changes in expenditure budgets between 2023/24 and 2024/25. The ongoing delivery of the Council's Efficiencies and Transformation Programme may introduce further changes in the year ahead and over the Medium Term.

Table 10 – Spending Plans

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Employees*	10,667	10,688	10,984	11,152	11,486	11,738
Premises	2,415	2,514	2,529	2,515	2,529	2,529
Transport	994	2,381	2,481	2,495	2,509	2,524
Supplies and Services	3,529	2,896	3,425	3,384	3,447	3,446
Third Party Payments	3,413	4,820	4,525	4,291	4,292	4,292
Drainage Board Levies	2,470	2,809	2,950	3,097	3,252	3,415
Parish Councils' Precepts	533	544	544	544	544	544
Transfer Payments	39,167	14,174	14,178	14,178	14,178	14,178
Direct Revenue Financing of Capital	4,259	0	4,721	0	0	0
Interest Payable on Borrowing	494	111	111	111	111	111
Minimum Revenue Provision	15	111	207	207	207	207

Capital Charges Contra Entry	200	0	0	0	0	0
Gross Expenditure	68,156	41,050	46,655	41,975	42,556	42,985

* Employee costs appear to move minimally from 2023/24 to 2024/25, this is due to the transfer of GMLC leisure staff to Parkwood Leisure.

Employee costs have been prepared in accordance with the Council’s Pay Policy. Pay generally has been increased by salary increments due to staff, and by an estimated 3.5% increase in 2024/25, 3% for 2025/26 and 2.5% thereafter. Pension cost estimates have been prepared on the basis of current staff in the pension scheme at October 2023/24, and all vacant posts assumed to be within the pension scheme. There have been some staffing changes which are mainly grant funded as a result of successful bidding to government departments. The employee costs also include the latest results of the Pension Triennial Review.

Premises budgets have stabilised in 2024/25 from the large increases in 2023/24. All utilities budgets are now reflective of the actual costs in 2023/24 and adjusted for the new contract prices.

Transport costs have increased from 2023/24 levels due to realignment of fleet maintenance recharges, there is a corresponding increase in income to neutralise this.

Supplies and Services budgets have decreased mainly due to realignment of building maintenance recharges and also the transfer of GMLC leisure costs to Parkwood leisure.

Third party payments - These budgets reflect payments to Public Sector Partnership Services and other outside bodies.

Transfer Payments – There is a large decrease from 2023/24 levels due to less project grant funding being received.

Capital Charges – Changes in capital charges relate to revisions to the capital programme between years which do not affect the General Fund bottom line as they are funded from reserves.

Internal Drainage Board (IDB) increases are set out in the table below. 2024/25 increases have been estimated at this time, with an increase of 8% during 24/25 with the exception of Black Sluice at 20% and 5% for the remainder for the MTFs. At a time of significant increases in rising energy cost it would be safe to assume that increases will be greater than in previous years. The Council is liaising with the local Internal

Drainage Boards to work towards limiting future increases where possible. Lobbying of government is also underway with the impact of this loss of revenue to the Council due to the embedded levy having an impact every year that passes.

Internal Drainage Board	2021/22 Actual £	2022/23 Actual £	2023/24 Actual £	2024/25 Budget £	£ Increase over 2021/22	% Increase over 2021/22
Witham Fourth Internal Drainage Board	1,108,050	1,196,693	1,256,520	1,357,042	248,993	22%
Welland and Deepings Internal Drainage Board	61,851	66,799	77,962	84,199	22,348	36%
Black Sluice Internal Drainage Board	842,838	885,757	1,139,128	1,366,954	524,116	62%
South Holland Drainage Board	973	1,051	1,130	1,220	247	25%
TOTAL	2,013,711	2,150,300	2,474,740	2,809,415	795,704	40%

5. BUDGET REQUIREMENT

5.1 The budget requirement is formed by comparing resource prediction and spending plans.

Table 11 – Requirement Budget

	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Fees, Charges & Other Income (table 9)*	(56,394)	(28,004)	(32,242)	(27,218)	(27,212)	(27,285)
Gross Expenditure (table 10)	68,156	41,050	46,655	41,975	42,556	42,985
Efficiency Target	(664)	(974)	(2,301)	(2,349)	(2,635)	(2,798)
Net Budget	11,098	12,071	12,113	12,408	12,710	12,902
Funded By						
Retained Business rates	(4,208)	(5,101)	(4,816)	(4,913)	(5,011)	(5,112)
Revenue Support Grant	(433)	(461)	(461)	(461)	(461)	(461)

Lower Tier Services Grant	0	0	0	0	0	0
Service Grant	(109)	(17)	(17)	(17)	(17)	(17)
Funding Guarantee (3%)	(457)	(470)	(470)	(470)	(470)	(470)
Rural Services Delivery Grant	(100)	(100)	(100)	(100)	(100)	(100)
New Homes Bonus	(288)	(343)	(343)	(343)	(343)	(343)
BTAC	(764)	(769)	(795)	(811)	(827)	(827)
Parish Precepts	(533)	(544)	(555)	(566)	(577)	(589)
Council Tax	(4,207)	(4,266)	(4,555)	(4,727)	(4,903)	(5,083)
Total Funding	(11,098)	(12,071)	(12,113)	(12,408)	(12,710)	(13,002)

*Major shift in other income is due to the inclusion of capital grants in 2023/24 from Towns Fund, UKSPF and LUF funding.

5.2 Based on current assumptions the Council has a significant efficiency target for 2024/25 which plans are already underway to address. With uncertainty around Business Rates after 2025/26 as mentioned earlier it is very unclear at this stage what the financial impact will be.

5.3 Boston Area Town Committee

Boston Town Area Committee (BTAC) special expenses are a separate charge to the residents of Boston for services provided in their town and are charged as a supplement to the main council tax. The BTAC budget for 2024/25 is estimated at £768,772 (2023/24 - £763,636).

6. RESERVES

In order to comply with the requirements of the Local Government Act 2003, the Authority must undertake a review of the level of reserves as part of annual budget preparation. A review of the reserves has been undertaken to make sure that they have a defined purpose, identified and approved values for additions to and usage of each reserve, and that they are set at an appropriate value which identifies the current and future requirements and risks the Council might face. This has included an assessment of risk registers, pressures upon services, inflation and interest rates and any underwriting arrangements. The proposed budget has been developed on the basis of not requiring any long-term support from reserves for the revenue budget.

6.1 General reserves

The General Fund balance is estimated to stand at £2.0m for the next five years, which the Council's Section 151 Officer believes to be prudent for the Council at this time.

6.2 Specific Reserves

Specific reserves are set up to provide funds for known future commitments or provide resources for unexpected events. Given the risks and uncertainties facing both the local and national economy the Council is committed to retaining robust levels of reserves, whilst ensuring resources are available to enable efficient service delivery.

Specific Reserves	
	2024/25
	£'000
Contribution to Reserves	
<u>Transformation Reserve</u>	
District Council Elections 23.24 pay back	(43)
<u>Repairs and Renewals</u>	
CCTV R&R	(35)
Riverside Ind Est-25% income	(18)
Contribution to reserves total	(95)
Contribution from Reserves	
<u>Transformation Reserve</u>	
Crowd fund annual cost	11
Contract extension	7
<u>Housing Reserve</u>	
DASH Funding	3
Housing Options	6

	Total Specific Reserves	(9,038)	(9,023)	(9,098)	(9,191)	(9,113)	(9,206)
General Reserve		(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
BTAC Reserve		(239)	(185)	(185)	(185)	(185)	(185)
	Total Reserves	(11,277)	(11,208)	(11,283)	(11,376)	(11,298)	(11,391)

7. CAPITAL PROGRAMME AND TREASURY MANAGEMENT

- 7.1 The Capital Strategy, Asset Management Strategy and Economic Action Plan identify and will generate potential future capital investment requirements. Specific schemes and values will only be included in the recommended programme when the need and likely costs have been further established in detailed business cases, and the Council has ensured that it has sufficient capital and revenue resources to implement such schemes.
- 7.2 The Council has limited capital resources and must look to new ways of financing its capital expenditure. It must also seek to reduce the running costs of its assets and maximise capital receipts. NHB is assumed to cease over the life of the MTFs and as such the Council will need to create additional future revenue capacity to maintain adequate contributions to the Capital Reserve.
- 7.3 Funding for Disabled Facility Grants (DFGs) comes from the Better Care Fund via Lincolnshire County Council's Health and Wellbeing Board.

The Treasury Management Strategy Statement pulls together the decisions of capital investment and our cash flow and revenue budgets.
Table 12 – Capital Programme, Funding and Resource Implication

Ref	Scheme	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total
1	Disabled Facilities Grants	630	630	630	630	630	630	3,780
2	Vehicle Replacement	311						311
3	Resurfacing & footpath improvements	28						28

4	MUGA	17						17
5	Townscape Heritage Initiative	1,160						1,160
6	Housing Strategy	57						57
7	Changing Places	300						300
8	Local Authority Housing Fund	2,797						2,797
9	Housing Stock Modelling	33						33
10	ICT	265						265
11	Car Park Machines	200						200
12	Information Technology Infrastructure Refresh	0	312	163	265	548	100	1,388
13	UKSPF	160	279					439
14	UKSPF - Rural	200	203					403
15	LUF - Civic Hub	890						890
16	LUF - Crown House	4,397	3,025					7,422
17	LUF - Public Realm	6,070	463					6,533
	General Fund Total	17,515	4,912	793	895	1,178	730	26,023
18	Towns Fund - Leisure	350	500	6,417				7,267
19	Towns Fund - Mayflower	8,525	734					9,259
20	Towns Fund - St Botolphs	124						124
21	Towns Fund - Centre for food & fresh produce	510						510
22	Towns Fund - Healing the High St (incl Shodfriars)	1,701	1,140	106				2,947
23	Towns Fund - Boston Station	2,361	33					2,394
	Towns Fund Total	13,571	2,407	6,523	0	0	0	22,501
	Total Current Approved Programme	31,086	7,319	7,316	895	1,178	730	48,524
	New Capital Bids							
BC01	Disabled Facilities Grants - increase in line with grant received		256	170	170	70		666
BC03	Neighbourhoods Vehicle Replacements		56	406		2,004	425	2,891

Capital Bids	0	312	576	170	2,074	425	3,557
Total Draft Programme	31,086	7,631	7,892	1,065	3,252	1,155	52,081

Capital Financing	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total
Internal Borrowing	(1,753)	(250)	(506)	(100)	(2,104)	(525)	(5,238)
External Grants	(28,419)	(7,381)	(969)	(965)	(1,148)	(630)	(41,211)
Capital Reserve	(650)						(5,370)
Other Reserve - Housing	(57)						(57)
Other Reserve - Repairs & Renewals	(7)						(7)
Other Reserve - Transformation	(200)						(200)
Total Financing	(31,086)	(7,631)	(7,892)	(1,065)	(3,252)	(1,155)	(52,081)

Table 13 – Treasury Assumptions

Treasury Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29
Average Investment Balances	£29.1m	£20.3m	£13.5m	£10.8m	£9.1m
Investment return assumptions – on non cash balances	4.70%	3.20%	3.00%	3.25%	3.25%
Investment assumptions – property fund return (revenue return only)	4.00%	4.00%	4.00%	4.00%	4.00%
External Borrowing	£1m	£1m	£1m	£1m	£1m
Average Borrowing Rate	11.125%	11.125%	11.125%	11.125%	11.125%

7.4 These assumptions include:

- The Council’s available cash balances and investment returns will be influenced by the future development of the Council’s Asset Management Plan and all decisions made regarding the use of the Council’s Reserves for capital and revenue purposes.

8. EFFICIENCY TARGETS

8.1 The projected budgets recognise an increasingly challenging and uncertain position through the five year period of our financial strategy. A key factor is that the Local Government Finance Act 2012 and future finance reviews demand a significant transformation in the way public services are both paid for and provided, with an emphasis on business and housing growth to both improve economic development and maximise funding to the Council to help offset ongoing reductions in overall resources.

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

Table 14 – Efficiency Targets

	2024/25* £'000	2025/26* £'000	2026/27* £'000	2027/28* £'000	2028/29* £'000
Budget Efficiency Requirement (£'000) – annual	974	2,274	2,322	2,608	2,771
IDB Funding Requirement (£'000)	659	0	0	0	0

8.3 The ongoing delivery of a significant level of savings is recognised as a key challenge to the Council that will require both political and cultural direction to ensure it is met.

9. SOUTH AND EAST LINCOLNSHIRE COUNCILS’ PARTNERSHIP PLANS

9.1 As we think of 2024/25 there is great uncertainty with the central funding which could be allocated to Boston. This is driven by several financial matters which remain unresolved such as the implications of the Fairer Funding Review, Business Rates baseline reset and a review of the Business Rates retention scheme. It should therefore be noted the Councils assumptions on future budget gaps whilst prudent could

well be understated. The Council is taking a positive response to this uncertainty by seeking to influence those matters raised above through both engagement and lobbying to ensure a fair deal is delivered for rural communities.

9.2 As we look forward into 2024/25 Cabinet will be promoting projects which aim to drive commercial opportunities, place the customer at the centre of everything we do and achieve as much as is possible through greater collaboration through the South and East Lincolnshire Councils Partnership. Some of these key projects to be developed during 2024/53 include;

- Realising efficiencies working together with East Lindsey District Council and South Holland District Council through the South and East Lincolnshire Councils Partnership
- Investment in infrastructure and facilities through the Towns Fund, LUF, NPO and UKSPF
- A Council service modernisation programme through investment with PSPS and also in ICT
- Building the case for investment in infrastructure
- Empowering communities in the way services are provided
- Commercialisation of services
- Addressing Deprivation in the area
- Tackling Climate Change through the Green Homes Initiative
- Delivering the Boston Town Centre Strategy and Action Plan

10. RISK AND SENSITIVITY

10.1 The following table shows the key risks and how we intend to treat them through our risk management practices.

10.2 Table 15 – Key Risks

Risk	Likelihood	Impact	Mitigating Action
Fairer Funding and Business Rate reset/changes	High	High	To lobby as required
IDB Levy	High	High	To lobby as required

Increased Interest Rates	High	High	Market advice and forecasting for continuation
Growth plans may require borrowing at some point in the future	High	High	Continue to closely monitor and prioritise the Council's Capital Financing Requirement.
Increased demand for Homelessness Support Services – relating to Homelessness Reduction Act	High	High	Monitor service demand and impact on costs. Optimise use of grant funding and closely monitor impact.
Lack of clarity for funding levels beyond 22/23 and spending review	High	Medium	Prudent budget set to provide best estimate. Transitional arrangements have been applied in similar previous changes imposed on funding arrangements.
Fluctuation in business rates	High	High	Growth plans and accurate monitoring
Fair Funding Review could take into account actual levels of commercial	Medium	Medium	Prudent budget set to provide best estimate.
Pension fund deficit	Medium	Medium	Close links with LCC pension fund
Additional bad debts as a result of economic circumstances	Medium	Medium	The Council has pro-active debt management and pre-pay fee policies.
Increased maintenance costs of ageing physical assets	Medium	Medium	Asset management plan. Pro-active rather than reactive maintenance programme
Inflation rises by more than budgeted projections	Medium	Medium	Budget assumptions kept up to date with most recent projections.
Court Income	High	Low	Court income projections are in line with budget. The budget has not been increased due to concerns over collectability of this income. A year-end review will be undertaken to inform future year's budgets.

PSPS may be unable to deliver an effective service within the agreed contract price.	Low	Medium	Reviewing Service Level Agreements, activity levels and service priorities, develop a suitable Transformation Programme
Fluctuation in business rates	High	High	Growth plans and accurate monitoring
Fee Income volatility	High	High	Early monitoring of deviations
Contract Cost volatility	High	High	To seek to pre-purchase where necessary
Lack of funding to partners causing displacement of service demand	High	High	Engagement and realism
Inadequate capital resources to finance future desired plans	High	High	Proportionate spending and sale of surplus assets
Central Government policy changes	High	High	Engagement in consultation and policy creation
Reductions in NHB impacting on future plans	High	High	Lobbying and service transformation
VAT – partial exemption	High	High	Close forecasting VAT partial exemption position
Failure to deliver the required transformation programme	Medium	High	Effective programme and project management
Reduction in Investment Values	Medium	Medium	Regular Monitoring, allocation of specific Reserve
Central Government policy changes	High	High	Engagement in consultation and policy creation
A poor settlement for rural councils	Medium	Medium	Lobbying as a special interest group
Increased demand for services in general	Medium	Medium	A robust performance management framework

11. OPTIONS

- 11.1 There are no alternative budget options presented, however if Council does not accept the proposed budget then any changes to income or expenditure which will produce a revised balanced budget must be presented and approved at the Council meeting.

12. RECOMMENDATIONS

- 12.1 Recommendation – That Cabinet approves the budget for consultation.