

BOSTON TOWN AREA COMMITTEE (BTAC)

9th FEBRUARY 2023

**Proposed BTAC budget 2023/24 and forecast
to 2027/28**

Report of BTAC Chairman, Paul Goodale

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BOSTON TOWN AREA COMMITTEE (BTAC) – 2023/24 BUDGET, AND FORECAST TO 2027/28

CHAIRMAN'S INTRODUCTION

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.

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.

EXECUTIVE SUMMARY:

- Proposed BTAC precept requirement 2023/24 £763,636 (2022/23 £732,864)
- The Council Tax base for 2023/24 is 9,620 Band D equivalent properties (2022/23 9,597.4)
- Proposed Council Tax in 2023/24 is £79.38 at Band D (2022/23 £76.36), an increase of 3.95%
- Cost per week in 2023/24 will be £1.52 at Band D (2022/23 £1.48) – the majority of households will pay less than this
- Projected level of reserves at 31 March 2023 estimated at £254,875

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 2023/24 financial year. This report details the current position and the proposed levy for the Council to approve for 2023/24. The following timetable is in place:
- 9 February 2023 – proposed BTAC budget to BTAC (this meeting);
 - 22 February 2023 – final budgets to Cabinet and recommendation to Council;
 - 6 March 2023 – 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 The table below 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 3.95% in 2023/24, then 1% p.a.**
- (b) No increase in 2023/24, then 1% p.a.
- (c) An increase of 0.5% in 2023/24, then 1% p.a.
- (d) An increase of 1% in 2023/24, 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 – Resource projections

Changes in Council Tax assumptions	2023/24	2024/25	2025/26	2026/27	2027/28
	£	£	£	£	£
<u>3.95% increase</u>					
BTAC Band D charge	79.38	80.17	80.98	81.79	82.60
Amount unallocated for new initiatives	13,007	30,956	35,455	40,660	45,655
<u>No increase</u>					
BTAC Band D charge	76.36	77.12	77.90	78.67	79.46
Amount unallocated for new initiatives	(16,039)	1,326	5,229	9,827	14,202
<u>0.5% increase</u>					
BTAC Band D charge	76.74	77.51	78.29	79.07	79.86
Amount unallocated for new initiatives	(12,366)	5,072	9,051	13,726	18,180
<u>1.0% increase</u>					
BTAC Band D charge	77.12	77.90	78.67	79.46	80.26
Amount unallocated for new initiatives	(8,694)	8,819	12,873	17,625	22,157

1.6 The impact on Council Tax payers of the proposed 3.95% increase would be that BTAC's Band D annual charge would go up by £3.02, or 6 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 4 pence in each case.

2. ASSUMPTIONS

- 2.1 The estimates cover the period 2023/24 to 2027/28. 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 2022/23, 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 0% increase per year, the expectation being that savings will consume any net cost increases in these areas. There is one exception to this approach, being utilities/fuel prices, where an average of 150% p.a. has been used to reflect the price risk for these areas; and included within the grounds maintenance charges and support service recharges there is an increase of 2% per annum increase due to staffing cost increases.
- 2.4 The BTAC Medium Term Financial Strategy assumptions within the appendix to this report are based on future year council tax increases of 1% p.a., and **Appendix 1** shows that this would deliver a balanced budget in 2027/28 having allowed for spending on the increased resources available to the Committee to be allocated. Decisions will be needed annually to determine the appropriate level of reserves to be maintained.

3. 2022/23 OUTTURN

- 3.1 An assessment of the projected 2022/23 outturn will inform the reliance we can place on the baseline we use for setting the 2023/24 estimates. Officers believe the outturn for 2022/23 will be as reported to the Committee in the regular Finance update reports, and will leave unallocated reserves at 31 March 2023 of £254,875 (including the S151 Officer's minimum requirement assessment of £70,000 plus £55,000).

4. TAX BASE

- 4.1 The tax base assumptions are shown in Table 2 below (equivalent number of Band D properties).

Table 2 – Tax Base

2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
9,597.4	9,620	9,716.20	9,813.4	9,911.5	10,010.60

- 4.2 The tax base has risen by 0.24% from 2022/23 to 2023/24. 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. 2023/24 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 3 – Estimates by expenditure/income

		2022/23 £	2023/24 £	Variance £	Variance %
1	Employees	257,550	272,230	(14,680)	(5.70%)
2	Premises	150,970	163,085	(12,115)	(8.02%)
3	Supplies and Services	99,450	131,330	(31,880)	(32.06%)
4	Transport	9,750	9,840	(90)	(0.92%)
6	Support Services	82,800	84,930	(2,130)	(2.57%)
7	Third Party payments	119,060	121,445	(2,385)	(2.00%)
8	Other Projects and initiatives	50,314	13,007	37,307	74.15%
	Total Expenditure	769,894	795,866	(25,972)	(3.37%)
5	Fees and Charges	(37,030)	(32,230)	(4,800)	12.96%
	Total Income	(37,030)	(32,230)	(4,800)	12.96%
	Budget Requirement	732,864	763,636	(30,772)	(4.20%)

- 5.2 The changes to supplies and services are mainly due to the full year effect of the gate locking service for central park and an increase in events costs for the year. The changes to premises costs relate to increases for electricity and grounds maintenance as previously discussed.

5.3 The other projects and initiatives line recognises BTAC members' request to have additional funds to enable them to support more projects and initiatives to help make the town a better place.

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 4 - Summary of the proposed movement on the BTAC reserve

£	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
B/fwd	254,875	254,875	254,875	254,875	254,875	254,875
In						
Out						
C/fwd	254,875	254,875	254,875	254,875	254,875	254,875

6.2 The 2022/23 reserve position assumes all projects to be funded from reserves will be spent by 31 March 2023, and that the unallocated 2022/23 sum is spent in the. Current spend projections for the next five years show the reserves remaining the same, using the assumption that BTAC will spend any additional funds on projects and initiatives within the year that they are raised.

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 2023/24 year. This will be reviewed annually as part of the budget setting process.

7. BUDGET REQUIREMENT

7.1 The proposed budget requirement for 2023/24, and demand on Council Tax, is illustrated below.

Table 5 – Budget Requirement

	BTAC 2022/23	BTAC 2023/24
a. Budget Requirement	£732,864	£763,636
b. Adjusted Tax base	9,597.4	9,620
c. Band D Equivalent (a-b)/c	£76.36	£79.38

7.2 The proposed BTAC budget requirement for the 2023/24 year is £763,636. **Appendix 1** shows the projected expenditure for that year.

8. FORWARD ESTIMATES

- 8.1 Outline estimates through to 2027/28 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 6 – Forward Estimates

	2024/25	2025/26	2026/27	2027/28
Budget requirement	(778,985)	(794,646)	(810,615)	(826,907)
BTAC Precept Demand	(778,985)	(794,646)	(810,615)	(826,907)
Tax base	9,716.2	9,813.4	9,911.5	10,010.6
Band D Council Tax	80.17	80.98	81.79	82.60
Percentage Increase	1.00%	1.00%	1.00%	1.00%

9. BUDGET SENSITIVITIES

- 9.1 The forward estimates (Table 6) 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 7 – Effect of sensitivities on the BTAC budget

	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Grounds maintenance @ 5%	9,761	9,956	10,155	10,358	10,566
Employee Costs @ 5%	13,612	13,218	13,508	13,772	14,058
Utilities increase @ 5%	2,012	2,012	2,012	2,012	2,012

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 2023/24.

12. RECOMMENDATIONS

- 12.1 That BTAC recommends to Cabinet and Council the level of its Special Expense precept for 2023/24 at £763,636, and the Council Tax charge of £79.38 at Band D.

Appendices:

- 1 Budget, and projected, position for the years 2022/23 – 2027/28