



REPORT TO:	Cabinet
DATE:	23rd February 2022
SUBJECT:	Annual Budget Report 2022/23, Medium Term Financial Strategy, Capital Programme and Capital Strategy, Treasury Management Strategy, Annual Delivery Plan and approval of Council Tax (for recommendation to Full Council).
PURPOSE:	To approve: The General Fund Budget for 2022/23 including the use of reserves, Medium Term Financial Strategy, Capital Programme and Strategy, Treasury Management Strategy, MRP Policy and Annual Investment Strategy, Fees and Charges for 2022/23, the Annual Delivery Plan and approval of Council Tax for recommendation to Full Council.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Councillor Noble
REPORT OF:	Christine Marshall, Deputy Chief Executive Corporate Development
REPORT AUTHOR:	Samantha Knowles, Assistant Director Finance
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This report sets out the detail of the 2022/23 General Fund Annual Budget, the 5 year Medium Term Financial Strategy (MTFS) from 2022/23 to 2026/27, Capital Programme, Capital Strategy, Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy and Annual Delivery Plan. The report also includes the recommended level of Council Tax for 2022/23.

RECOMMENDATIONS

That Cabinet recommends to Full Council that:

1. The Revenue Estimates for the General Fund for 2022/23 (Appendix A) be approved.
2. That the Council Tax for a Band A property in 2022/23 be set at £135.24 (£3.30 per annum increase on 2021/22 levels) and Band D £202.86 for 2022/23 (a £4.95 per annum increase on 2021/22 levels).
3. The Boston Town Area Committee (BTAC) special expenses for a Band A property be set at £50.91 (previously £50.23 in 2021/22) and Band D £76.36 for 2022/23, (previously £75.34 in 2021/22)
4. The Medium Term Financial Strategy (at Appendices A,1 and 2) be approved.
5. That the Capital Programme (Appendix A) be approved.
6. The Fees and Charges for 2022/23 (at Appendix 4) be approved.
7. The use of Reserves detailed at Appendix 5 be approved.
8. That the Treasury Management Statement and Strategy, including the Minimum Revenue Provision policy and Investment Strategy be approved. (Appendix 6).
9. That the South and East Lincolnshire Council's Annual Delivery Plan 2022/23 (Appendix 7) be approved.
10. That delegated authority be given to the Deputy Chief Executive Corporate Development (S151) to use the Covid budget pressures smoothing reserve during the 2022/23 financial year, to smooth any fluctuations in income the Council may still be experiencing as a result of the consequences of the COVID-19 pandemic.
11. That delegated authority be given to the Deputy Chief Executive Corporate Development (S151), in consultation with the Portfolio Holder for Finance, to make any necessary amendments to the budget prior to Council due to late notifications.

REASONS FOR RECOMMENDATIONS

To comply with the budgetary and policy framework.

OTHER OPTIONS CONSIDERED

No other options have been put forward.

1. BACKGROUND

- 1.1. The attached Budget Report sets out the Council's Revenue and Capital Budgets for 2022/23 and onwards, the MTFs to 2026/27 and associated financial documentation for approval, including the Treasury Management Strategy and setting of Fees and Charges.
- 1.2. The preparation of the budget for 2022/23 has been a detailed process involving the Senior Leadership Team (SLT), Assistant Directors and Budget holders and the attached documentation reflects the latest known position.

- 1.3. The draft Local Government Settlement announced on 16 December 2021, now finalised, 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) and New Homes Bonus.

2. REPORT

- 2.1 This report sets out the 2022/23 Revenue Budget, Capital Programme and associated Medium Term Financial Strategy (MTFS) for Boston Borough Council. The budget has been through a budget consultation process with the public and members, draft budget proposals were reviewed by the Audit and Governance Committee on 7th February 2022 and are subject to review by Corporate and Community Committee on 17th February 2022.
- 2.2 Full Council will meet on 7th March 2022 to consider the recommendations from Cabinet to approve the Budget and set the Council Tax levels for 2022/23.
- 2.3 The Treasury Management Strategy was presented to Governance and Audit Committee on the 7th February 2022 and has been updated to reflect the final budget accompanying this report.

2.4 New Homes Bonus (NHB)

We will receive an additional one-year allocation of NHB for 2022/23 due to delays in implementing any replacement scheme, however this may be for one year only with no further legacy payments expected in future years. Some NHB (£414,000) is supporting the base in this year and plans will need to be taken forward to address this for future years, depending on what future scheme emerges.

2.5 Funding Reform (potential effective date April 2023)

A Fair Funding Review (FFR) had been expected to set new baseline funding allocations for all Local Authorities, to simplify the existing system and provide an up to date assessment of Authorities relative needs and resources. Early consultations had been undertaken by DLUHC, but there is insufficient information to make informed estimates to date. It is likely that any changes would be transitioned to mitigate the immediate impact on Authorities (positive or negative). This budget assumes no financial changes from this review and when details become available members will be updated.

2.6 Drainage Board Levy

As part of its response to the settlement the Council has made further representations to government regarding the Drainage Board Levy. In particular its impact on the Councils ability to make use of the Council Tax that it raises through housing number increases and annual Council Tax rises to support services, rather than offset the annual levy charge increase.

3. 2022/23 Final Budget & Medium Term Financial Strategy (MTFS)

- 3.1 The key elements of the final 2022/23 Budget and MTFS are summarised in the following paragraphs and set out in detail in the attached appendices which show:
 - The 2022/23 revenue and capital estimates for the General Fund (Appendix A);
 - The Medium Term Financial Strategy for the General Fund (Appendix A);
 - A schedule of movements in Council Reserves (Appendix 5);
 - General Fund Capital Programme (Appendix A);

- The Council's Treasury Management Strategy (Appendix 6);
- The proposed Fees and Charges for 2022/23 (Appendix 4) and
- Treasury Management Strategy, MRP Policy and Annual Investment Plan 2022/23 (Appendix 6), and
- The South and East Lincolnshire Councils Partnership Annual Delivery Plan 2022/23 (Appendix 7).

3.2 2022/23 Council Tax Base & 2021/22 Collection Fund Surplus

3.3 The Council Tax base for 2022/23 is 20,051 properties, an increase of 429 properties over the 2021/22 tax base giving additional income of approximately £184k. Ongoing increases of 1% per annum are assumed over the MTFs period.

3.4 Each year the Council is required to calculate the balance on its Collection Fund. 2021/22 has been an unprecedented year and therefore balances are not in line with other years, as a result of this Government has given Council's section 31 grant to compensate them for specific losses. This has been received in the year prior to the deficit being released therefore it is put to reserves in the year it is received and then released in the year in which it is required.

3.5 For Council Tax a surplus has been calculated for 2022/23 and Boston's share of this will be £87k, with a zero balance assumed in future years.

3.6 For Business Rates there are two elements to the deficit this year. One element relates to lost income resulting from expanded reliefs provided in the Covid pandemic, which is fully funded from Government grants received, the second element is the true in year performance position.

3.7 BBC Detailed Budget Changes

3.8 Key assumptions made within the current 5 year MTFs include:

- An annual increase in Council Tax of £4.95;
- Maximising income generation through Investment and Growth and looking at new opportunities into the medium term;
- Allowance for unavoidable growth on services (i.e. new statutory obligations and pay & contractual inflation) but no allowance for any increase for general inflation;
- Ongoing Budget challenge to ensure that budgets are aligned with corporate priorities;
- An annual delivery plan as part of the new South and East Lincolnshire Councils Partnership to look at areas for future sharing and efficiency.

3.9 The budget shows an efficiency target requirement for 2022/23 of £282,000. Future years figures are highly volatile due to the level of uncertainty around future funding arrangements. As we have been developing the budget numerous savings and income generating opportunities have and are being explored in order to address this savings requirement. Many of which will be related to the South and East Lincolnshire Councils Partnership (SELCP) through partnership working and maximising the opportunities this new arrangement brings.

4.0 Reserves

- 4.1 General Fund Specific Reserves are budgeted to reduce by £5.167m (net) in 2022/23, predominantly to fund the NNDR deficit through carried forward s31 grant. This figure may change as a result of the outturn for 2021/22.
- 4.2 A detailed breakdown of Reserve movements for the General Fund is included in Appendix A to this report.

5.0 Capital Programme

- 5.1 The Council's Capital Programme is shown in Appendix A and focuses on the core principles of capital investment.
- 5.2 The five year General Fund Capital Programme includes provision for Investment and Growth linked to the Council's Strategic objectives. Final decisions on individual projects will be subject to approval and detailed business cases.
- 5.3 The main schemes included in the approved 2022/23 General Fund Programme relate to Towns Fund Projects, capitalised enhancements and disabled facilities grants.
- 5.4 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.

6.0 OPTIONS

- 6.1 That the final capital and revenue budget estimates and the Medium Term Financial Strategy be recommended to Full Council for approval.
- 6.2 There are no alternative options presented, however amendments may be made by Cabinet.

EXPECTED BENEFITS TO THE PARTNERSHIP

This report enables Boston Borough Council to set a budget and a level of Council Tax for 2022/23.

IMPLICATIONS:

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

NONE

CORPORATE PRIORITIES

NONE

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.

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

This report proposes the budget for the Council for 2022/23.

RISK MANAGEMENT

Risks are highlighted within the appendix, the Council has adopted a corporate risk management strategy and financial risk management is integrated into the Council's overall management and decision making processes. This ensures a robust and well integrated risk management programme, which will help the Council to identify and manage key strategic risks facing it, in pursuit of its corporate objectives.

STAKEHOLDER / CONSULTATION / TIMESCALES

Views expressed during the consultation period will be taken into account within the financial budget setting report.

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

APPENDICES	
Appendices are listed below and attached to the back of the report: -	
Appendix A	General Fund Budget 2022/23
Appendix 1	Medium Term Financial Strategy 2022/23 to 2026/27 by Portfolio
Appendix 2	Medium Term Financial Strategy 2022/23 to 2026/27 by Assistant Director
Appendix 3	Corporate Charging Policy

Appendix 4	BBC Fees and Charges 21/22 and Proposed Charges 22/23
Appendix 5	Earmarked Reserves
Appendix 6	Treasury Management Strategy, MRP Policy and Annual Investment Plan 2022/23
Appendix 7	South and East Lincolnshire Councils Partnership Annual Delivery Plan 2022/23

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
Financial Performance Quarter 2 2021/22	Cabinet Agenda 8th December 2021

CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body	Date
Draft Budget, Medium Term Plan and Strategy	This report was due to be considered by Cabinet but as this was postponed the report was approved under delegated authority.

REPORT APPROVAL

Report author:	Samantha Knowles, Assistant Director Finance sknowles@sholland.gov.uk
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Approved for publication:	Councillor Noble, Portfolio Holder for Finance