



<b>REPORT TO:</b>	Council
<b>DATE:</b>	4 <sup>th</sup> March 2024
<b>SUBJECT:</b>	Annual Budget Report 2024/25, Medium Term Financial Strategy, Capital Programme and Capital Strategy, Treasury management Policy/Strategy and Annual Delivery Plan.
<b>PURPOSE:</b>	To approve: The General Fund Budget for 2024/25 including the use of reserves, Medium Term Financial Strategy, Capital Programme and Strategy, Treasury management Policy/Strategy and the Annual Delivery Plan.
<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 (S151)
<b>REPORT AUTHOR:</b>	Colleen Warren – Head of Finance (Client) and Louise Fenwick (Strategic Finance Manager)
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	No

## SUMMARY

Attached to this report is the final detail of the 2024/25 budget, the 5-year Medium Term Financial Strategy (MTFS) from 2024/25 to 2028/29, Capital Programme, Capital Strategy, Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy, and the Annual Delivery Plan for 2024/25.

The report also includes the recommended level of Council Tax for 2024/25 taking into account pressures including that of the IDB levy.

The final budget includes efficiencies that have been identified to support the short and medium-term financial strategy (MTFS) and the remaining efficiency target still to be achieved against which a plan of activity has been developed.

## **RECOMMENDATIONS**

*That Council approves the following recommendations:*

- 1. That the Revenue Estimates for the General Fund and Medium Term Financial Strategy for the period 2024/25 – 2028/29 (Appendices 1, 1a and 1b) be approved.*
- 2. That the Council Tax for a band D property in 2024/25 be set at £216.09 (a £7.20 per annum increase on 2023/24 levels) be approved.*
- 3. That the BTAC special expenses for a Band D property be set at £80.37 for 2024/25, (previously £79.38 in 2023/24).*
- 4. The additions to and use of reserves for specific schemes (as detailed at Appendix 1) be approved.*
- 5. Council re-affirms its previous decision in respect of long-term empty properties, as set out in paragraph 4.8 of Appendix 1, and makes a determination for the introduction of the premium for substantially furnished with no resident (second homes), to be introduced at the earliest point, 1 April 2025.*
- 6. The Medium Term Financial Strategy (at Appendix 1) be approved.*
- 7. The Capital Programme and Capital Strategy (Appendices 1, 1c and 2) be approved.*
- 8. The Treasury Management Policy 2024/25 (Appendix 3a) and Treasury Management Strategy, including the Minimum Revenue Provision Policy and Annual Investment Strategy 2024/25 (Appendix 3b) be approved.*
- 9. The proposed Fees and charges as set out in Appendix 4 be approved, and Council approve the application of annual RPI uplifts for all fees and charges where applicable.*
- 10. The Annual Delivery Plan for 2024/25 (Appendix 5) be approved.*
- 11. That Council notes the results of the Budget Consultation process at Appendix 6.*
- 12. That the alignment of constitutional financial limits across the partnership (Appendix 7) be approved.*

## **REASONS FOR RECOMMENDATIONS**

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

## **OTHER OPTIONS CONSIDERED**

*No other options were considered.*

## **1. BACKGROUND**

- 1.1 This year's budget 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.

- 1.2 The attached Budget Report and Financial Policies set out the Council's Revenue and Capital Budgets for 2024/25, the MTFs to 2028/29 and associated financial strategies.
- 1.3 The preparation of the budget for 2024/25 has been a detailed process involving officer review and the attached appendices reflect the latest known position.
- 1.4 The report below sets out the basis for final budget and MTFs for the next five years and assumptions used in its development.

## **2. REPORT**

- 2.1 The budget has been through a budget consultation process with the public and members, draft budget proposals were subject to review by Corporate and Communities Committee on 29th January 2024. The Treasury Management Strategy was also presented to Audit and Governance Committee on the 29th of January 2024.

## **3. KEY BUDGET PRESSURES**

- 3.1 Identified below are the major changes and key pressures that are being included within the proposed budget:
  - A pay award for 2023/24 (£1,925 per pay point) was agreed in 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 23.8% 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 23.8% 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 (£103k - 165% increase from 2023/24 to 2024/25)
    - PSPS contract increase (£601k - 21% increase from 2023/24 to 2024/25 – part of this uplift will be funded through external grants e.g., UKSPF, LUF, TF, additional income etc.)

#### 4. COUNCIL TAX AND BUSINESS RATES

- 4.1 The previous MTFs committed to a Council Tax increase in line with the maximum allowed under the recent Local Government Settlement. For Boston Borough Council in 2024/25 this is a £7.20 (3.45%) per annum increase (for band D properties). This will generate additional income of £152k and the increase is reflected through the life of the MTFs.
- 4.2 The tax base projections for 2024/25 indicate growth of 28 band D equivalent properties reflecting the slowdown in the housing market and the increasing demand for Council Tax Support. Future growth has been projected at 1.5%.
- 4.3 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.
- 4.4 In order to manage and review this important income stream and the changes within it regular review meetings are taking place internally. There have been changes which need further and detailed consideration in terms of growth and appeals.

#### 5. LOCAL GOVERNMENT SETTLEMENT

- 5.1 The final local government settlement delivered on 5<sup>th</sup> February 2024 has provided the following support:

Boston	Budget 23/24	Budget 24/25 Settlement 06.02.24	Movement from 23/24 to 24/25
	£	£	£
Revenue Support Grant	(433)	(454)	(21)
Rural Services delivery Grant	(100)	(116)	(16)
Services Grant	(109)	(19)	90
Funding Guarantee 4%	(457)	(550)	(93)
NHB	(288)	(343)	(55)
<b>Total</b>	<b>(1,387)</b>	<b>(1,482)</b>	<b>(95)</b>

- 5.2 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 4% 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.

## 6. INTERNAL DRAINAGE BOARDS

- 6.1 The budget includes 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.
- 6.2 The Council is liaising with the local Internal Drainage Boards who have been trying to limit future increases to the levy where possible. This is proving challenging with the pressures they are seeing relating to power costs, 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.
- 6.3 The table below illustrates this point clearly. IDB levy will not only consume all the councils proposed increase for 2024/25 which should be used to finance and support services but also require additional efficiencies/funding to be identified Council's proposed increase for 2024/25 which should be used to finance and support services and that also require additional efficiencies/funding to be identified.

Council	Total Council Tax Received per year 2024/25	Total IDB levy per year 2024/25	IDB Increase 2024/25	Council Tax 2024/25 Increase £6.03	Increase from 2021/22 to 2024/25
Boston Borough Council	£4.335m	£2.824m	£350k	£152k	£811k (40.29%)

## 7. CAPITAL PROGRAMME 2024/25 – 2028/29 AND TREASURY MANAGEMENT/INVESTMENT STRATEGIES

- 7.1 The General Fund capital programme is included in Appendix 1.
- 7.2 The Councils Capital Strategy is attached at Appendix 2 and focuses on the core principles of capital investment. The Council has been in detailed discussion with government officers regarding this position over the past year regarding proposed regulation changes.

- 7.3 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. In addition, this Capital Programme now allows for slippage from 2023/24, as set out in Appendix 1c.
- 7.4 Also attached is the Council's Treasury Management Policy 2024/25 (Appendix 3a) and Treasury Management Strategy, including Minimum Revenue Provision Policy and Annual Investment Strategy 2024/25 (Appendix 3b)

## **8. RESERVES**

- 8.1 General Fund Specific Reserves are budgeted to reduce by £2.496m in 2024/25, this is predominantly used to fund the Capital Programme. This figure will change as a result of the outturn for 2023/24. A detailed breakdown of Reserve movements for the General Fund are included in Appendix 1 to this report.

## **9. BALANCING THE BUDGET AND OTHER PROPOSED CHANGES**

- 9.1 In terms of balancing the budget the following areas have been considered as part of the budget setting process with regards to the inclusion of the efficiency target of £172,000 excluding the IDB related pressure £674,000. In respect of the IDB pressure, Government have announced a further tranche of one-off funding, but we have yet to hear what any Boston Borough allocation will be.

### **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.

- 9.2 Detailed efficiency and transformation plans have been put together for Members consideration. The areas being considered include Service Reviews, Procurement, Service Redesign, alignment of ICT to create service efficiencies and transformation working with our key partner PSPS Limited.

- 9.3 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, as set out in Appendix 7.

## **10. ADDITIONAL CONSIDERATIONS**

### **10.1 Council Tax Premiums**

The levelling Up and Regeneration Act 2023 enabled authorities to charge a premium up to 100% for unoccupied and unfurnished properties for 1 year and charge a premium up to 100% on properties occupied periodically (second homes). At the end of November 2023, Boston Borough Council had 312 properties which had been empty for more than two years and subject to a premium charge. It is proposed that Full Council re-affirms its previous decision in respect of long-term empty properties, detailed in Appendix 1 paragraph 4.8, and makes a determination for the introduction of the premium for substantially furnished with no resident (second homes), to be introduced at the earliest time, 1 April 2025.

### **10.2 Fees and Charges**

Appendix 4 sets out the Councils proposal for Fees and Charges for 2024/25. The document also compares the proposed fees and charges against those levied in 2023/24. It is proposed due to continued significant inflationary pressures, to include an annual RPI uplift for all fees and charges, where applicable.

### **10.3 Annual Delivery Plan**

The South and East Lincolnshire Councils Partnership Annual Delivery Plan (Appendix 5) identifies the planned programme of work for the Partnership and sovereign Councils for 2024/25, drawing on the previously approved Partnership Work Programme, as well as wider opportunities that have since been identified.

### **10.4 Consultation**

A summary of the consultation results, which ended on 2nd February 2024, can be seen in Appendix 6.

## **11. CONCLUSION**

That the final revenue and capital budgets, the MTFS and associated strategies be approved by Full Council.

## **EXPECTED BENEFITS TO THE PARTNERSHIP**

This report enables Boston Borough Council to approve its Budget and 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 BBC 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 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**

**DEFRA – Department for Environment, Food and Rural Affairs**

**DLUCH – Department for Levelling Up, Housing and Communities**

**LUF – Levelling Up Funding**

**MTFS – Medium Term Financial Strategy**

**NNDR – National Non-Domestic Rates**

**NOP – National Portfolio Organisation**

**UKSPF – UK Shared Prosperity Fund**

#### **APPENDICES**

Appendix 1 – Budget Setting Report 2024/25

Appendix 1a – MTFS by Account

Appendix 1b – MTFS by Service Area

Appendix 1c – Capital Programme

Appendix 2 – Capital Strategy

Appendix 3a – Treasury Management Policy

Appendix 3b - Treasury Management Investment Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy

Appendix 4 – Fees and Charges 2024/25

Appendix 5 – SELCP Annual Delivery Plan 2024/25

Appendix 6 – Results of the Budget Consultation process

Appendix 7 – Proposed Constitutional Amendment

#### **BACKGROUND PAPERS**

*None*

#### **CHRONOLOGICAL HISTORY OF THIS REPORT**

*Cabinet - 16<sup>th</sup> January 2024*

*A and G Committee – 29<sup>th</sup> January 2024*

*Corporate and Community Committee – 1<sup>st</sup> February 2024*

*Cabinet – 21<sup>st</sup> February 2024*

<b>REPORT APPROVAL</b>	
Report author:	Colleen Warren (Head of Finance – Client) and Louise Fenwick (Strategic Finance Manager)
Signed off by:	Christine Marshall, Deputy Chief Executive Corporate Development <a href="mailto:Christine.Marshall@sholland.gov.uk">Christine.Marshall@sholland.gov.uk</a>
Approved for publication:	Councillor Sandeep Ghosh, Portfolio Holder for Finance