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**Meeting** EXECUTIVE/COUNCIL  
**Portfolio Area** RESOURCES  
**Date** 9 February 2022/24 February 2022



## FINAL GENERAL FUND AND COUNCIL TAX SETTING 2022/23

### KEY DECISION

**Authors** Clare Fletcher | 2933  
**Contributor** Senior Leadership Team  
**Lead Officers** Clare Fletcher | 2933  
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### 1 PURPOSE

- 1.1 To consider the Council's draft 2022/23 General Fund Budget, Council Tax Support Scheme -and draft proposals for the 2022/23 Council Tax.
- 1.2 To consider the projected 2021/22 General Fund Budget

### 2 RECOMMENDATIONS

That the following proposals be recommended to Council on 24 February 2022:

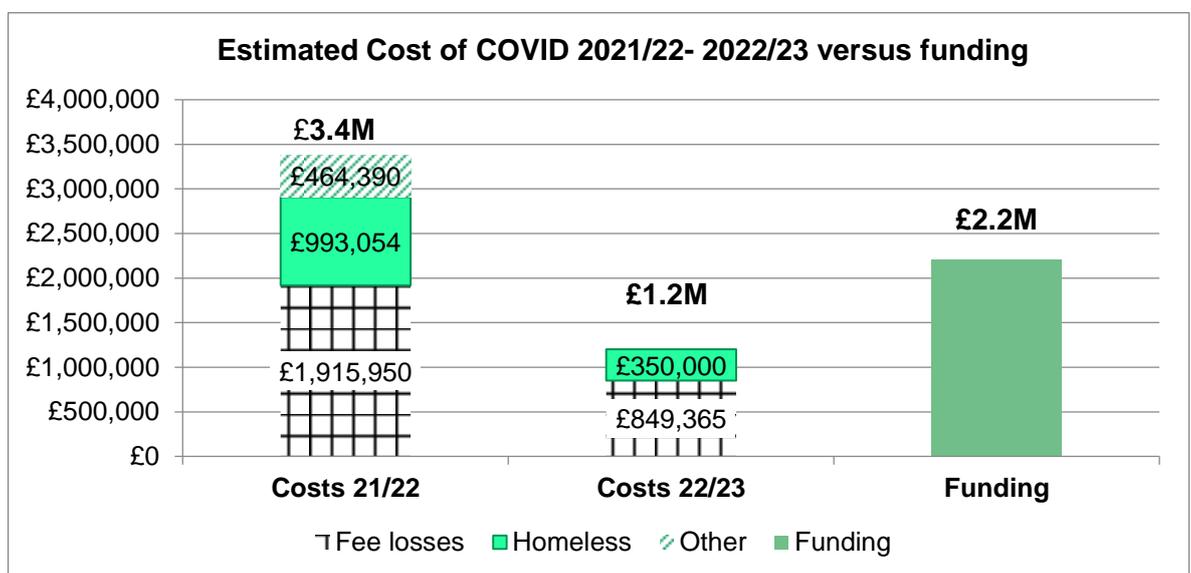
- 2.1 The 2021/22 revised net expenditure on the General Fund of £11,688,050 is approved.
- 2.2 Members note the inclusion of the 2022/23 Fees and Charges of £341,780 (Appendix B to this report) in the draft 2022/23 budget.
- 2.3 The draft General Fund Budget for 2022/23 of £11,206,660, with a contribution from balances of £1,112,817 and a Band D Council Tax of £225.57 (assuming a 2.26% increase).

- 2.4 The updated position on the General Fund Medium Term Financial Strategy (MTFS), summarised in section 4.13 be noted.
- 2.5 The minimum level of General Fund reserves of £3,471,038 in line with the 2022/23 risk assessment of balances, as shown at Appendix C to this report, is approved.
- 2.6 The contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2022/23, (reflecting the level of balances available above the minimum amount).
- 2.7 The Making Your Money Count (MYMC) options as set out in section 4.2 and Appendix A, totalling £780,945 and £39,370 for the General Fund and HRA respectively for 2022/23 be approved.
- 2.8 The Growth options included in section 4.3 are approved for inclusion in the 2022/23 General Fund (£120,078) and HRA (£63,360) budgets.
- 2.9 That the General pressures set out in section 4.3 to this report be approved.
- 2.10 Members approve a further £300,000 to pump prime Transformation to be included in the Council's 2022/23 budget setting processes to enable to significantly contribute to the savings targets as set out in section 4.11.
- 2.11 Members approve the identification of a further £500,000 of MYMC options for the June 2022 MTFS report as set out in paragraph 4.11.4.
- 2.12 Members approve the use of the business rate gains only once realised and ring fence the use for firstly the financial resilience of the Council and if required to be transferred to the Income Equalisation Reserve and thereafter, they are used for Regeneration or Co-operative Neighbourhood one off spend.
- 2.13 That the 2022/23 Council Tax Support scheme is approved as set out in section 4.6 to this report.
- 2.14 That the comments from Overview and Scrutiny as set out in section 4.19 be noted.
- 2.15 That Members note the Equalities Impact Assessments appended to this report in Appendices D and E.
- 2.16 The work of the Leader's Financial Security Group (LFSG) in reviewing the efficiency, commercial and fees and charges as outlined in section 4.17 of the report is noted.
- 2.17 That key partners and other stakeholders are consulted and their views considered as part of the 2022/23 budget setting process.
- 2.18 That in accordance with the Council's Budget and Policy Framework Procedure Rules, the Council be recommended to continue with the current Co-operative Corporate Plan, subject to further review in Autumn 2023, (paragraph 4.18.5-4.18.7 refers).

### 3 BACKGROUND

3.1 This report is an update on the Council's Draft General Fund and Council Tax setting report 2022/23 presented to the January 2022 Executive. This report gives an update on the 2021/22 and 2022/23 budgets with regards to any further savings, growth or pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial resources to different services and projects; proposed contingency funds; setting the council tax; the council tax support scheme; decisions relating to the control of the Council's borrowing requirement; the control of its capital expenditure; and the setting of virement limits.

3.2 COVID pressures continue to be significant for the Council and a summary of the net cost of COVID as at January 2022 is summarised in the chart below..



3.3 The January 2022 Executive report summarised the provisional funding settlement for Stevenage which was £280,430 more than the value which was included in the latest MTFs to the December Executive. This was largely due to the inclusion of a further 2022/23 Lower Tier Grant and a one off Services Grant (see also section 4.1).

3.4 The Chancellor announced an additional £1.6Billion per annum (2022/23 to 2024/25) for local government as part of Spending Review 2021 (SR21). The majority of this amount has been included in the Core Spending Power figures. Based on the figures in the Core Spending Power amounts, there has been a national net increase in funding (excluding the multiplier adjustment and Adult Social Care reform funding) of £1.526Billion. A breakdown of this change is shown below and the impact for Stevenage detailed in section 4.1.

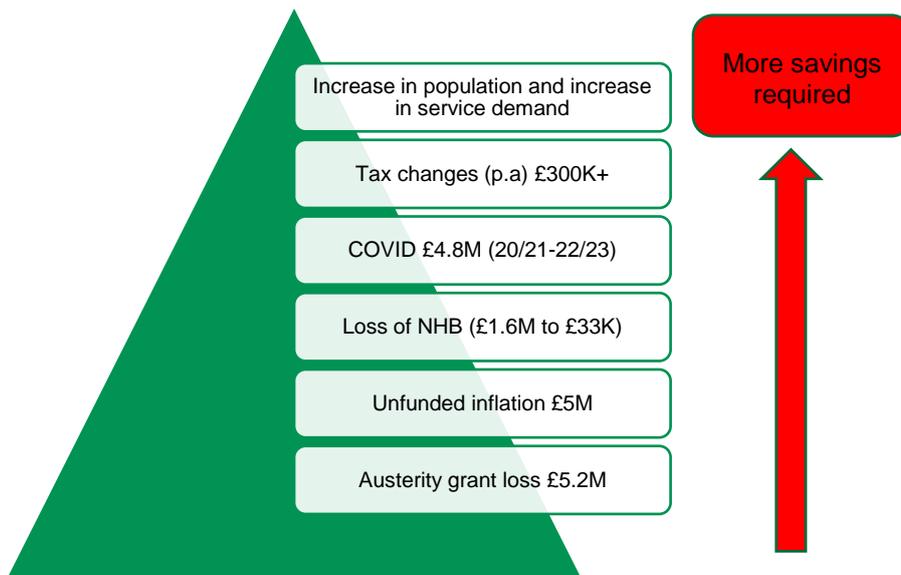
- + £822Million Services Grant – A new grant based on 2013/14 Settlement Funding Assessment (SFA) shares
- + £636Million – Increase to the Social Care Grant

- + £63Million – Inflationary increase to the Improved Better Care Fund
- + £72Million – Increased Revenue Support Grant (RSG) (based on CPI)
- (£68Million) – Reduction in New Homes Bonus Funding
- Council Tax increases for District Council's up to the greater of £5 on a Band D property or 2%.

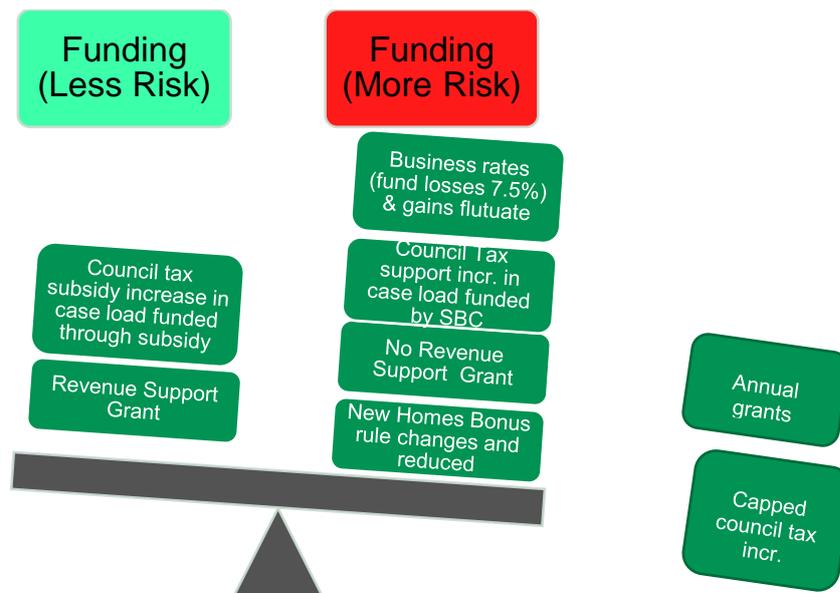
3.5 The Council must set a balanced budget each year (Local Government Finance Act 1992). The Council is required to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

3.6 The ability to set a balanced budget and retain services has become harder due to the financial impacts of government grant loss, government policy changes and COVID losses in recent years have resulted in the Council having to find cumulative savings of £11Million since 2010/11 through what is now the Making Your Money Count programme.

***Pyramid of Pressures for the General Fund***



3.7 At the same time there has been a transition towards more inherent risks within local government funding, with fluctuations in caseloads and funding streams, together with annual grant funding for new burdens such as the Homeless Reduction Act, as illustrated below.



3.8 The January Draft budget highlighted additional net pressures of £180,080 for 2022/23, resulting in a net budget of £11,004,220 with a contribution from balances of £1,238,955 and a council tax increase of 2.26% for 2022/23.

3.9 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timeline for the implementation of this process is outlined below.



## 4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

### 4.1 Final Finance Settlement 2022/23

4.1.1 On 16 December 2021, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released a written statement to Parliament on the provisional local government finance settlement 2022/23. The settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels.

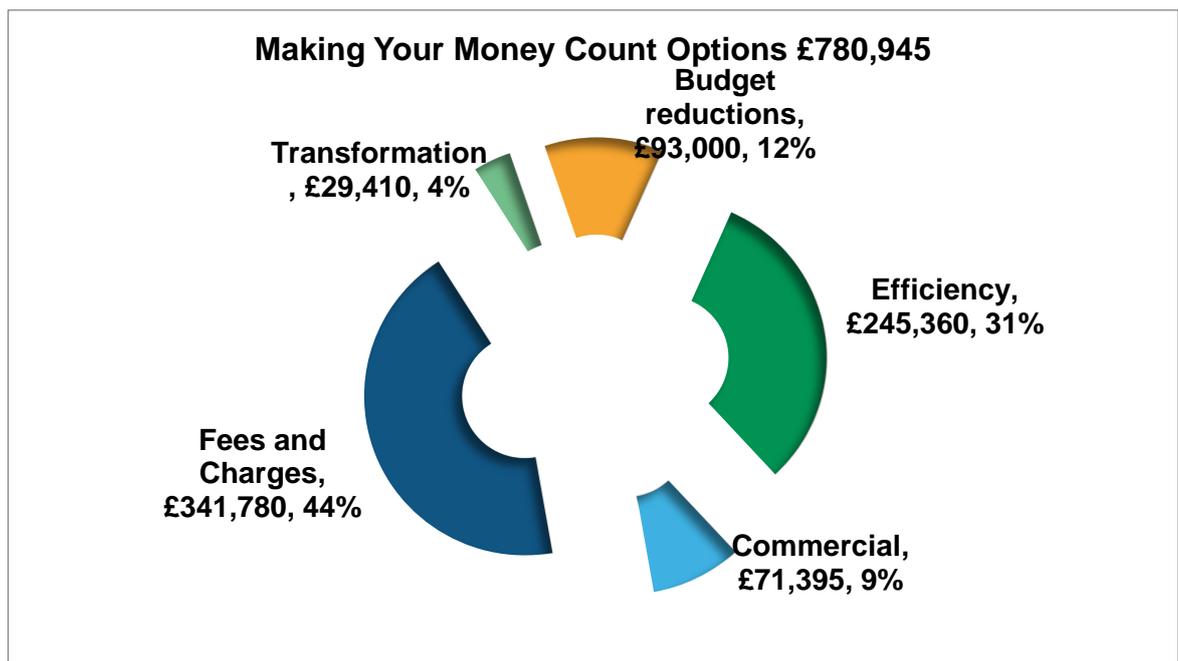
4.1.2 A further year of lower tier services grant was given, with a total national value remaining unchanged at £111Million. Whilst the distribution methodology is the same as 2021/22 (mostly using 2013/14 SFA amounts, but partly providing a minimum funding guarantee so no authority has a reduction in CSP), individual authorities' allocations have changed, due to the minimum funding guarantee element, (Stevenage 2022/23 £115,932 compared to 2021/22 £140,043).

- 4.1.3 A Services Grant (Nationally £822Million) was also announced. It appears as though this is to cover only one year, however the national total funding amount is expected to appear in each of the next two years settlements at a Core Spending Power (CSP) level. The methodology may change so the same level of funding is not guaranteed but this grant includes funding for the increased National Insurance Contributions (NIC's)burden and it might be reasonable to expect all authorities will receive some level of funding going forward, (Stevenage 2022/23 £177,337).
- 4.1.4 The council tax referendum limit will be 2% for local authorities, with social care authorities allowed an additional 1% for the social care precept. The provisional settlement confirmed that districts will be allowed to apply the higher of the referendum limit or £5 (2.26% for Stevenage Borough Council), and that social care authorities will be allowed to 'catch up' any of the 3% referendum limit from last year which was unused.
- 4.1.5 As announced in the 2021 Spending Review, the business rates multiplier has been frozen for 2022/23. Therefore, the three elements of the Business Rates Retention system (Baseline Need, NNDR Baseline and Tariff/Top Up amounts) remain unchanged, (except for pilots, where amounts have increased to reflect grants rolled in). The under-indexing multiplier grant has been increased (by £375Million), in order that local authorities do not lose what would have been the increase to the multiplier.
- 4.1.6 The New Homes Bonus (NHB) 2022/23 allocations have been announced at £554Million, a reduction of £68Million, (part of the £1,526Million as noted at 3.4) on 2021/22. There have been no changes to the scheme for 2022/23, with a single year's new allocation made alongside the outstanding legacy payment for 2019/20. There is no planned legacy payment for 2022/23 (as in 2020/21 and 2021/22), the Stevenage NHB allowance has increased as a result of additional affordable homes created in the Borough by £23,800 to £32,200 over that estimated.
- 4.1.7 Top Up/Tariff Adjustments (Negative RSG) – As in previous years, the government has decided to eliminate the negative RSG amounts, this would have been a cost of £27,146 to Stevenage Borough Council in 2022/23.
- 4.1.8 There was no change to the final settlement between provisional and final. Stevenage's settlement figures are summarised below.

| <b>Table 1-Final Finance Settlement (2022/23)</b> |                   |
|---|-------------------|
|   | <b>Settlement</b> |
| Business Rates                                    | £2,572,848        |
| Under indexing                                    | £211,363          |
| <b>Total Business Rates</b>                       | <b>£2,784,211</b> |
| NHB (legacy payments)                             | £32,200           |
| Lower Tier services grant*                        | £115,392          |
| 2022-23 Services Grant                            | £177,337          |
| <b>Total</b>                                      | <b>£3,109,140</b> |

## 4.2 The MYMC Options

4.2.1 The MYMC options approved at the January 2022 Executive for consideration by Overview and Scrutiny totalled £780,945 and remain unchanged from the January report. The Council's ability to deliver savings, particularly in the current climate is becoming ever more difficult and choices have to be made in weighing up increasing fees and charges versus reducing services, beyond any efficiency savings identified. The options summarised below highlight those which have been met through the Transformation, commercial and insourcing programmes with the remainder secured through budget reductions, (detailed in Appendix A and B to this report).



4.2.2 The 2022/23 budget options include some service reduction in order to meet the necessary level of savings required. The Executive Portfolio holders reviewed their areas of responsibility for discretionary spend in terms of:

- Level of spend
- Ability to deliver so one or two larger savings versus multiple small savings with the former being preferred.

4.2.3 Two options have been put forward for Executive approval to close the funding gap and ensure the Council's continued financial resilience. These options are summarised below and included in Appendix A.

| Table 2 2022/23 Funding the gap         |                            |   |               |                |
|---|----------------------------|---|---------------|----------------|
| Service                                 | Potential Staff Redundancy | Description   | Service spend | General Fund   |
| Play Service                            | 2                          | The proposal, subject to consultation, is to reduce the days the play centres are open in the school holidays by three days a week at each centre and for each day reduce by one hour. Pop up play and play outside of play centres would still be part of the offer, (full year saving £100K). | £514,150      | £75,000        |
| Funding for Co-operative Neighbourhoods | 0                          | Seed funding was introduced from 2021/22, however CIL funding will be coming on stream in 2022/23 and it is proposed to use prior year under spends/ NDR gains once realised up to £60K to fund works   | £18,000       | £18,000        |
|   | <b>3</b>                   |   |               | <b>£93,000</b> |

4.2.4 The decision to recommend these options is to ensure that the General Fund has sufficient balances and the ability to meet the MTFs principle to contribute to balances by 2024/25 so maintaining financial resilience. In addition the Play option will also look to better utilise the buildings and remodel the service. Officers recommend play option one.

4.2.5 The impact of the options in terms of staffing reductions if all of the options are approved would result in an estimated three redundancies. These redundancies will be subject to consultation and remain an indicative number at present.

4.2.6 **Overview and Scrutiny** considered the options at the meeting held on the 25 January 2022 and the Committees comments are set out in section 4.19 to this report.

4.2.7 Fees and charges also are included in the overall MYMC savings package and were approved at the December 2021 Executive and reviewed by Overview and Scrutiny at their meeting of the 14 December 2021. Most will be implemented in January 2022 and are for note. In addition to the fee changes in Appendix B, the notice period for returning a garage has been amended from one week to a month to allow sufficient time and notice to inspect and re-let garages and is in line with normal practice.

4.2.8 The savings options in this report are all on-going to ensure they mitigate the increased costs identified in this report and any inability to deliver them in next or future years will require equivalent value replacement savings

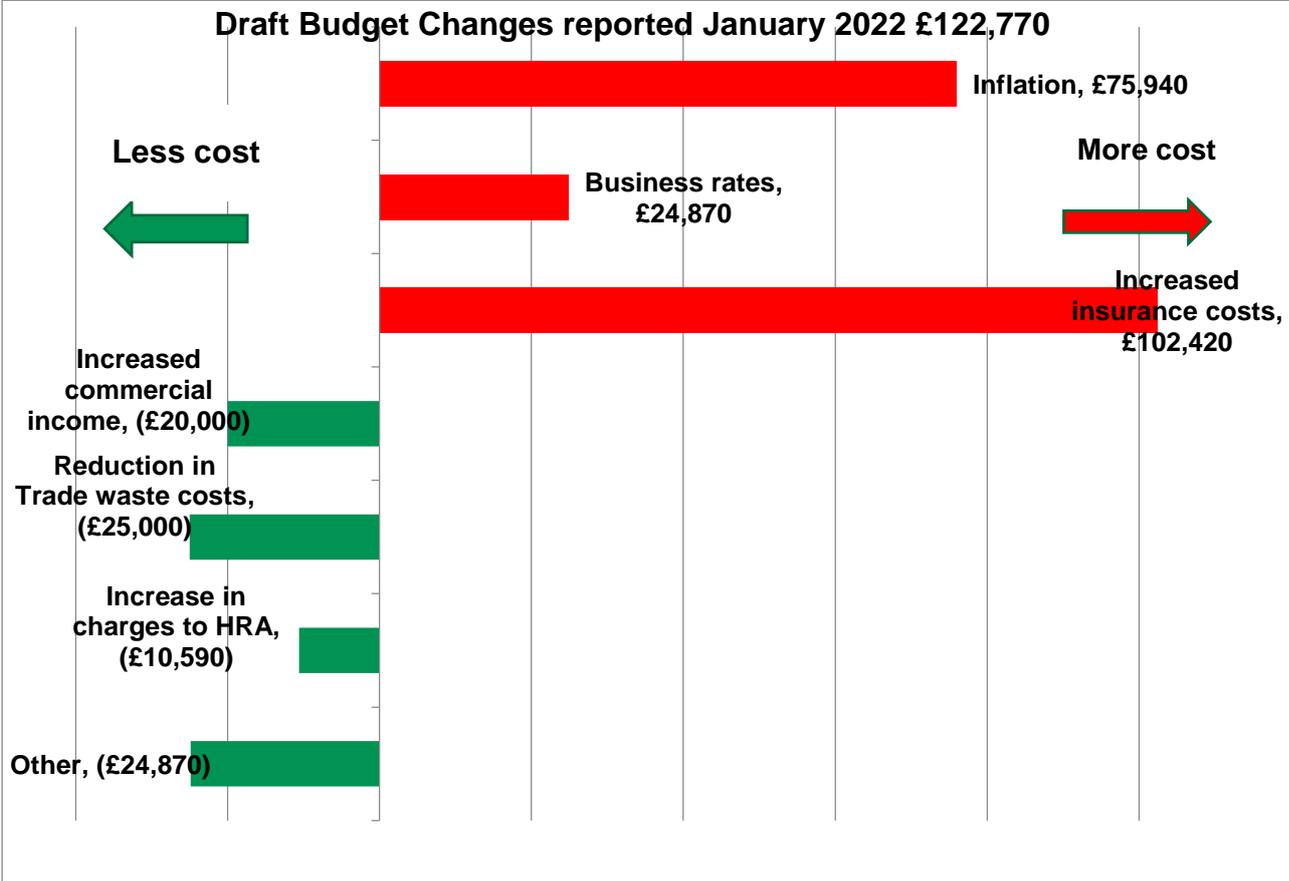
- 4.2.9 The ability to deliver further savings remains a challenge for the vast majority of Councils including Stevenage for the reasons set out in paragraphs 3.6-3.7. The Council's MYMC plan beyond 2022/23 is use the following key work streams to help meet the target;
- Transformation of council activities with more on-line services.
  - Insourcing and commercial options, through the Council's Co-operative and Commercial and Insourcing Strategy
  - The potential expansion of the Revenue and Benefits shared service.
  - The new leisure management procurement to commence April 2023.

These work streams are used alongside fees and charges and council tax increases with service rationalisation utilised only when necessary.

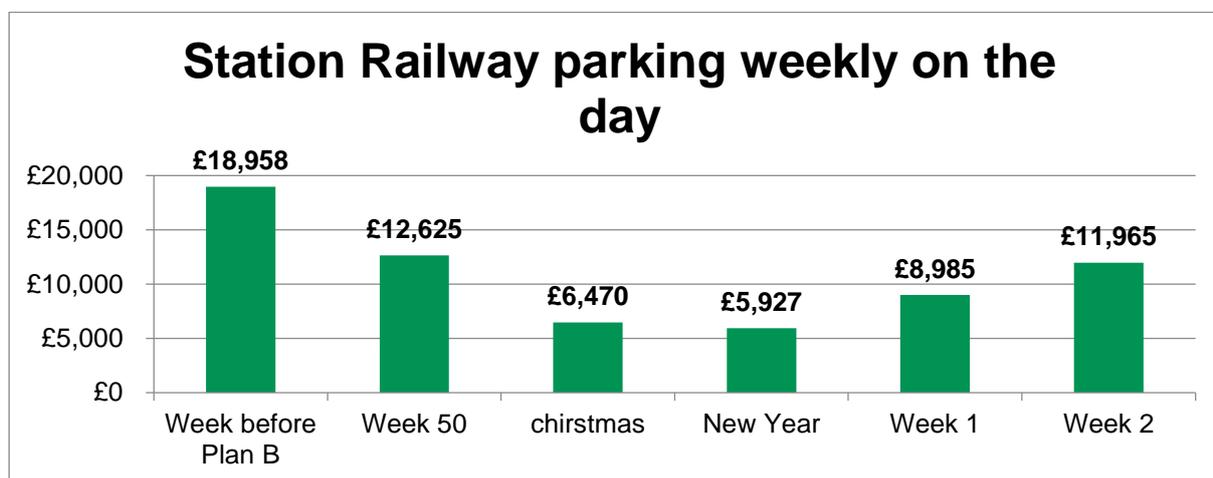
4.2.10 Members approved as part of the January Draft budget report the identification of a further £250,000 of savings to be included in the June 2022MTFS report. The CFO considered this essential as a further financial resilience measure if the impact of COVID or other pressures worsen the Council's General Fund position. This has been revised as set out in paragraph 4.11.4.

**4.3 Growth and Pressure currently assumed in the General Fund 2022/23**

4.3.1 The 2022/23 December MYMC General Fund budget included growth pressures of £1.65Million, of which 73% were COVID related. In the January report additional £122,770 of net costs was reported as summarised below.



- 4.3.2 In addition to the costs above, further pressures of £33,320 have been included in the 2022/23 budget which are:
- Confirmation of the additional increase for the Shared Revenue and Benefits service SLA 2022/23, £27,520.
  - Increase in standby payments for General Fund housing function £5,800.
- 4.3.3 The impact of the Governments Plan B and work from home if you can directive (now ended), has impacted on the Council's car parking income and the current 2021/22 projection of a loss of £1.5Million could be higher than anticipated. Although the end of Plan B has been announced (27 January 2022) , it is a little early to predict if losses will be higher, however station railway parking has started to increase, as shown below.
- 4.3.4 If parking paid on the day increases from £34K per week (first two weeks of January) to £42K per week then further losses will be minimal. At week 2 (2022) the income was £37.5K. No further losses have been included in the 2021/22 budget and the position will be reassessed as part of the 3<sup>rd</sup> quarter monitoring report.



#### 4.4 Growth Options

- 4.4.1 The draft budget included growth bids as set out below, these remain unchanged from the January report and include the further growth bid approved for inclusion in the budget at the December Executive. The bids below were welcomed at the December 2021 Overview and Scrutiny meeting.

| Table 3- Growth Proposal   | Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .  | £ General Fund | £ HRA   | £ Capital |
|--|--|----------------|---------|-----------|
| New Climate change officer post and continuation of time limited resources approved for 2020/21-2021/22. | To meet the Climate Change agenda and deadline of zero emissions by 2030, a dedicated post is required (plus the continuation of time limited resources) to drive the priority forward across the Council. | £45,000        | £45,000 |           |

| <b>Table 3- Growth Proposal</b>   | <b>Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .</b>   | <b>£ General Fund</b> | <b>£ HRA</b>   | <b>£ Capital</b> |
|---|--|-----------------------|----------------|------------------|
| two new Regeneration officers to meet the increase in programme (Towns Fund, Levelling up, increased Regeneration activity) | The Team are at a critical phase in the business cases; it will be very intensive between now and Christmas to get the first half through, and then efforts will be redoubled January-March to get the 3 <sup>rd</sup> and 4 <sup>th</sup> tranches through. The additional two posts will increase capacity to deliver. | £56,718               | £0             | £25,482          |
| Post to keep digital context for front line and back office staff   | There is no post currently to keep the key central information (INTRANET) current, as a source of key data. This will allow up to date information to internal and external customers in a timely fashion.   | £18,360               | £18,360        | £0               |
|   |  | <b>£120,078</b>       | <b>£63,360</b> | <b>£25,482</b>   |

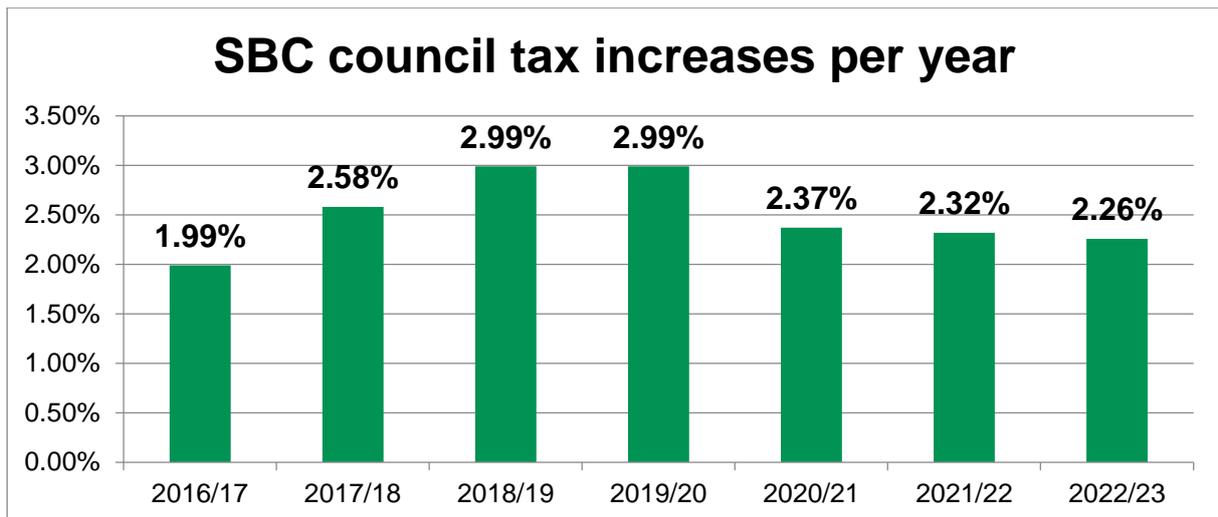
#### 4.5 Council Tax

4.5.1 Part of the budget setting process includes consideration of council tax levels. The provisional settlement allows for a 2% or £5.00 on a Band D (2.26%), whichever is the greater, before a referendum on an amount above this is required. The provisional settlement consultation closed on the 13 January and the outcomes have not yet been published but the Draft Budget assumes the 2.26% increase.

4.5.2 The table below shows the increase per property band based on a 2.26% increase.

| <b>Table 4-Council Tax increase modelled for Stevenage Precept 2022/23</b> |                |                       |                            |                            |
|--|----------------|-----------------------|----------------------------|----------------------------|
| <b>Tax band</b>  | <b>2021/22</b> | <b>2.26% increase</b> | <b>Total cost per year</b> | <b>Total cost per week</b> |
| A  | £147.05        | £3.33                 | £150.38                    | £2.89                      |
| B  | £171.56        | £3.89                 | £175.45                    | £3.37                      |
| C  | £196.06        | £4.44                 | £200.50                    | £3.86                      |
| D  | £220.57        | £5.00                 | £225.57                    | £4.34                      |
| E  | £269.59        | £6.11                 | £275.70                    | £5.30                      |
| F  | £318.60        | £7.22                 | £325.82                    | £6.27                      |
| G  | £367.62        | £8.33                 | £375.95                    | £7.23                      |
| H  | £441.14        | £10.00                | £451.14                    | £8.68                      |

4.5.3 Increasing council tax by 2.26% versus 1.99% gives the Council an additional £17,098 per year, this is below inflation (CPI) and will be the lowest increase since 2016/17 as summarised below.



4.5.4 Council tax is a key funding resource and locally raised taxation has become more important to the General Fund for the reasons set out in paragraphs 3.6-3.7. As in previous years the council tax increase will not be agreed until the February Council meeting. Based on the increasing financial dependency of the General Fund budget the CFO recommends a 2.26% increase, (compared to the inflation data for December which was 5.4%).

#### 4.6 Council Tax Support

4.6.1 A local CTS scheme cannot be revised for at least one financial year. A Billing Authority (for example SBC) must consider whether to revise or replace its scheme with another on an annual basis.

4.6.2 Any revision to a scheme must be made by the Council by the 11 March, immediately preceding the financial year in which it is to take effect and will require consultation with those affected. Additionally consideration should be given to providing transitional protection where the support is to be reduced or removed.

4.6.3 The Council must, in the following order, consult with major precepting authorities (i.e. Hertfordshire County Council and Police and Crime Commissioner for Hertfordshire), publish a draft scheme in such manner as it thinks fit, and consult such other persons as it considers are likely to have an interest in the operation of the scheme. The CFO wrote to both precepting authorities regarding the proposal for 2022/23 and at the date of writing the report no response had been received from the PCC or HCC.

4.6.4 The current **working age** scheme requires those all maximum benefit only to pay 8.5% of their council tax bill for the year. This equated to £143.87 for a Band C council home in 2021/22 on the total bill (an additional 25% discount for a single person) or £2.77 per week.

4.6.5 Members approved a resolution, during the October 2021 Executive Council Tax Support report, to retain the existing scheme for 2022/23. Members are recommended to agree the existing scheme updated to reflect benefit changes for 2022/23.

## 4.7 Business Rates Income

- 4.7.1 The December MTFS only included the 2022/23 base line funding for business rates, or the amount the government has assessed the Council needs under its funding needs formula. Any gains above this are not guaranteed and have fluctuated from year to year and cannot therefore fund on-going spend.
- 4.7.2 The CFO recommended in the December 2021 MYMC report that unrealised gains in the business rate reserve, and any new 2022/23 gains that are subsequently forecast, are only allocated for spend (one off in nature), once achieved at the year end, due to the level of balances and the volatility in business rates from year to year. Any gains available shall be reported to Members for spending options in a June report, with a recommended use for Regeneration or Co-operative Neighbourhood one off spend.
- 4.7.3 The completion of the NDR1 form, (issued by the government) determines the level of business rates collectable, level of reliefs due in 2022/23, together with the current business rate yield in January. This has been delegated to the CFO after consultation with the Resources Portfolio holder to approve.
- 4.7.4 The government has announced new 2022/23 business reliefs for the retail and hospitality sector. The government compensates Councils for loss of business rates for these type of new reliefs by giving Section 31 grants, as they suppress the income yield and therefore the Council's share of business rates. Guidance received prior to Christmas shows there will be a limit of £110,000 business rate relief per business (not by premise). This means working out how much relief and therefore S31 grant is due is difficult to assess. Grants may be issued in April and businesses required to sign a declaration to determine whether if any other part of the business has claimed reliefs from other councils or subsidiaries.
- 4.7.5 The January 2022 draft budget report made an initial assessment before the system data could be run to complete the NNDR1. This has now been completed and a comparison of the January and the NDR1 submission are shown below. There has been an estimated £198,222 increase in projected gains.

| <b>Table 5- Summary Business Rates</b> | <b>January estimate 2022/23 Budget</b> | <b>February Estimate</b> | <b>Variance</b>   |
|--|--|--------------------------|-------------------|
| Business Rates SBC share               | (£16,393,516)                          | (£17,691,042)            | £1,297,526        |
| S31                                    | (£2,579,722)                           | (£1,618,316)             | (£961,405)        |
| Total Business Rates income            | <b>(£18,973,238)</b>                   | <b>(£19,309,358)</b>     | <b>£336,121</b>   |
| Tariff                                 | £15,429,346                            | £15,429,346              | £0                |
| Funding                                | (£3,543,892)                           | (£3,880,012)             | £336,121          |
| Levy                                   | £338,763                               | £476,662.00              | (£137,899)        |
| <b>Total Retained</b>                  | <b>(£3,205,129)</b>                    | <b>(£3,403,350)</b>      | <b>(£198,222)</b> |
| Base line Funding                      | (£2,783,802)                           | (£2,783,802)             | £0                |
| <b>Total Retained</b>                  | <b>(£421,327)</b>                      | <b>(£619,549)</b>        | <b>(£198,222)</b> |

4.7.6 The NNDR 1 shows gains above the baseline level of £2.78Million, however this will be dependent on a number of factors including:

- There are still appeals outstanding from the 2010 list and no appeals have been yet been settled from the 2017 list. These appeals may be settled at sums which are higher than what has been set aside for.
- The Revenues Team have prioritised the distribution of grants to businesses and the ability to address arrears has been impacted by limited court time.
- Businesses have received business rate reliefs and a moratorium on eviction for rent arrears (up to the end of March 2022). In 2020/20-2021/22 as this support reduces, there could be a spike in debts and companies going into administration. The Revenues service has been and continues to work with businesses to manage their arrears.
- For note the 2020/21 gains were significantly impacted by COVID.

4.7.7 The 2021/22 business rates have also been revised (but are subject to the points in paragraph 4.7.6). In 2021/22 (like 2020/21), a significant repayment to the Collection Fund is projected because reliefs were announced (in March 2021), after the level of business rates had been approved for the year. The 2021/22 revised estimate is shown below and includes an increase in the net surplus of £67,731. This increase will be transferred to the NDR reserve until realised and an update will be provided at the June 2022 Executive.

| <b>Table 6 -2021/22 Business Rates</b>                 | <b>January 2021/22 Projected</b> | <b>February 2021/22 Projected</b> | <b>Variance</b>  | <b>Repay Collection Fund 2022/23</b> |
|--|----------------------------------|-----------------------------------|------------------|--------------------------------------|
| Business Rates   | (£15,114,209)                    | (£15,257,204)                     | (£142,995)       | (£142,995)                           |
| Business Rates Tariff                                  | £15,429,346                      | £15,429,346                       | £0               |                                      |
| Levy   | £412,640                         | £474,069                          | £61,430          |                                      |
| S31 grants NNDR  | (£3,886,781)                     | (£3,872,946)                      | £13,835          |                                      |
| <b>Total in year business rates</b>                    | <b>(£3,159,004)</b>              | <b>(£3,226,735)</b>               | <b>(£67,731)</b> | <b>(£142,995)</b>                    |
| Repay 2020/21 NDR losses to collection Fund in 2022/23 |                                  |                                   |                  | £387,834                             |
| <b>Total Repayment to the Collection Fund</b>          |                                  |                                   |                  | <b>£244,839</b>                      |

4.7.8 The 2021/22 estimates do not include any assumptions about the COVID Additional Grant Relief (CARF) of £2.6Million announced in December 2021, this is because the scheme has to be devised (in line with government guidelines) and there may be a difference between award and eligibility under the scheme and subsequent reliefs given. S31 grants would be given to compensate councils for the loss of business rate yield, but S31 Grants are paid in the year they fall due and business rates are paid based on the NNDR1 estimate. A consequence could be that assumed S31 grants may not be realised in 2022/23 if the business rate relief given was lower and therefore

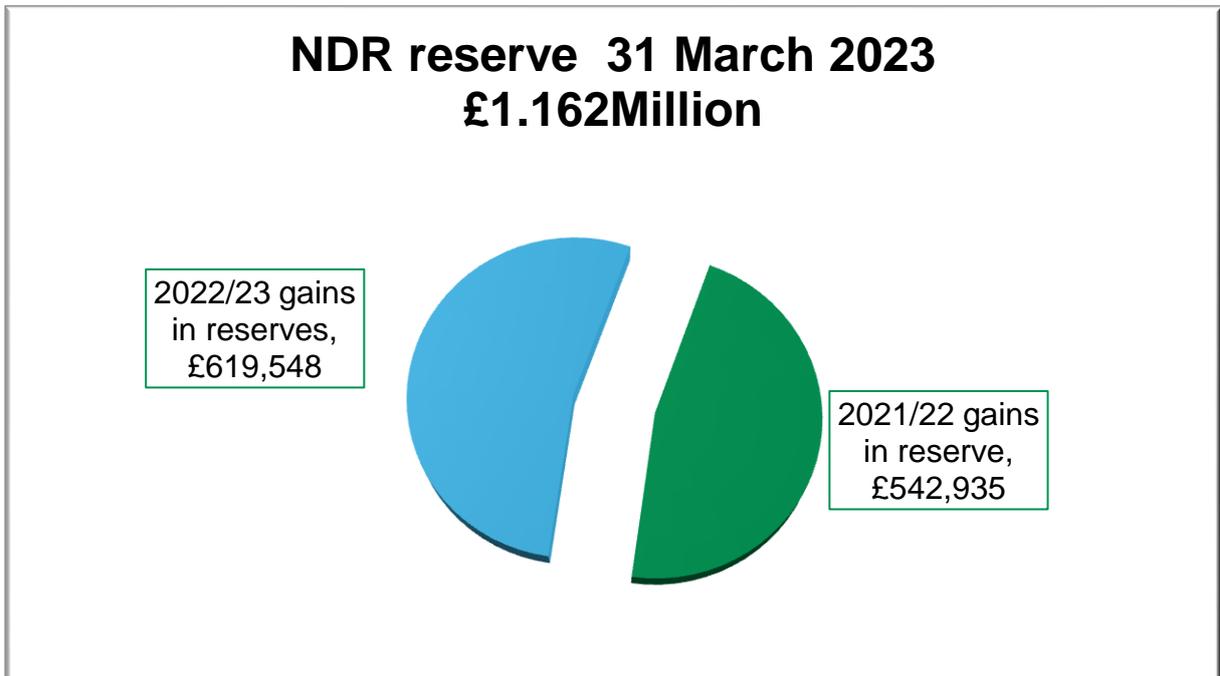
not reimbursed by the government in that year, leading to a deficit which would be recoverable in 2023/24. The impact of the CARF relief will be included in the 2021/22 year end government submission, (NNDR3).

4.7.9 Business rate gains in 2021/22 and 2022/23 have not been included in General Fund balances, with gains transferred to the NDR allocated reserve until realised due to the risks identified in paragraph 4.7.6. Furthermore under the proposed business rate re-set these gains could disappear, to align the business rate yield more in line with the baseline assessment.

4.7.10 The balance of the gains in the NDR allocated reserve, which are not planned to be returned to the General Fund or are uncommitted as at the 31 March 2023, total £1,162,483. The January 2022 Draft report stated,

*'The CFO recommends that the primary purpose (of any such gain) should be to ensure the continued financial resilience of the Council and if required to be transferred to the Income Equalisation Reserve and thereafter, they are used for Regeneration or Co-operative Neighbourhood one off spend'.*

4.7.11 The January 2022 Draft Budget report recommended that these gains are allocated for spend (one off in nature) once achieved at the year end; this is due to the level of balances and the volatility in business rates from year to year. A summary of the Business Rate balances are shown below.



4.7.12 Any gains available in respect of the 2021/22 gains of £542,171, shall be reported to Members with spending options in June 2022 report. The first call on this funding will be to improve the resilience of the General Fund if required.

#### 4.8 2022/23 General Fund Net Expenditure

4.8.1 The 2021/22 projected and the 2022/23 final General Fund net expenditure is summarised below, including the changes from the December 2021 and January 2022 report.

| Table 7 Summary of 2022/23 budget movements                                     |  | On-going | £                  | On-going        |
|---|--|----------|--------------------|-----------------|
|   |  |          |                    | £               |
| Total Net budget reported December 2021   |  |          | £10,427,020        |                 |
| New Homes Bonus increase in income  |  | N        | (£23,800)          |                 |
| Reduction in 2022/23 savings options  |  | Y        | £12,000            | £12,000         |
| Draft budget changes  |  | Y        | £122,770           | £122,770        |
| Climate Change growth option (approved at December Executive)                   |  | Y        | £45,000            | £45,000         |
| Transfer 2022/23 NDR gains to allocated reserve                                 |  | N        | £420,920           |                 |
| Other   |  | Y        | £310               | £310            |
| <b>Total budget movements January report</b>                                    |  |          | <b>£577,200</b>    | <b>£180,080</b> |
| Increase in Revenue and Benefits contract                                       |  |          | £27,520            | £27,520         |
| Increase in standby payments for homeless staff                                 |  |          | £5,800             | £5,800          |
| Increase in NDR admin grant   |  |          | (£500)             | (£500)          |
| Transfer prior year balances from NDR reserve                                   |  |          | (£172,000)         |                 |
| Transfer of increase in 2021/22 gains to allocated reserve (payable in 2022/23) |  |          | £143,000           |                 |
| Transfer of increase in 2022/23 NDR gains to allocated reserves                 |  |          | £198,620           |                 |
| Total Budget Movements February report  |  |          | <b>£202,440</b>    | <b>£32,820</b>  |
| <b>Updated General Fund 2022/23 net budget</b>                                  |  |          | <b>£11,206,660</b> | <b>£212,900</b> |

4.8.2 The 2022/23 net budget has increased by a further £202,440 compared to the January 2022 Draft budget, however this includes the in year increase in transfer to NDR reserves of £169,620, with the increase in on-going pressures now totalling £212,900.

4.8.3 The January 2022 draft budget report recommended an increased savings target for future years and that Transformation savings when identified should be taken in 2022/23 to improve the resilience of the General Fund budget.

#### 4.9 2021/22 General Fund working budget

4.9.1 The 2021/22 Net General Fund Budget has reduced by £75,270 which relates to the reduction in the transfer to reserves to business rates reserve to fund the increase in NDR levy and reduction in S31 grants in core resources (and as identified in Table 6 in this report. A summary is shown in the table below.

| Table 8 Summary of 2021/22 budget movements |  | On-going | £ | On-going |
|---|--|----------|---|----------|
|   |  |          |   | £        |

| Table 8 Summary of 2021/22 budget movements  |  | On-going | £                  | On-going       |
|--|--|----------|--------------------|----------------|
|  |  |          |                    | £              |
| Quarter 2 working budget   |  |          | £11,697,780        |                |
| Backdated Ridlin's Business rates (see also Table 4)                                     |  | Y        | £160,000           | £33,280        |
| Rental for space at Daneshill  |  | N        | (£105,000)         |                |
| Daneshill house (asbestos removal/new ways of working)                                   |  | N        | £46,000            |                |
| COVID grants   |  |          |                    |                |
| BEIS (4) administration costs for administering grants                                   |  | N        | (£73,000)          |                |
| Protect and vaccinate rough sleepers funding   |  | N        | (£185,160)         |                |
| COVID spend relating to grants   |  | N        | £215,160           |                |
| <b>Total budget movements January report</b>   |  |          | <b>£58,000</b>     | <b>£33,280</b> |
| Reduction in NDR transfer to reserves to fund increased levy and reduction in S31 grants |  | N        | (£75,270)          |                |
| <b>Updated General Fund 2022/23 net budget</b>   |  |          | <b>£11,680,510</b> |                |

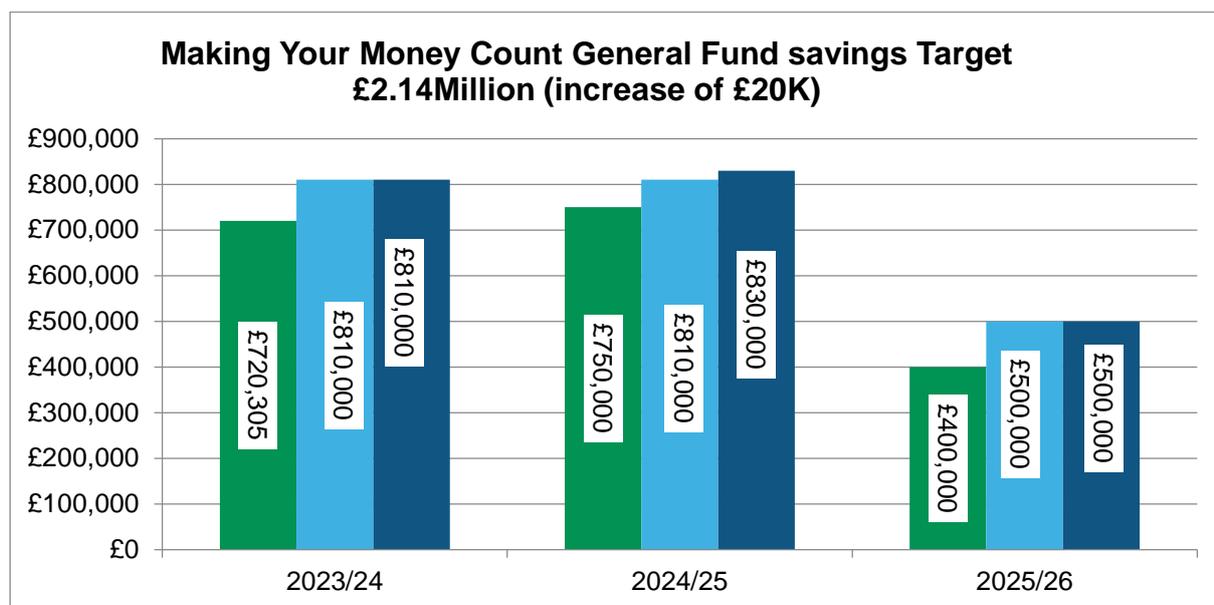
#### 4.10 Projected General Fund Balances

4.10.1 The projected General Fund balances and council tax requirement are below and summarised in Appendix H.

| General Fund Budget   | 2021/22 Estimate    | 2021/22 Projected   | 2022/23 Estimate    |
|---|---------------------|---------------------|---------------------|
| Net Expenditure   | £10,635,570         | £11,680,510         | £11,206,660         |
| (Use of)/ Contribution to Balances                          | (£326,066)          | (£1,458,912)        | (£1,112,817)        |
| <b>Budget Requirement</b>                                   | <b>£10,309,504</b>  | <b>£10,221,598</b>  | <b>£10,093,842</b>  |
| Lower Tier Grant  | (£140,043)          | (£140,043)          | (£115,392)          |
| Council tax Support grant                                   | (£118,859)          | (£118,859)          |                     |
| Service Grant   | £0                  | £0                  | (£177,337)          |
| Total grant support   | <b>(£258,902)</b>   | <b>(£258,902)</b>   | <b>(£292,730)</b>   |
| Business Rates net of tariff and levy                       | (£2,343,779)        | (£2,282,349)        | (£1,785,034)        |
| S31 grants NNDR   | (£815,229)          | (£3,872,946)        | (£1,618,316)        |
| Total in year business rates                                | <b>(£3,159,008)</b> | <b>(£6,155,295)</b> | <b>(£3,403,350)</b> |
| (Return) /Contribution to Collection Fund (NDR) re 2021/22  | £0                  | £0                  | £2,928,560          |
| (Return) /Contribution to Collection Fund (NDR) re 2020/21  | £8,547,930          | £8,453,530          | £816,665            |
| (Return) /Contribution to Collection Fund (NDR) pre 2020/21 | (£821,128)          | (£821,128)          | £0                  |
| Transfer from NNDR reserve                                  | (£8,461,090)        | (£5,282,497)        | (£3,776,102)        |
| Collection Fund Surplus (ctax)                              | (£40,152)           | (£40,152)           | (£50,090)           |
| Council Tax Requirement                                     | £6,117,154          | £6,117,154          | £6,316,795          |
| Council Tax Base  | 27,734              | 27,734              | 28,004              |
| Council Tax Band D  | £220.57             | £220.57             | £225.57             |
| Council Tax Band C  | £196.07             | £196.07             | £200.51             |

## 4.11 Financial Security Targets Future Years

4.11.1 The Financial Security target for 2023/24-2025/26 was revised as a result of the further service pressures identified in the January report (section 4.3), however the increase in on-going costs reported in Table 7 has meant a small revision to the 2024/25 target as shown below, (an increase of £20K on the previous target). This will need to be reviewed at the next MTFS update to ensure firstly that there is a zero draw or a contribution to balances by 2024/25 and secondly to reflect any further impacts of COVID on the General Fund.



4.11.2 This savings target is based on the following pressures and funding assumptions being realised. An on-going continuation of parking and garage income losses as estimated for 2022/23 would increase required savings by circa £1Million, more than doubling the MYMC target for the year.

| Table 10-Rationale for Savings Target       | 2022/23           | 2023/24         | 2024/25         | 2025/26         |
|---|-------------------|-----------------|-----------------|-----------------|
| <b>Pressures above the base budget:</b>     |                   |                 |                 |                 |
| Homeless costs                              | £410,000          | £310,000        | £310,000        | £60,000         |
| Car Parking losses                          | £719,760          | £0              | £0              | £0              |
| Garage rental losses                        | £265,720          | £0              | £0              | £0              |
| Commercial rent bad debt provision          | £129,601          | £120,000        | £120,000        | £120,000        |
| Contribution to income equalisation reserve | £150,000          | £100,000        | £0              | £0              |
| <b>Total</b>                                | <b>£1,675,081</b> | <b>£530,000</b> | <b>£430,000</b> | <b>£180,000</b> |
| <b>Funding increases:</b>                   |                   |                 |                 |                 |
| Additional grant funding in settlement      | (£292,730)        | (£120,000)      | (£120,000)      | £0              |
| <b>Net Pressures</b>                        | <b>£1,382,351</b> | <b>£410,000</b> | <b>£310,000</b> | <b>£180,000</b> |

4.11.3 Savings targets beyond 2022/23 are predicated on an improving position for both garage and car parking income and a reduction in homeless costs. There are other risks in addition to those shown above which are summarised below.

| <b>Expenditure and Income</b> | <b>Table 11 – Risks to Financial Resilience</b>  | <b>Risk (to increase cost)</b> |
|-------------------------------|--|--------------------------------|
| <b>Inflation</b>              | supply chains issues have led to scarcity of materials and HGV drivers, which impact on the cost of service delivery   | high                           |
|                               | 2021/22 pay award rejected by the unions, 2022/23 pay inflation could increase with as a result of general inflation increases                                     | high                           |
|                               | Projections for inflation of CPI at 4% will exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services.                             | high                           |
|                               | The National insurance increase announced for social care will increase contractual commitments  | high                           |
| <b>COVID</b>                  | The cost of COVID maybe on-going to the Council as a result of higher homeless costs and lower fees and charges  | high                           |
|                               | The impact of COVID on the Council's leisure provider may lead to requests for further support above that given in 2020/21   | high                           |
| <b>Core funding</b>           | The government has signalled a business rate reset in which current gains could be removed through a higher tariff applied to business rates retained              | high                           |
|                               | The Fair Funding review could reduce the level of funding deemed by the government to be required by the Council   | Medium                         |
|                               | Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis | high                           |
|                               | There is uncertainty around future years government funding with only a high level three year settlement figure announced in the budget                            | high                           |

4.11.4 Due to the level of risk outlined above and the assumptions that the Council's three main income streams garages, commercial rents and car parking will in the main achieve pre-2020/21 levels beyond 2022/23, the CFO now recommends that a higher level of savings are identified up to a value of £500K to be allow the Council flexibility over which options could and should be implemented if the General Fund financial resilience reduces and also to consider whether to commence efforts to meet the estimated 2023/24 MYMC

target earlier. The Executive will be updated on possible options at the June 2022 Executive meeting.

- 4.11.5 The MYMC savings options going forward are anticipated to be driven through the Transformation and Commercial and Insourcing Strategy. But if sufficient savings or the timing of savings doesn't coincide with the required target, then the probability of further service reductions is likely as the Council's ability to deliver efficiency savings has diminished.

#### **4.12 Risk Assessment of General Fund balances**

- 4.12.1 The General Fund balances have been risk assessed for 2022/23 and the minimum level of balances required is £3,471,038, unchanged from the January report (£3,653,529, 2021/22)
- 4.12.2 The risk assessment of balances includes amounts for general overruns in expenditure and losses of income (1.5% of the gross value) and in addition for specific risks.
- 4.12.3 The impact of COVID on fees and increased costs is included in the risk assessment with an additional £1Million allocated, (£750K fees and £250K costs) in addition to that assumed within the budget.

#### **4.13 General Fund Reserve Projections**

- 4.13.1 General Fund balances are projected to be £3.46Million by 2025/26 which means a reduction of £2.9Million from balances held at 1 April 2021.

| <b>Table 12 GF Balances £'000</b>              | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Revised Balances at 31 March each Year:</b> | (£6,401)       | (£4,942)       | (£3,829)       | (£3,349)       | (£3,349)       |
| <b>use of balances</b>                         | £1,459         | £1,113         | £480           | (£0)           | (£117)         |
| <b>General fund Balance 1 March</b>            | (£4,942)       | (£3,829)       | (£3,349)       | (£3,349)       | (£3,466)       |

- 4.13.2 The 2022/23 projected year end balances are £3,829,140, (January 2022 report was £3,703,005) which is £358,102 above the risk assessed balances of £3,471,038. This is considered to be only a minimal cushion above the assessed level of reserves, however the risk assessed balances does include £1Million for COVID fee losses and additional costs. This further enforces the recommendation in paragraph 4.11.4 to identify £500K of further potential savings.

#### **4.14 Contingency Sums**

- 4.14.1 Members will recall that a Contingency Sum needs to be determined as part of the Budget and Policy Framework in order to avoid the need for all supplementary estimates to be considered by Council during the course of the year. This contingency sum constitutes an upper cumulative limit during the financial year within which the Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for 2022/23 which remains unchanged from

the current year, however due regard will need to be given to breaching minimum balances.

4.14.2 In addition to the delegations the Council is retendering to the leisure contract as identified in paragraph 4.2.9 will be awarding the new leisure contract. The estimate size and length of the contract means this will be an Executive decision.

#### 4.15 Allocated Reserves

4.15.1 The allocated reserves as at 31 March 2023 are estimated to be £3.877Million, of which £1.16Million relates to unrealised 2021/22 and 2022/23 business rate gains. The allocated reserves are summarised in the following table.

| <b>Table 13 Movements to/from Allocated Reserves £'000</b> |                                   |  |   |  |   |
|--|-----------------------------------|--|---|--|---|
| <b>Allocated Reserve</b>                                   | <b>Balance as at 1 April 2021</b> | <b>Anticipated transfer to/from reserves</b> | <b>Forecast balance as at 31 March 2022</b> | <b>Anticipated transfer to/from reserves</b> | <b>Forecast balance as at 31 March 2023</b> |
| New Homes Bonus  | (£469)                            | £230   | (£239)                                      | £234   | (£5)  |
| Transformation Reserve                                     | (£330)                            | £0   | (£330)                                      | £230   | (£100)                                      |
| Business Rates Reserve                                     | (£1,645)                          | £627   | (£1,017)                                    | (£145)                                       | (£1,162)                                    |
| Business Rates Reserve S31 grants                          | (£9,059)                          | £5,282                                       | (£3,776)                                    | £3,776                                       | £0  |
| Homeless and Rough Sleeper reserve                         | (£370)                            | £193   | (£176)                                      | £0   | (£176)                                      |
| Regeneration Assets  | (£1,017)                          | £353   | (£664)                                      | £40  | (£624)                                      |
| Insurance Reserve  | (£76)                             | £65  | (£11)                                       | £0   | (£11)                                       |
| Regeneration Fund (SG1)                                    | (£746)                            | £206   | (£540)                                      | £295   | (£245)                                      |
| Town Centre  | (£81)                             | £0   | (£81)                                       | £0   | (£81)                                       |
| Planning Delivery Grant                                    | (£65)                             | £0   | (£65)                                       | £0   | (£65)                                       |
| Income equalisation reserve                                | (£8)                              | (£250)                                       | (£258)                                      | (£150)                                       | (£408)                                      |
| <b>Total</b>   | <b>(£13,864)</b>                  | <b>£6,707</b>                                | <b>(£7,158)</b>                             | <b>£4,280</b>                                | <b>(£2,877)</b>                             |

4.15.2 The use of reserves does not take into account any use of the Income Equalisation reserve which may be required in 2022/23, particularly if fee income is impacted by COVID. The NDR reserves balances are based on the level of business rates as set out in section 4.7.

4.15.3 The SG1 Regeneration reserve balance is projected to total £245K by the 31 March 2023 and is likely to need additional funding from 2023/24 onwards and business rate gains could be utilised to do this.

#### 4.16 Chief Finance Officer's Commentary

4.16.1 The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's

financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988). This commentary is given in light of these statutory responsibilities.

4.16.2 The Council has evolved its budget strategy to meet multiple challenges as set out in this report in paragraphs 3.6 -3.7. The financial strategy to deal with this is the 'Making Your Money Count' (MYMC) strand of the 'Future Town Future Council' programme.

4.16.3 Officers regularly update the MTFS to ensure that a clear financial position for the Council can be demonstrated over the next five years. This medium term view of the budget gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. The MYMC year round approach to identifying budget options means that work is on-going throughout the year to bridge the gap.

4.16.4 The Council has taken significant steps over recent years to balance its budget but as yet does not meet the principle aim of the MTFS to: 'achieve an on-going balanced budget until by 2024/25 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'.

4.16.5 The impact of COVID has increased financial risk and an update to the June 2022 Executive is planned to give an early indication if further financial resilience measures are required in year. This has been a difficult budget to set, particularly when considering the need to increase fees and charges when the economy is still impacted by COVID versus reducing services and making savings. The financial resilience measures taken/for approval which increase the security of the Council's position, are:

- A June 2022 General Fund MTFS update to the Executive.
- A risk assessment of balances to ensure general reserves held take into account increased risk including an increase for further COVID losses.
- The establishment of an income equalisation reserve (£408,000 by 31 March 2023) which can be returned to the General Fund if fees and charges are lower than projected.
- Reduce the use of reliance on Revenue Contributions to Capital (RCCO) by identifying sites for disposal and using capital receipts rather than revenue (September 2020 MTFS report).
- Identification of a sufficient level of on-going MYMC options to ensure General Fund balances are above or at the minimum level required for 2022/23.
- Use of any business rate gains only when realised and ring fenced to maintain the financial resilience of the General Fund and thereafter FTFC priorities.
- A transformation programme to deliver savings from 2023/24 onwards.

4.16.5 There is a zero draw on balances projected in 2024/25, however there is a significant draw on balances through the MTFS period and a need to deliver savings throughout the MTFS timeframe.

4.16.6 The current projections of balances and the measures the Council has taken to date, and as set in this report, have meant the level of balances projected are sufficient to set the 2022/23 budget, if all options included in the report are approved. However the CFO considers that options totalling £500,000, as set out in paragraph 4.11.4, are brought forward in the June 2022 MTFS update report should the level of reserves subsequently be projected to be lower due to further COVID losses and/or other pressures, in order to improve financial resilience.

4.16.7 While delivering one of the most difficult budgets, the Council is also continuing with its ambitious programmes to transform the town centre and at the same time improve the housing market in Stevenage. Both these priorities may require further investment over time which potentially presents a risk to the budget position subject to the funding sources which are available. There is a ring fenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

#### **4.17 Leaders Financial Security Group**

4.17.1 The LFSG chaired by the Portfolio Holder for Resources, on behalf of the Leader and with cross party representation, met on three occasions in October and November to consider the proposals for efficiencies, commercial and fees and charges. There was majority support by LFSG for the efficiency, commercial and fees and charges options. The comments from LFSG were outlined in the December 2021 MYMC report.

4.17.2 LFSG supported the higher fees and charges levels (option 3) (majority view) and as approved at the December 2022 Executive also recognising the need to balance fee increases versus service reductions.

4.17.3 LFSG also supported the MYMC options with the exception of the reduce options which were not finalised at the time the group met. However a majority supported a reduction to the cost of play (67%) when asked to rank five service areas where a saving (if the Council had to make a reduction to balance the budget) from a discretionary area of spend.

4.17.4 There were a number of questions and points made on savings options and fees and charges including:

- Advertising for car park season tickets is not widely known and needs to be better promoted.
- The group asked officers to review Corey's Mill parking to be better aligned with NHS pricing and requested a further option (option 3).
- The group asked if the stay period at Corey's Mill could be extended beyond the three hours and were advised a traffic control order would be required. A shorter parking period was required to ensure that there was parking available at the site, however the AD Planning & Regeneration sort to look at the possibility of extending the stay time to four hours during 2022/23.
- The free parking Saturdays were questioned as to their ability to increase footfall into the Town Centre and the AD Planning & Regeneration

undertook to see if the monetary value of lost parking income could be better utilised to increase town centre footfall

- Members recommended that EV charging should be a chargeable service and should not be offered free on-street or in car parks, this would be a growing cost as the number of electric powered cars increases.
- The increase in pre-application fees was queried as to the level of increase in fees. Officers explained that a review by the Commercial Manager working with the service had revised charges based on recovering the staff costs to deliver the advice.
- LFSG supported the removal of discounts on parking (through the use of validators) for a number of hotels and other businesses in the town, but also suggested this should not be available for the leisure providers, this was not recommended as part of the officer proposal.
- Members asked for a list of payments to charities and organisations, which is being compiled for review by LFSG (for contributions over £5K).
- One Member asked whether recycling was promoted enough and whether the Council was achieving income from the sale of recyclates. LFSG were advised that recyclate pricing had been suppressed but had recovered during 2021/22, but was subject to significant price fluctuations.

#### **4.18 Consultation**

- 4.18.1 In October and November 2021, the Council undertook a survey among residents into how they perceive Stevenage Borough Council services and their local area. The information gathered from residents helps to provide insight on their priorities for the town, the extent to which the Council is perceived to provide value for money and how well services are meeting resident expectations. The full findings of the survey are still being analysed and service areas are beginning to develop actions where appropriate in response.
- 4.18.2 The full findings of the survey will be shared with the Executive and the Cooperative Neighbourhood Board meetings throughout February. This will enable all Councillors to understand perceptions and findings for the town as a whole, and specific priorities and challenges in local areas and help shape how the Council responds to the findings. Ahead of this, the outcomes from key questions on preferred ways for the Council to achieve financial resilience as a result of cuts to the funding it receives, and views on whether the council tax paid to Stevenage Borough Council provides value for money, are shared below given their direct relevance to the budget setting process.
- 4.18.3 The 2021/22 Residents survey shows that resident's preferences are firstly to reduce costs through more on line services. Moving services on line was ranked the highest (out of five options in 2021 and 2017) with 41% of those responding to the survey indicating that this was their preferred option; this ranking has increased from 2017 and supports proposals being developed via the Transformation programme as a method to reduce costs and improve customer satisfaction / response times.

| <b>Please tell us your order of preference for each of the following options by ordering them 1 to 5</b>           | <b>2021 rank</b> | <b>2017 rank</b> | <b>1st</b> |
|--|------------------|------------------|------------|
| Reduce time and money spent on paperwork by interacting with more residents and customers online                   | 1                | 1                | 41%        |
| Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible | 2                | 3                | 24%        |
| Spend less by reducing or cutting the services that you tell us are not a priority                                 | 3                | 2                | 16%        |
| Make money by selling more of our services to residents and customers  | 4                | 5                | 9%         |
| Increase our element of Council Tax (for example from 51p per day to 55p per day)                                  | 5                | 4                | 10%        |

4.18.4 The 2021 residents' survey asked residents whether the council tax represented value for money and whilst those strongly disagreeing have increased (from 7% to 15%), overall 52% (up from 46% in 2017) agree it is value for money (as shown in the chart below).

|  | <b>Responses</b>         | <b>2021</b> | <b>2017</b> | <b>2015</b> | <b>2013</b> | <b>2011</b> |
|--|--------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?</b> | Strongly agree           | 16%         | 10%         | 7%          | 6%          | 6%          |
|  | Tend to agree            | 36%         | 36%         | 39%         | 39%         | 40%         |
|  | Neither                  | 18%         | 30%         | 30%         | 35%         | 33%         |
|  | Tend to disagree         | 10%         | 17%         | 18%         | 17%         | 16%         |
|  | Strongly disagree        | 15%         | 7%          | 6%          | 5%          | 5%          |
|  | Don't know (DNRO)        | 4%          |             |             |             |             |
|  | <b>Summary: Agree</b>    | <b>52%</b>  | <b>46%</b>  | <b>46%</b>  | <b>45%</b>  | <b>46%</b>  |
|  | <b>Summary: Disagree</b> | <b>26%</b>  | <b>24%</b>  | <b>24%</b>  | <b>22%</b>  | <b>21%</b>  |

4.18.5 The General Fund MTFS has a set of principles used for financial purposes, one of which is to ensure that resources are aligned with the Council's Corporate Plan and Future Town Future Council (FTFC) priorities and that growth is limited to the Council's top priorities. The Corporate Plan is included in the Budget and Policy Framework and is therefore subject to Council approval.

4.18.6 The current FTFC Co-operative Corporate Plan was approved as a five year plan from 2016 to 2021 and extended for a further year at the February 2021 Council. During 2021 the FTFC priorities have been revised from the eight priorities to five.

4.18.7 Members and officers have continued to focus on responding to the COVID-19 pandemic. In accordance with the Council's Budget and Policy Framework Procedure Rules, the Council be recommended to continue the adoption of the current Co-operative Corporate Plan, subject to further review in Autumn 2023.

## **4.19 Feedback from Overview and Scrutiny Committee**

- 4.19.1 Overview and Scrutiny considered the Draft General Budget at a meeting held on the 25 January 2022. The CFO reminded Members that the business rate gains above the baseline assessment by government would be held in an allocated reserve until they were realised at the end of each relevant year.
- 4.19.2 A Member of the committee commented on the difficulties of setting the budget in the economic climate for Local Authorities but welcomed the use of the one off business rate gains for the Council's priorities of Regeneration and Co-operative Neighbourhood working.

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

- 5.1.1 The report deals with Council finances and as such all implications are contained in the main body of the report.

### **5.2 Legal Implications**

- 5.2.1 The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with contributions from reserves, in order to determine a net budget requirement to be met by government grant and council tax.

### **5.3 Policy Implications**

- 5.3.1 The report deals with Council policy and as such all implications are contained in the main body of the report.

### **5.4 Staffing and Accommodation Implications**

- 5.4.1 The 2022/23 budget options include staff implications and these are summarised in paragraph 4.2.6. All the options are subject to consultation and the financial outcomes assumed may change as a result of that consultation taking place.
- 5.4.2 In compliance with SBC's Organisational Change Policy any proposals involving potential redundancies will be fully consulted on with the trade unions and affected staff for a minimum 30-day consultation period, and again may therefore change depending on the outcomes of the consultation process.
- 5.4.3 Officers will continue to work in an open and transparent way with the trade unions, and will provide them with the information required, in accordance with statutory requirements and best employment practice, as soon as this is available. The trades unions will be provided with all relevant information in accordance with the Council's legal obligations.

5.4.4 Wherever possible staff who find themselves in a redundancy situation will be redeployed to a suitable alternative post. If that redeployment results in the staff affected moving into a lower-graded, post pay protection will apply for a 12-month period.

## 5.5 Equal Opportunities Implications

5.5.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:

- Remove discrimination, harassment, victimisation and any other conduct that its unlawful under this Act
- Promote equal opportunities between people who share a protected characteristic and those who do not
- Encourage good relations between people who share a protected characteristic and those who do not.

5.5.2 These duties are non-delegable and must be considered by Council when setting the Budget in February 2022.

5.5.3 To inform the decisions about the Budget 2022/23 officers have begun Equality Impact Assessments (EqIAs) for service-related savings proposals. These are currently in draft form, since they must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2022. Where there is a potentially negative impact, officers will collect further information and identify actions to mitigate the impact as far as possible. These EqIAs are summarised and attached in **Appendix D** with further information on the process to date and planned activity. EqIAs for future years' savings will be presented alongside the draft Budget for the relevant year.

5.5.4 An overarching EqIA will also be developed once individual EqIAs are finalised for Council in February 2022. This will consider the collective impact of the Budget on people with protected characteristics.

5.5.5 As well as considering the impact on service delivery and equality, an EqIA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqIA, will be reviewed periodically with the Council's Strategic Leadership Team. All staff impacts are summarised at **Appendix E**.

5.5.6 The staff EQIA recognises that the options identified in Appendix A impact adversely on woman staff members.

## **5.6 Risk Implications**

5.6.1 There are risk implications to setting a prudent General Fund budget if the Financial Security options identified in Appendix A are not achieved and crucially if future options are not found to meet the targets outlined in the report.

5.6.2 There are a number of risks that have been identified and these are set out in the report.

## **5.7 Climate Change Implications**

5.7.1 The Council declared a climate change emergency at the June 2019 Council meeting with a resolution to work towards a target of achieving net zero emissions by 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Councils carbon footprint.

5.7.2 This report recommends a growth bid for a Climate Change post to support the Council's resolution to meet the 2030 date.

## **6.0 BACKGROUND DOCUMENTS**

BD1 Draft General Fund Report January Executive 2022

BD2 General Fund Medium Term Financial Strategy (2021/22-2025/26)

BD3 Making Your Money Count Options December 2021 Executive

## **7.0 APPENDICES**

Appendix A General Fund and HRA Budget Options 2022/23

Appendix B Fees and Charges 2022/23

Appendix C Risk Assessment of Balances 2022/23

Appendix D Equalities Impact Assessment overview

Appendix E Staff Equalities Impact Assessment

Appendix F Draft Council Tax resolution

Appendix G Robustness of Estimates

Appendix H Summary General Fund Budget

