



REPORT TO:	Audit and Governance Committee
DATE:	29th January 2024
SUBJECT:	Draft Budget Report 2024/25 – 2028/29
PURPOSE:	To consider the draft budget for 2024/25
KEY DECISION:	<i>N/A</i>
PORTFOLIO HOLDER:	Councillor Sandeep Ghosh
REPORT OF:	Christine Marshall, Deputy Chief Executive Corporate Development (S151)
REPORT AUTHOR:	Colleen Warren – Head of Finance (Client) and Louise Fenwick (Strategic Finance Manager)
WARD(S) AFFECTED:	All
EXEMPT REPORT?	<i>No</i>

SUMMARY

Attached to this report is the draft detail of the 2024/25 budget, the 5-year Medium Term Financial Strategy (MTFS) from 2024/25 to 2028/29.

The report also includes the recommended level of Council Tax for 2024/25.

The proposed budget shows that efficiencies will be required to support the medium-term financial strategy (MTFS).

Audit and Governance Committee are asked to consider the attached draft budget.

RECOMMENDATIONS

It is recommended:

1. *The Draft budget and Medium Term Financial Strategy for the period 2024/25 – 2028/29 is scrutinised by the Audit and Governance Committee and feedback is provided to Cabinet on 21st February 2024 and Council on 4th March 2024 when they consider these documents as part of the budget report.*

REASONS FOR RECOMMENDATIONS

To comply with the budgetary and policy framework and legislative requirement.

OTHER OPTIONS CONSIDERED

It in best practice to consult with Audit and Governance Committee as part of the budget setting process. No other options were considered.

1. BACKGROUND

- 1.1 The attached Budget Report and Financial Policies set out the Council's Revenue and Capital Budgets for 2024/25 - 2028/29.
- 1.2 The preparation of the budget for 2024/25 has been a detailed process involving officers and the attached appendices reflect the latest known position.
- 1.3 The draft Local Government Settlement announced on 18 December 2023 provided additional detail of continuing and additional one-off support to councils including confirmation of allocations of Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG), New Homes Bonus and the Minimum Funding guarantee.
- 1.4 The report below sets out the basis for draft budget and MTFs for the next five years and assumptions used in its development.

2. KEY BUDGET PRESSURES

- 2.1 Identified below are the major changes and key pressures that are being included within the proposed budget:
- 2.2 An award for 2023/24 (£1925 per pay point) 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.
 - Pension contributions 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. The pension contribution rate is assumed to stay at 23.6% throughout the life of the MTFs.

- The return on cash investment reflects the current Bank of England base rates and the forecasts provided by our external treasury advisors.
- Electricity and gas costs have been based on 2023/24 actuals and current contract prices.
- Vehicle fuel costs have been based on 2023/24 actuals and current fuel prices.
- Increased Internal Drainage Board levy.
- Increased contract and service costs are similarly a feature of the budget, albeit officers and members are working closely to seek to manage these implications and impacts, these include:
 - Increased demand for homelessness support and its associated subsidy implications
 - External audit fees (£100k - 160% increase from 2023/24 to 2024/25)
 - PSPS contract increase (£571k - 20% increase from 2023/24 to 2024/25 – part of this uplift will be funded through external grants eg UKSPF, LUF, TF, additional income etc.)

3. COUNCIL TAX AND BUSINESS RATES

3.1 The previous Medium Terms Financial Strategy (MTFS) committed to a Council Tax increase in line with the maximum allowed under the recent Local Government Settlement. For BBC in 2024/25 this is a £7.20 (3%) per annum increase (for band D properties). This will generate additional income of £146k and the increase is reflected throughout the life of the MTFS.

3.2 The tax base projections for 2023/24 indicate growth of 28 band D equivalent properties (0.1%) reflecting the slow down in the housing market and the increasing demand for Council Tax Support. This will generate additional income of £6k. Future growth has been projected at 1.5%.

3.3 The National Non-Domestic Rates Form (NNDR1) production is now particularly important in terms of changes to the business rate yield which heavily influences not just our own budgets, but also the Pool we are part of within Lincolnshire and significantly the County Council. This is an area of focus as we seek to understand the changes within the yield, particularly as a result of economic impacts and changes in Government Policy.

3.4 In order to manage and review this important income stream and the changes within it regular review meetings are taking place internally. There have also been some significant changes which need further and detailed consideration in terms of growth and appeals.

4 LOCAL GOVERNMENT SETTLEMENT

4.1 The provisional local government settlement delivered on 18th December has provided the following support:

Boston	Budget 22/23	Budget 23/24	Budget 24/25 Settlement 19.12.24	Movement from 23/24 to 24/25
	£	£	£	£
Revenue Support Grant	323	433	461	-28
Rural Services delivery Grant	89	100	100	0
Lower Tier Service Grant	121	0	0	0
Services Grant	186	109	17	92
Funding Guarantee 3%	0	457	470	-13
NHB	697	288	343	-55
Total	1,416	1,387	1,391	-4

4.2 The 2024/25 local government finance settlement is for one year only. The main points are set out below:

- The Funding Guarantee replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% before any decisions about organisational efficiencies, use of reserves or council tax levels are taken.
- Revenue Support Grant has been increased in line with what would have been the increase to the multiplier; there have also been existing grants worth rolled into the RSG amounts.
- Local Government Funding Reform – as per the published Policy Statement, the Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

5 INTERNAL DRAINAGE BOARDS

5.1 Internal Drainage Board (IDB) levy figures have been estimated and are substantial increases on previous years due to the extensive use of power and fuel for the activities that these organisations undertake, along with other pressures. The 2024/25 cost is £2.8m and the estimated increases range from 8% to 20% for next year.

5.2 The Council is liaising with the local Internal Drainage Boards who have been trying to limit future increases, where possible, but proving impossible with the pressures from power costs being experienced, particularly standing charges, in addition to pay, pension and contract inflation. Representations have been and continue to be made to government due to the substantial loss of income to the Council. This embedded levy can no longer be afforded having a significant impact, every year that passes, on the ability of the Council to finance the services it is providing and putting it at a disadvantage to the majority of Councils in England, with only a handful of councils impacted upon in this way.

5.1 The table below illustrates this point clearly. IDB levy will not only consume all the Council’s proposed increase for 2024/25 which should be used to finance and support services but also require additional efficiencies/funding to be identified.

Council	Total Council Tax Received per year 2024/25	Total IDB levy per year 2024/25	Estimated Increase 2024/25	Council Tax 2024/25 Increase £6.03	Increase from 2021/22 to 2024/25
Boston Borough Council	£4.266m	£2.809m	£335k	£152k	£796k (40%)

5.2 The Council has been in detailed discussion with government officers regards this position over the past year. We are also aware that the IDBs have made extensive representations to DEFRA and via ADA of this significant issue and a Special Interest Group has been set up to lobby Government on this matter. Meetings with DLUCH have now taken place and will continue and we await a response on this key issue.

6 CAPITAL PROGRAMME 2024/25 – 2028/29

6.1 The capital programme included in Appendix 1, is subject to final additions such as the new long term Towns Fund (£20m) and any other announcements that may be received by the time of publication. A final version of the programme will be presented to Council on 4th March 2024 for approval.

6.2 The five year General Fund Capital Programme includes provision for Investment and Growth linked to the Councils Strategic objectives, mainly funded through grant funding from Towns Fund, Levelling Up Funds and UKSPF. The main areas of continued investment are:

- Disabled Facilities Grant;
- IT Systems;
- Vehicle replacement e.g. Waste;
- To support Grant Funding bids.

6.3 Due to the nature of some capital projects, it can be common for large scale project timing to change over the medium term. This budget provides the best estimates of deliverability available at the time of production and the programme will be flexed over time as reported in quarterly reports to Cabinet and Council.

7 RESERVES

7.1 General Fund Specific Reserves are budgeted to reduce by £70k in 2024/25, this is predominantly to fund the Capital Programme which has seen slippage on some of the larger schemes. This figure will be adjusted once the outturn for 2023/24 is known.

8 BALANCING THE BUDGET AND OTHER PROPOSED CHANGES

8.1 In terms of balancing the budget the following areas have been considered as part of the budget setting process:

Short Term

- Service Reviews planned.
- Continued work to engage on the Internal Drainage Board financing challenge.
- Review of all new pressures and service budgets to consider efficiency opportunities and alternative options.
- Commercialisation/opportunities.
- Alternative service delivery.

Medium Term

- Work with PSPS in terms of its transformation plans for the future and to help finance contract cost pressures.
- Driving transformational change using the SELCP sub-regional partnership as a driver for innovation and efficiency.
- Reviewing all assets to maximise income and efficiency of use.
- Delivering and supporting economic growth
- Reviews of fees and charges in light of inflationary increases in costs, where appropriate.

8.2 Detailed efficiency and transformation plans are being put together for members consideration.

8.3 In order to facilitate delivery and to align constitutions across the SELCP in addition to providing administrative ease for implementation of funding streams it is proposed that some changes are made as part of the budget setting decision making process .

8.4 It is also proposed due to continued significant inflationary pressures, to include an annual RPI uplift for all fees and charges, where applicable.

9 CONCLUSION

9.1 Members of the Audit and Governance Committee are asked to review the attached budget report and provide feedback to Cabinet prior to the finalisation of the budget and MTFS for 2024/25 to 2028/29.

EXPECTED BENEFITS TO THE PARTNERSHIP

This report enables Boston Borough Council to consult on its budget the level of Council Tax for 2024/25.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

This budget support the SELCP partnership arrangements

CORPORATE PRIORITIES

This budget has been built in line with corporate priorities.

STAFFING

The Equality Act requires ELDC to consider any equality impacts in relation to staff from these plans. As projects within the programme are developed a draft impact assessment will be discussed with Trades Unions and staff, and especially as individual projects are delivered.

WORKFORCE CAPACITY IMPLICATIONS

Contained within the report.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

This report is required by virtue of the Local Government Finance Act 1992, as amended by the Localism Act 2011.

DATA PROTECTION

None

FINANCIAL

Contained within the report.

RISK MANAGEMENT

Risk management is considered as part of the budget setting process

STAKEHOLDER / CONSULTATION / TIMESCALES

The Council has a legal duty to consult residents on its draft budget proposals.

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

New Equality Impact Assessments will be developed and published wherever these are required and will be made available during the management and decision-making of the Programme.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

ADA – Association of Drainage Authorities

IDB – Internal Drainage Board

LUF – Levelling Up Funding

NOP – National Portfolio Organisation

UKSPF – UK Shared Prosperity Fund

APPENDICES

Appendix 1 - The Revenue Estimates for the General Fund for 2024/25 (Appendix 1).

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT

Cabinet 16th January 2024

REPORT APPROVAL

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