

# **BOSTON TOWN AREA COMMITTEE (BTAC)**

**8<sup>th</sup> February 2024**

**Proposed BTAC budget 2024/25 and forecast  
to 2028/29**

**Report of: BTAC Chairman, Barrie Pierpoint**

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## **BOSTON TOWN AREA COMMITTEE (BTAC) – 2024/25 BUDGET, AND FORECAST TO 2028/29**

### **CHAIRMAN'S INTRODUCTION**

Boston Town Area Committee (BTAC) plays an important role in helping make the lives of its residents a little easier.

BTAC's support includes Footway Lighting, Central Park and open spaces maintenance, Public Conveniences and the Community Toilet Scheme; all key areas where the reduction in funding as a result of national policy would otherwise have seen the loss or severe reduction of some or all of these important services.

Over recent years, BTAC has played a key role in helping keep our town clean and welcoming for residents, businesses and visitors, and introduced initiatives to maintain and provide services that people value highly. Without the Committee's support the Borough Council would have had to make decisions that would have proved very difficult. Therefore, I believe that each Committee member should be proud of the way that the whole Committee has worked together to deliver its achievements.

Going forward, BTAC will play its part in deciding how and what future services are delivered in the town given the likely resources available to it and the Borough, and this budget will enable the new BTAC Committee to consider its priorities for the coming years.

Members of the Committee will be well aware of the context in which this and recent budgets have been set, being a time of continuous change and significant financial challenge for councils. These include ongoing reductions in grant support from the government, the impact of welfare reform, changes to the mechanism upon which central government support is allocated, and the proposed future moves for further localisation of the business rates regime. Rising employee costs and inflationary pressures have all impacted the budget setting for 2024/25 and beyond. The BTAC budget for 2024/25 proposes:

- A council tax increase of 1.24% for 2024/25. The 1.24% increase would mean that BTAC's Band D annual charge would go up by £0.99p, or 2 pence per week. Almost 70% of BTAC households are in bands A and B, meaning that their weekly increase, before taking Council Tax Support into account, would be approximately 1 penny in each case.
- Any increase below the recommended 1.24% will increase the efficiency saving targets required, please see table 1 for further details.
- To continue with the generation of additional efficiencies, shared services and income.

## EXECUTIVE SUMMARY:

- Proposed BTAC precept requirement 2024/25 £768,772 (2023/24 £763,637)
- The Council Tax base for 2024/25 is 9,566 Band D equivalent properties (2023/24 9620)
- Proposed Council Tax in 2024/25 is £80.37 at Band D (2023/24 £79.38), an increase of 1.24%
- Cost per week in 2024/25 will be £1.55 at Band D (2023/24 £1.53) – the majority of households will pay less than this
- Projected level of reserves at 31 March 2024 estimated at £48,719

## 1. INTRODUCTION

- 1.1 Boston Town Area Committee (BTAC) is asked to make a recommendation to Cabinet and Council on the precept and Band D Council Tax levy for properties in the BTAC area for the 2024/25 financial year. This report details the current position and the proposed levy for the Council to approve for 2024/25. The following timetable is in place:
- 8<sup>th</sup> February 2024 – proposed BTAC budget to BTAC (this meeting);
  - 21<sup>st</sup> February 2024 – final budgets to Cabinet and recommendation to Council;
  - 4<sup>th</sup> March 2024 – full Council to approve budgets, and agree Band D Council Tax
- 1.2 Members are reminded of the context in which this budget has been set. It is at a time of continuing change and significant financial challenge for local government. These include the ongoing reductions in grant support from the government, the impact of Welfare reform, changes to the mechanism upon which central government support is allocated, and the proposed future moves to full localisation of the business rates regime.
- 1.3 BTAC members have in recent years increased the Council Tax and precept to help make the town a better place, and initiatives have been progressed to fund public conveniences, central park spend, footway lights and open spaces, events and town centre operatives. The proposed budget includes an inflationary increase this year, which includes an unallocated sum to enable members to support further measures to improve the town.
- 1.4 The level of Council Tax is a key factor for the Committee when considering its future aspirations.

1.5 To illustrate the effects of changes to the assumptions on Council Tax, Table 1 below shows Council Tax projections and implications for the Committee's resources if: -

- (a) **The proposed increase of 1.24% in 2024/25, then 1% p.a.**
- (b) An increase of 1% in 2024/25, then 1% p.a.
- (c) An increase of 0.5% in 2024/25, then 1% p.a.
- (d) No increase in 2024/25, then 1% p.a.

*(These illustrations of various increases have been based on feedback from members on the preferred scale of future BTAC operations and council tax levels going forward)*

Table 1 shows that any increase below the recommended 1.24% will increase the efficiency saving targets required. Should the efficiency targets not be met reserve balances could reduce if they are utilised to fund overspends.

**Table 1 – Resource projections**

<b>Changes in Council Tax assumptions</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b><u>1.24% increase</u></b>					
BTAC Band D charge	768,772	784,253	800,047	816,162	832,602
New Initiatives surplus/ (Efficiency saving target)	(36,455)	(17,676)	(17,937)	(18,324)	(18,824)
<b><u>1% increase</u></b>					
BTAC Band D charge	766,943	782,386	798,143	814,219	830,621
New Initiatives surplus/ (Efficiency saving target)	(38,285)	(19,543)	(19,841)	(20,267)	(20,805)
<b><u>0.5% increase</u></b>					
BTAC Band D charge	763,146	778,512	794,191	810,188	826,509
New Initiatives surplus/ (Efficiency saving target)	(42,082)	(23,416)	(23,792)	(24,298)	(24,917)
<b><u>No increase</u></b>					
BTAC Band D charge	759,349	774,639	790,240	806,158	822,397
New Initiatives surplus/ (Efficiency saving target)	(45,878)	(27,289)	(27,744)	(28,328)	(29,029)

- 1.6 The impact on Council Taxpayers of the proposed 1.24% increase would be that BTAC's Band D annual charge would go up by £0.99p, or 2 pence per week. The impact for all bands is shown in the table below, almost 70% of BTAC households are in bands A and B, meaning that their weekly increase, before taking Council Tax Support into account, would be approximately 1 penny in each case.

**Table 2 – Council Tax increases by band**

Band	Ratio	2023/24 £	2024/25 £	2023/24 to 2024/25 change	
				Annual £	Weekly £
<b>A</b>	6/9	<b>52.92</b>	<b>53.58</b>	0.66	0.01
<b>B</b>	7/9	<b>61.74</b>	<b>62.51</b>	0.77	0.01
<b>C</b>	8/9	<b>70.56</b>	<b>71.44</b>	0.88	0.02
<b>D</b>	9/9	<b>79.38</b>	<b>80.37</b>	0.99	0.02
<b>E</b>	11/9	<b>97.02</b>	<b>98.23</b>	1.21	0.02
<b>F</b>	13/9	<b>114.66</b>	<b>116.09</b>	1.43	0.03
<b>G</b>	15/9	<b>132.30</b>	<b>133.95</b>	1.65	0.03
<b>H</b>	18/9	<b>158.76</b>	<b>160.74</b>	1.98	0.04

## 2. ASSUMPTIONS

- 2.1 The estimates cover the period 2024/25 to 2028/29. Over this timescale it is important we make realistic assumptions as to how costs may rise or fall.
- 2.2 There is an assumption that revenue budgets will be used to deliver services during the year for which they are approved, and that any additional resources will be allocated and spent in the year they become available.
- 2.3 We have prepared the estimates on the understanding that appropriate service budgets were produced for 2023/24, revised for specific adjustments due to operational changes and decisions made since the budget was set, where necessary. Other than these adjustments, no major variances are expected, and the draft budget has been prepared to reflect the prevailing financial circumstances. General inflation and rental income are assumed to have a 2% increase per year. Employee costs have increased in line with current pay increases. Support service recharges and grounds maintenance costs have also been increased by 2% per annum due to staffing cost increases.

- 2.4 The BTAC Medium Term Financial Strategy assumptions within the appendix 1 to this report are based on future year council tax increases of 1% p.a. It should be noted that efficiency savings will be required during each financial year, and these are detailed within appendix 1. Decisions will be needed through each of the financial years to establish if these savings can be achieved or whether a draw down from reserves will be required to cover this.

### **3. 2023/24 OUTTURN**

- 3.1 An assessment of the projected 2023/24 outturn will inform the reliance we can place on the baseline we use for setting the 2024/25 estimates. Officers believe the outturn for 2023/24 will be as reported to the Committee in the regular Finance update reports, and will leave unallocated reserves at 31 March 2024 of £118,719, this then reduces to £48,719 after deduction of the S151 Officer's minimum requirement assessment provision of £70,000, please see 6.1, table 5 for further detail.

#### 4. TAX BASE

4.1 The tax base assumptions are shown in Table 3 below (equivalent number of Band D properties).

**Table 3 – Tax Base**

2023/24	<b>2024/25</b>	2025/26	2026/27	2027/28	2028/29
9,620	<b>9,566</b>	9,662	9,759	9,857	9,956

4.2 The tax base has decreased by 0.56% from 2023/24 to 2024/25. This reduction could be due to a number of factors including changes in discounts, rebandings, and premiums. For future years, an increase of 1% p.a. has been forecast. The tax base includes a non-collection adjustment (of 1%; in other words, an assumption of 99% collection over time) to take account of non-payment of Council Tax. Officers believe that these assumptions remain prudent, and they will be influenced by factors such as planning policy and the strength of the local economy. The impact of the Council Tax Support Scheme has influenced collection rates slightly since its introduction, although it is still a little early to assess the longer-term impact on collection given the ongoing wider welfare reform changes.



## 5. 2024/25 ESTIMATES

5.1 The following table shows the estimates by type of expenditure/income split over the CIPFA standard classification. Details of the overall position are shown at **Appendix 1**.

**Table 4 – Estimates by expenditure/income**

		2023/24 £	2024/25 £	Variance £	Variance %
1	Employees	272,230	<b>263,760</b>	8,470	3.11%
2	Premises	163,085	<b>152,708</b>	10,377	6.36%
3	Supplies and Services	131,330	<b>137,608</b>	(6,278)	(4.78%)
4	Transport	9,840	<b>13,780</b>	(3,940)	(40.04%)
6	Support Services	84,930	<b>92,968</b>	(8,038)	(9.46%)
7	Third Party payments	121,445	<b>169,670</b>	(48,225)	(39.71%)
8	Other Projects and initiatives/ (Efficiency Savings Required)	13,007	<b>(36,455)</b>	49,462	380.27%
	<b>Total Expenditure</b>	<b>795,867</b>	<b>794,039</b>	<b>1,828</b>	0.23%
5	Fees and Charges	(32,230)	<b>(25,267)</b>	(6,963)	21.61%
	<b>Total Income</b>	<b>(32,230)</b>	<b>(25,267)</b>	(6,963)	21.61%
	<b>Budget Requirement</b>	<b>763,637</b>	<b>768,772</b>	(5,135)	(0.67%)

5.2 The changes to transport costs are mainly due to inflationary increases from 2023/24 to 2024/25. The changes to third party payments relate to increases for ground maintenance costs.

5.3 Efficiency savings will be required during each financial year in order to deliver a balanced budget. Decisions will be needed through each of the financial years to establish if these savings can be achieved or whether a draw down from reserves will be required to cover this.

5.4 The reduction in fees and charges relates to the removal of the autumn fair income budget. This has partially been offset by the addition of income for promotional activity.

## 6. RESERVES

- 6.1 The following table shows the projected movement on the BTAC reserve, and the assumptions made with regards to the expected outturn position at paragraph 3.1.

**Table 5 - Summary of the proposed movement on the BTAC reserve**

£	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<b>B/fwd</b>	<b>328,136</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>
To reserves	59,000					
From reserves	(268,417)					
<b>Reserves sub total</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>	<b>118,719</b>
S151 minimum	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
<b>C/fwd</b>	<b>48,719</b>	<b>48,719</b>	<b>48,719</b>	<b>48,719</b>	<b>48,719</b>	<b>48,719</b>

- 6.2 The 2023/24 reserve position assumes all projects to be funded from reserves will be spent by 31 March 2024. Current spend projections for the next five years show the reserves remaining the same, however it should be noted that should the efficiency targets not be met reserve balances could reduce if they are utilised to fund overspends.
- 6.3 Last year the recommended minimum level of reserves to be held (assessed by the Chief Finance Officer as Section 151 Officer) was £70,000. It is recommended that £70,000 remains the minimum amount to be held for the 2024/25 year. This will be reviewed annually as part of the budget setting process.

## 7. BUDGET REQUIREMENT

7.1 The proposed budget requirement for 2024/25, and demand on Council Tax, is illustrated below.

**Table 6 – Budget Requirement**

	BTAC 2023/24	BTAC 2024/25
a. Budget Requirement	£763,637	<b>£768,772</b>
b. Adjusted Tax base	9,620	<b>9,566</b>
c. Band D Equivalent (a-b)/c	£79.38	<b>£80.37</b>

7.2 The proposed BTAC budget requirement for the 2024/25 year is £768,772. **Appendix 1** shows the projected expenditure for that year.

## 8. FORWARD ESTIMATES

- 8.1 Outline estimates through to 2028/29 are shown at **Appendix 1**. In compiling these figures, we have followed the assumptions set out in Section 2 of this report and made specific adjustments to service budgets as and where Service Managers have advised of changes over the medium term. These forward estimates include a 1% increase in BTAC's Council Tax charge per annum in all future years. These assumptions are for planning purposes only and will inevitably change.

**Table 7 – Forward Estimates**

	2025/26	2026/27	2027/28	2028/29
Budget requirement	784,253	800,047	816,162	832,602
<b>BTAC Precept Demand</b>	<b>784,253</b>	<b>800,047</b>	<b>816,162</b>	<b>832,602</b>
Tax base	9,662	9,759	9,857	9,956
Band D Council Tax	£81.17	£81.98	£82.80	£83.63
Percentage Increase	1.00%	1.00%	1.00%	1.00%

## 9. BUDGET SENSITIVITIES

9.1 The forward estimates (Table 8) include various assumptions regarding the risk of price increases that BTAC faces. Some of the main ones are as follows:

- (a) Grounds maintenance increases by 5%;
- (b) Employee costs increase by 5%;
- (c) Utilities increase by 5%.

**Table 8 – Effect of sensitivities on the BTAC budget**

	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
Grounds maintenance @ 5%	13,151	13,414	13,682	13,956	14,235
Employee Costs @ 5%	13,188	12,540	12,866	13,196	13,539
Utilities increase @ 5%	1,638	1,670	1,704	1,738	1,773

## **10. CONSULTATION**

- 10.1 Public consultation will take place as part of the overall Council budget consultation process.

## **11. REASONS FOR RECOMMENDATION**

- 11.1 To comply with the budgetary and policy framework.
- 11.2 To recommend to Cabinet, and then to Council, the amount of the BTAC precept and Council Tax levy to be adopted for 2024/25.

## **12. RECOMMENDATIONS**

- 12.1 That BTAC recommends to Cabinet and Council the level of its Special Expense precept for 2023/24 at £768,772 and the Council Tax charge of £80.37 at Band D.

### **Appendices:**

- 1 Budget, and projected, position for the years 2023/24 – 2028/29