
	COUNCIL
Meeting	
Portfolio Area	RESOURCES TRANSFORMATION & ICT
Date	23 February 2023



DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2023/24

KEY DECISION

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1 PURPOSE

- 1.1 To consider the Council's draft 2023/24 General Fund Budget and draft proposals for the 2023/24 Council Tax and Council Tax Support scheme.
- 1.2 To consider the projected 2022/23 General Fund Budget

2. RECOMMENDATIONS

That the following proposals be recommended to Council on 23 February 2023:

- 2.1 The 2022/23 revised net expenditure on the General Fund of £11,368,750 is approved as set out in paragraph 4.12.1.
- 2.2 Members note the inclusion of the 2023/24 Fees and Charges of £325,840 including the 5% increase in market rents approved for inclusion at the December Executive, (Appendix B to this report), in the draft 2023/24 budget.

- 2.3 The draft General Fund Budget for 2023/24 of £12,463,780, with a contribution from balances of £572,268 and a Band D Council Tax of £232.31, (assuming a 2.99% increase) and as summarised in Appendix H.
- 2.4 The updated position on the General Fund Medium Term Financial Strategy (MTFS) as summarised in section 4.14 be noted.
- 2.5 The minimum level of General Fund reserves of £3,419,753, in line with the 2023/24 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 2023/24, (reflecting the level of balances available above the minimum amount).
- 2.7 Approval of the 2023/24 Council Tax Support scheme as set out in section 4.4 to this report.
- 2.8 The 2023/24 Making Your Money Count (MYMC) options as set out in section 4.9 and Appendix A, totalling £1,341,999 and £32,502 (cost) for the General Fund and HRA respectively.
- 2.9 The Growth options included in section 4.10 are approved for inclusion in the 2023/24 General Fund (£73,150) and HRA (£56,892) budgets.
- 2.10 The pressures identified in sections 4.2 to this report are noted.
- 2.11 Members note for 2023/24 a £300,000 budget to pump prime Transformation has been included in the General Fund budget to support efforts to realise the savings targets as set out in section 4.7.
- 2.12 Members approve the use of the business rate gains only once they have been realised and ring fence their use to maintain the financial resilience of the Council.
- 2.13 The comments from Overview and Scrutiny as set out in section 4.18 be noted
- 2.14 That Members note the Equalities Impact Assessments appended to this report in Appendices D and E.
- 2.15 Key partners and other stakeholders are consulted and their views considered as part of the 2023/24 budget setting process.

That Council note that the Executive approved the following recommendation

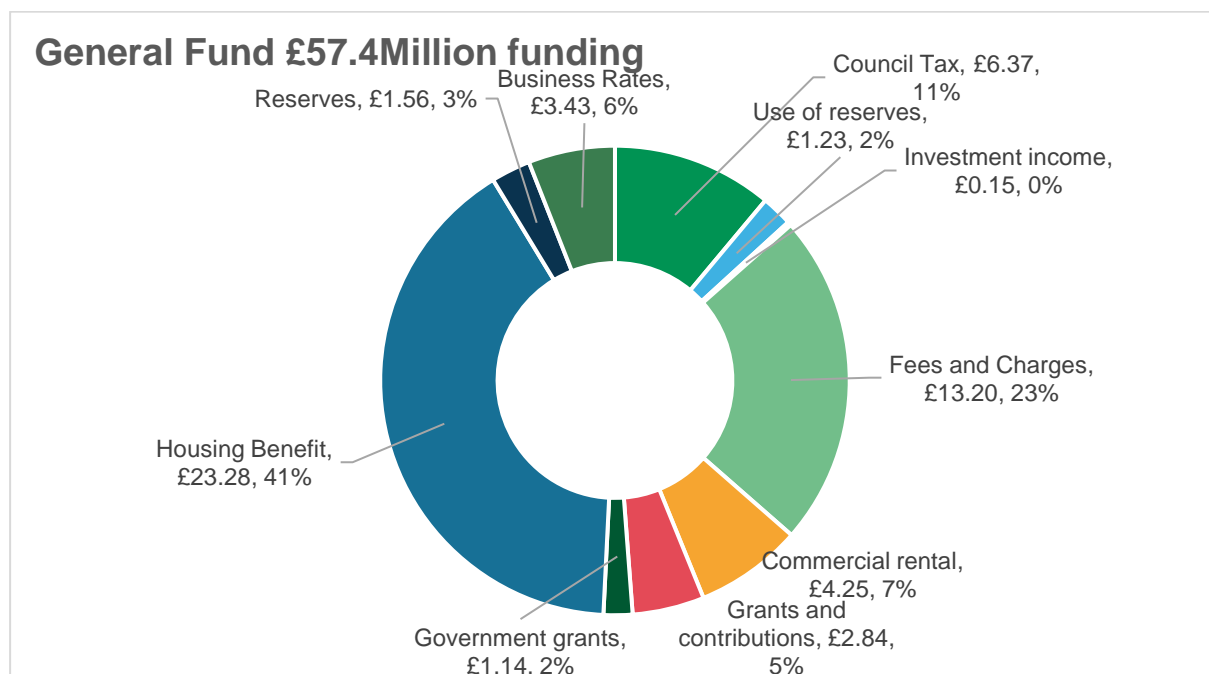
- 2.16 That the discretionary element of the funding for the Local Council Tax Top Up Scheme be awarded as set in paragraph 4.5.9 and any revisions to the scheme be delegated to the Strategic Director (S151 Officer) after consultation with the Portfolio Holder for Resources ICT and Transformation.

3. BACKGROUND

- 3.1 This report is an update on the Council's Draft General Fund and Council Tax setting report 2023/24 presented to the January 2023 Executive. This report gives an update on the 2022/23 and 2023/24 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

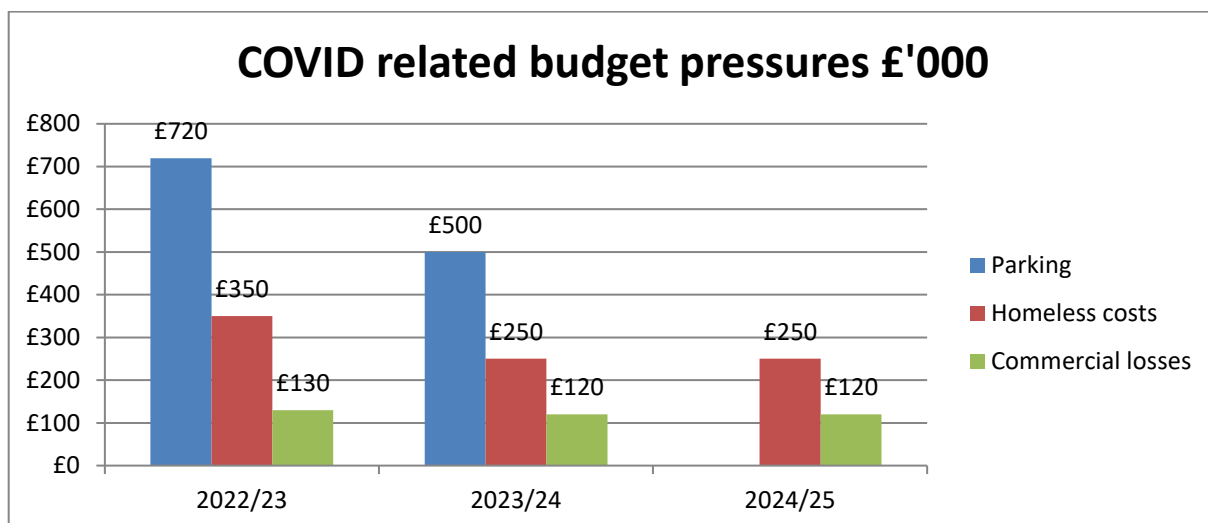
- 3.2 As set out in the previous budget reports to this Committee, the 2023/24 budget setting process has been undertaken during a very financially challenging period for the public sector as well as the broader national economy. The Council has weathered the operational and financial impacts of COVID during 2020/21-2021/22 which resulted in a net cost to SBC of circa £4Million, this cost was incurred whilst the Council continued to deliver the majority of its services and progressing a range of major regeneration and housing development projects. The financial position more recently has been exacerbated by the current significant financial challenge of the 'Cost of Living' crisis which has resulted in a dramatic increase in inflationary costs as set out in the September 2022 Executive Medium Term Financial Strategy (MTFS) report and again in the subsequent MYMC and Draft General Fund budget reports.
- 3.3 The January 2023 Executive budget report set out the provisional finance funding settlement which totalled £3.4494Million and was £106K more than the amount assumed in the MTFS. At the time of writing the February Executive report the final settlement had not been published. This report to Council has been updated to include those numbers, together with minor revisions to the allocated reserves and the final council tax resolution (including the County Council and Police and Crime Commissioner).
- 3.4 The original 2022/23 SBC General Fund net budget of £11.15Million (gross £57Million) is funded as set out in the chart below.



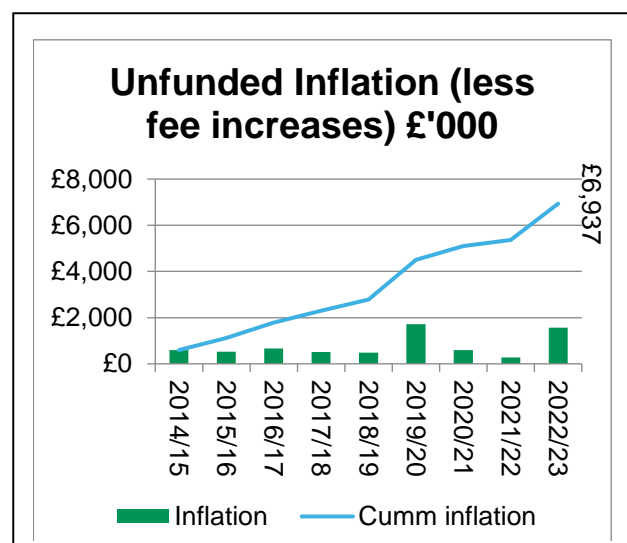
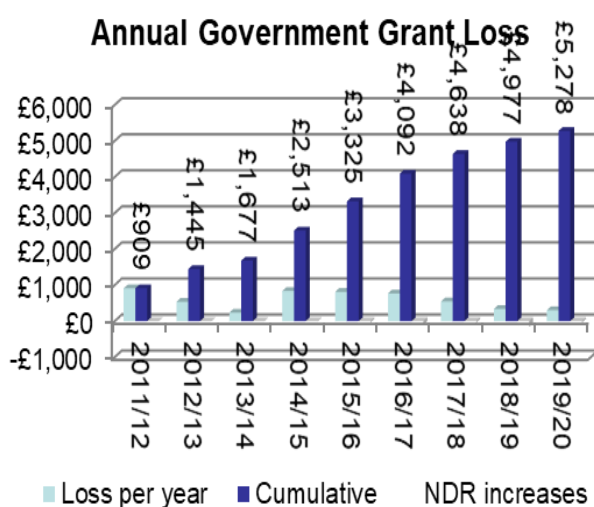
Note: government funding includes a £500K of Homeless funding, The income shown excludes HRA income (£7Million) as this has been treated reducing expenditure.

- 3.5 The 2022/23 budget shown above still included COVID related pressures for income loss (£850K) and additional costs (£350K) totalling £1.2Million. The September COVID MTFS (September 2022) assumptions are summarised in

the chart below. In addition to these assumptions, parking income losses have subsequently been reported to be a further £300K lower than the original budget.



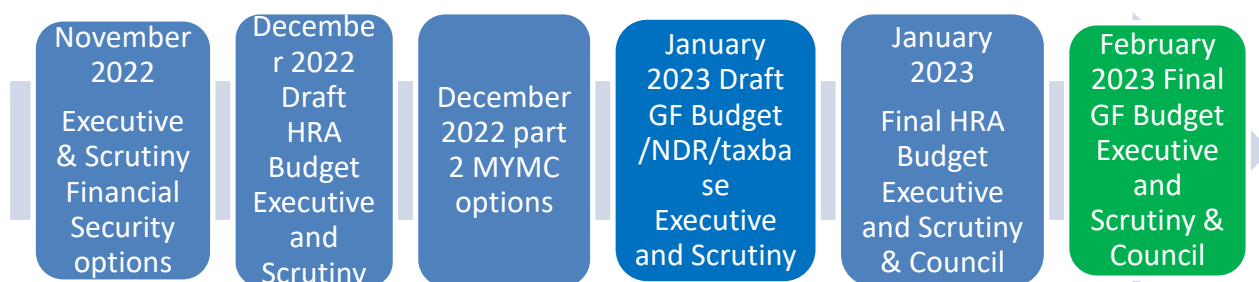
- 3.6 The ability to set a balanced budget and at the same time retain the same level of services has become harder due to the combined financial impacts of government grant reduction (£'000) and absorbing inflation (see below) of over £12Million.



- 3.7 New pressures, a move to less certainty over funding, government policy changes with a financial impact, COVID losses and now high inflation make it impossible for services to be funded at their previous levels. At the same time there has been a transition towards more inherent risk within local government funding, where resources can fluctuate significantly between years, such as new homes bonus or business rates and annual specific service grant awards.
- 3.8 The District Council's Network (DCN) have commented that the 2022 finance policy statement contained good news that all councils will be guaranteed an increase of at least 3% in their spending power next year. This announcement on top of the previously announced flexibility for district councils to raise council

tax by 3%, helped a little, but it still means that district councils face a real-term cuts in their spending power next year as inflation outstrips the new funding support. This comes at a time when demand for a range of important services, such as housing support and homelessness prevention, is rising. Income from fees and charges remains below pre-pandemic levels. District councils have warned that they faced a collective funding gap of at least £500Million in 2023-24. That's equivalent to almost 15% of their net budget. As noted above the new support only covers a small proportion of the gap.

- 3.9 Given the magnitude of savings required for 2023/24 a one year budget setting process has once again been adopted to help reduce the need for further erosion of services it is critical that the Transformation and the Co-operative Commercial insourcing Strategy along with the Council's services and assets are reviewed during 2023/24 to ensure the Council continues to be able to function and still deliver the required future years savings.
- 3.10 The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period. The timescale required to implement this process is outlined below.



4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Final Government Finance Settlement 2023/24

On 19 December 2022, the provisional local government finance settlement 2023/24 was received. The settlement was for two years and was based on the Spending Review 2021 (SR21) funding levels. The National Core Spending Power figures showed an increase of 9.4% for 2023/24 (provisional settlement 9.2%), however this includes assumptions about increases in council tax, which increases core spending power by 6.3% nationally (6% provisional settlement). The final settlement was received on 7 February 2023 and there is a small overall change with an increase in precept assumptions and an increase in rural service grant, service grant and income guarantee.

Finance Settlement	2022-23 £Million	2023-24 Prov. £Million	Var. £Million	2023-24 Final £Million	Var. £Million	% change
Settlement Funding Assessment	£14,882	£15,671	£789	£15,671	£0	
Under-indexing the business rates multiplier	£1,275	£2,205	£930	£2,205	(£0)	

Finance Settlement	2022-23 £Million	2023-24 Prov. £Million	Var. £Million	2023-24 Final £Million	Var. £Million	% change
Council Tax Requirement exc. parish precepts	£31,922	£33,838	£1,916	£33,928	£90	6.3%
New Homes Bonus	£556	£291	(£265)	£291	£0	
Services Grant	£822	£464	(£358)	£483	£19	
Grants rolled in (including council tax support)	£239	£0	(£239)	£0	£0	
Funding Guarantee	£0	£136	£136	£133	(£3)	
Rural Services Delivery Grant	£85	£85	£0	£95	£10	
Improved Better Care Fund	£2,140	£2,140	£0	£2,140	(£0)	
Social Care Grant	£2,346	£3,852	£1,506	£3,852	(£0)	
Market Sustainability and Fair Cost of Care Fund	£162	£0	(£162)	£0	£0	
ASC Mkt Sustainability and Improvement Fund		£562	£562	£562	£0	
Lower Tier Services Grant	£111	£0	(£111)	£0	£0	
ASC Discharge Fund		£300	£300	£300	£0	
Core Spending Power	£54,541	£59,544	£5,003	£59,661	£117	9.4%

4.1.3 The main points from the settlement are set out below:

- The lower Tier grant has not been continued into 2023/24, (Stevenage received £177,337 in 2022/23) and the 2023/24 Service Grant has been reduced for the Government's reversal of the Adult Social Care National Insurance (1.25%).
- The council tax referendum limit will be 3% or £5 on a Band D, whichever is the greater for local authorities, with social care authorities allowed an additional 2% social care precept unchanged from the provisional settlement.
- The government committed to an increase for Councils in business rates income in line with September CPI of 10.1% and the multiplier allowance only included a 3.74% increase, so there is a further increase required within the Under-Indexing Business Rates Multiplier funding of 6.26%.
- New Homes Bonus (NHB) 2023/24 allocations have been announced at £291Million, which represents a reduction of £265Million from the current year. There have been no technical changes to the scheme for next year, but with just a single year's new allocation made and no legacy payments (contributing to the year-on-year national reduction). The Stevenage NHB allowance for 2023/24 is £86,736 which is a one off payment).
- Top Up/Tariff Adjustments ((Negative Revenue Support Grant (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 the Council in 2023/24

4.1.4 A summary of the provisional and final settlement versus December 2022 MTFS assumptions are shown in the table below the settlement was £106,302 higher than estimated in the December MTFS with no net change between the provisional and final settlements.

	December MTFS	Provisional Settlement	Final	variance to Provisional
Business Rates	(£2,926,302)	(£ 2,770,756)	(£2,770,756)	£ 0
Under indexing	(£ 186,035)	(£ 454,589)	(£ 454,589)	£ 0
Total Business Rates	(£3,112,337)	(£ 3,225,345)	(£3,225,345)	£ 0
New Homes Bonus (NHB)	(£ 82,862)	(£ 86,736)	(£ 86,736)	£ 0
2022-23 Services Grant	(£ 88,669)	(£ 99,927)	(£ 104,040)	(£ 4,114)
3% guarantee		(£ 82,513)	(£ 78,399)	£ 4,114
Council Tax Support	(£ 104,350)			£ 0
Total	(£3,388,218)	(£ 3,494,520)	(£3,494,520)	£ 0

4.2 Pressures and Gains currently assumed in the General Fund 2023/24

4.2.1 The General Fund budget assumptions for 2023/24 now include growth pressures of £2.762Million and budget reductions of £287K, as set out below.

New Pressures	2023/24	Comments
Car Park income losses	£600,000	The November MTFS had losses of £700K for 2023/24 (with £200K already removed from the base budget), however based on current projections for 2022/23, next year's projection has been amended by £100K. The new Railway station MSCP will become operational in 2023/24 which is anticipated to improve income received.
Garage income losses	£200,000	2023/24 Income will continue to be impacted because of the asbestos issue in the garages, a report has been commissioned to consider what the next steps are for the affected sites.
Inflation pressures	£1,650,084	This is based on the latest projections for utilities and a 3% pay award. The figure shown is net of costs charged to the HRA.
REVISED Homeless costs	£160,000	The cost assumed in 2022/23 was £410K, It is assumed this cost will reduce (with new properties coming on stream), however the Cost-of-Living crisis may cause a surge in demand.
Borrowing costs	£77,310	Increase in borrowing costs for the General Fund based on higher interest rates (assumed 5.5%)

New Pressures	2023/24	Comments
Local Plan survey costs	£75,000	There is a need to complete further work over the next three years for the revised Local Plan. 2024/25 £125K (350K from local plan reserve), 2025/26 £100K. An equivalent amount has been drawn back from the NDR reserve to meet this pressure in both years.
Total Pressures identified	£2,762,394	
New Budget reductions	2023/24	Comments
Investment interest	(£287,005)	This is based on a 4% investment yield for 2023/24. This anticipated to reduce for 2024/25, however this will depend on market reaction to government policy, unchanged from the November 2022 estimate as higher interest rates had already been factored in.

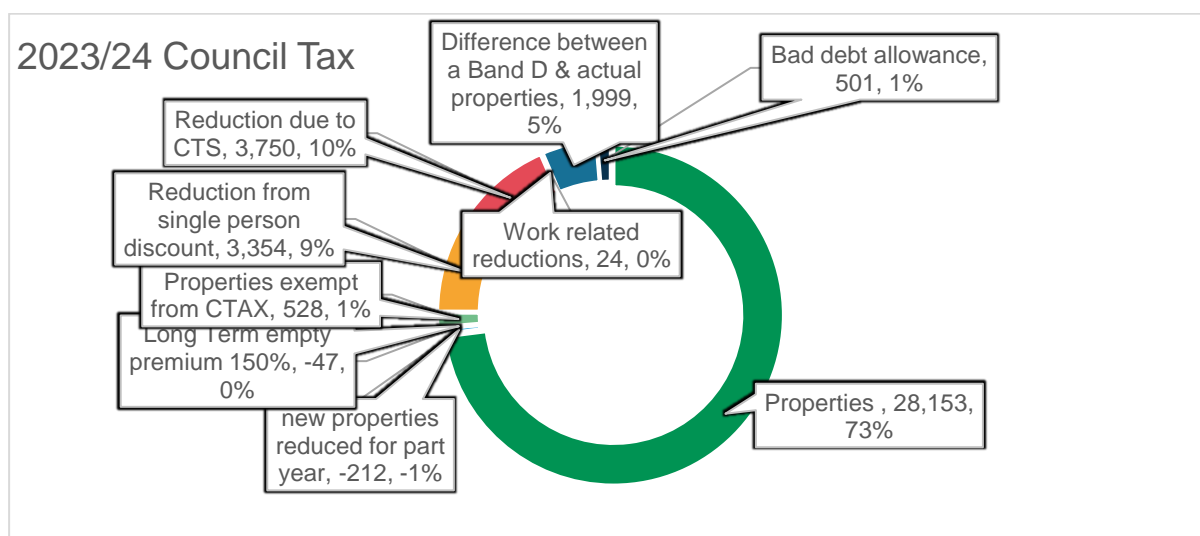
4.2.2 The need to find savings has been exacerbated by:

- Higher inflationary pressures 2022/23 pay award estimated at 2%, actual 5.67%, with a 3% pay award assumed for 2023/24 (previously 2%)
- Higher Utility costs which have increased from £1Million to over £2Million comparing the 2022/23 and 2023/24 original Budgets.

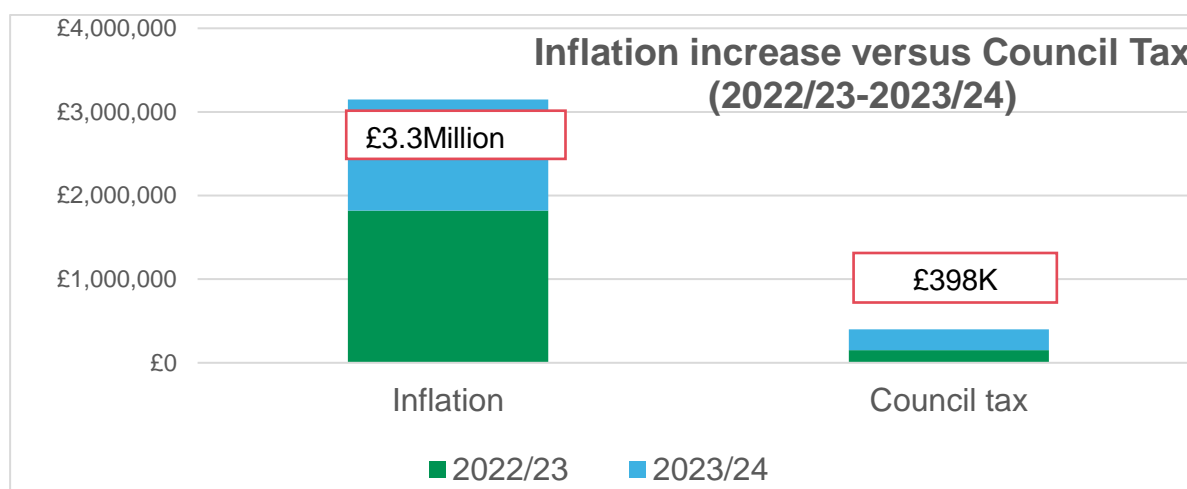
4.3 Council Tax

4.3.1 The Council Tax base report to the December 2022 Executive highlighted an increase in the tax base of 0.53% compared to 2022/23 and includes an increase of 5% in the CTS caseload, (compared to the October 2022 caseload) and known new housing developments.

4.3.2 The impact of discounts and reliefs on the gross tax base or number of properties in Stevenage is summarised in the chart below.



- 4.3.3 The January Draft budget report recommended that Members approve an increase of 2.99% for the Stevenage Borough Council share of the council tax which equates to an additional £223,575 of income. Under the referendum regulations, the County Council (HCC) can increase by 3% along with a further 2% for the Social Care precept and the Police and Crime Commissioner (PCC) can increase their share of council tax by up to £15 on a Band D.
- 4.3.4 The ability to increase council tax by a further 1% (by moving the referendum criteria from 2% to up to 3%) generates an additional £63,505, which falls significantly short of the inflationary pressures identified in this report. Members are recommended to approve a 2.99% increase in Council Tax as part of the savings to close the budget gap for 2023/24.



- 4.3.5 Members should note that SBC only retains a relatively small part of the overall Council Tax raised for the year. To illustrate this, taking a Band C property, (which is the biggest proportion of properties in Stevenage) the relative shares of council tax for a band C property including those proposed for 2023/24 are shown below, with SBC receiving the smallest share at 11.19%.

Authority	2022/23	2023/24*	Cost per week	Increase	Share
Hertfordshire County Council	£1,359.38	£1,427.23	£67.85	4.99%	77.34%
Stevenage Borough Council	£200.51	£206.50	£5.99	2.99%	11.19%
Police Crime Commissioner	£198.22	£211.56	£13.34	6.73%	11.46%
Total	£1,758.11	£1,845.29	£87.18	4.96%	100.00%

**subject to approval provisional figures for all preceptors*

4.3.6 An estimate of the 2.99% increase in council tax for Stevenage Borough Council is summarised in the table below.

Council Tax increase modelled for Stevenage Precept 2023/24				
Council Tax band	2022/23	2.99% increase	Total cost per year	Total cost per week
A	£150.38	£4.49	£154.87	£2.98
B	£175.44	£5.25	£180.69	£3.47
C	£200.51	£5.99	£206.50	£3.97
D	£225.57	£6.74	£232.31	£4.47
E	£275.70	£8.23	£283.93	£5.46
F	£325.82	£9.74	£335.56	£6.45
G	£375.95	£11.23	£387.18	£7.45
H	£451.14	£13.48	£464.62	£8.94

4.4 Council Tax Support

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

4.4.2 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.

4.4.3 The Council must, in the following order, consult with major precepting authorities, (i.e. Hertfordshire County Council and Police and Crime Commissioner (PCC) 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 2023/24 and at the date of writing the PCC had responded .

4.4.4 The current **working age** scheme requires those all on maximum benefit only to pay 8.5% of their council tax bill for the year. This equated to £149.44 for a Band C council home in 2022/23 on the total bill (with an additional 25% discount for a single person) or £2.87 per week.

4.4.5 Members approved a resolution, within the 12 October 2022 Executive Council Tax Support report, to retain the existing scheme for 2023/24. Members are asked to approve the existing scheme uprated to reflect benefit changes for 2023/24.

4.5 Local Council Tax Top Up Scheme (Discretionary element)

- 4.5.1 On the 19 December 2022, the Government announced additional funding for local authorities to deliver support to households already receiving local Council Tax Support (LCTS), whilst also providing Councils with funds to determine a local approach to support other vulnerable households in their area.
- 4.5.2 Stevenage has been provisionally allocated £ 137,677. This is a combined figure for both the mandatory and discretionary element. The final figure will be confirmed as part of the final local government settlement. This is a cash limited allocated which will not be topped up, and unspent funds must be returned to the Government at the end of the scheme.
- 4.5.3 The funding is for the 2023-24 financial year. The guidance states “The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills.”
- 4.5.4 The current LCTS caseload as at 1 December 2022 was 5,190 households. If all received the maximum £25 top up, it would leave just £7,927 for the discretionary scheme.
- 4.5.5 All Working age LCTS households will have a remaining liability in excess of £25, as they are required to pay 8.5% of their liability. As demonstrated below with a band A liability. This means they will all qualify for the maximum £25.00 award.

Property Type	2022/23 Annual charge	8.5% CTS
Band A	£1,318.59	£112.08
Band A with Single Person Discount	£988.94	£84.06

- 4.5.6 The Elderly caseload is subject to a national scheme for LCTS, and accordingly they have their entitlement calculated on 100% of their liability. Those households receiving maximum entitlement will therefore not have a residual balance to pay and also will therefore not receive the £25 top up. It is not possible at this point to identify how many households are in this category.
- 4.5.7 The Government guidance states that it is for local authorities to decide how to treat households that become eligible for LCTS during the financial year. The indicative funds available for the discretionary scheme (£7927) would enable 317 households who become eligible for LCTS during the year to receive the £25 top up.
- 4.5.8 The guidance goes on to say Councils will want to consider using a proportion of their allocation to establish their own local approach to helping economically vulnerable households with council tax bills.

- 4.5.9 The CFO recommends that the discretionary element of the funding for the Local Council Tax Top Up Scheme be awarded based on the proposals set out in the table below.

	Discretionary Scheme recommended for approval
A	In the first instance new LCTS cases awarded from 1 April 2023, with entitlement in 2023/24, (and not previously awarded funds from this or the main scheme), be awarded up to £25 in accordance with the main scheme allocation criteria, until the funding allocation is exhausted. Based on the difference between the LCTS award and the liability relevant to the same period as the award in 2023/24 year.
B	If are any funds remaining in March 2024, the balance be used on Council Tax hardship applications considered during the year until the allocation is exhausted.

4.6 Business Rates Income

- 4.6.1 The financial information setting out the revision to the 2022/23 forecast business rates and the estimate due for 2023/24 is set out in the NDR1 form which must be agreed by 31 January and was delegated to the CFO to complete.
- 4.6.2 The 2022/23 projections have been revised and show the actual SBC share of business rates has reduced by £2.5Million. However, the amounts required to be set aside for the 2017 rating list in the appeals provision can now be reduced, (with the new valuation list from 2023) and be returned to the Collection Fund. The original assumption was to set aside a further £2.2Million in year for appeals, however it is now estimated that £3.7Million can be returned to the Collection Fund. Appeals can take a number of years to be concluded and the revised provision is based on the level of appeals now outstanding, with a sum added for new appeals before the deadline for the 2017 list.

	NNDR 1 2022/23 £	Projection 2022/23 £	Var to NNDR 1 £
Gross Yield	(53,378,335)	(50,740,967)	2,637,368
Reliefs (mandatory/ discretionary)	4,818,762	4,619,583	(199,179)
S31	1,500,000	1,590,269	90,269
Bad Debt	500,000	500,000	0
Cost of Collection	110,758	110,758	0
Appeals	2,221,210	(3,715,625)	(5,936,835)
Total	(44,227,605)	(47,635,982)	(3,408,377)

- 4.6.3 Members should note the 2017 appeals adjustment is a one-off impact for 2022/23. Taking all the NDR adjustments into account, the net impact is a further £856K income gain due to the Council. The impact of this is spread across two financial years, because any changes to the levy and S31 grants are implemented in the year they relate too but amounts due from the Collection Fund are paid based on the original estimate and variations are returned to the General Fund in the following year as set out below.

	Compare 2022/23 Original v Projected			Changes required based on projection	
	NNDR 1 2022/23 £	Projection 2022/23 £	Var to NNDR 1 £	2022/23	2023/24
Net yield	(44,227,605)	(47,635,982)	(3,408,377)		
Stevenage share of yield	(17,691,042)	(19,054,393)	(1,363,351)		
Tariff	15,429,346	15,429,346	0		
Share net of tariff	(2,261,696)	(3,625,047)	(1,363,351)		(1,363,351)
S31 grant payable*	(1,618,319)	(1,822,930)	(204,611)	(204,611)	
Baseline Funding Level	(2,572,439)	(2,572,439)			
Gains before levy applied	(1,307,576)	(2,875,538)			
Gains applicable for levy	(953,326)	(2,375,895)		0	
Levy due 50%	476,663	1,187,948	711,284	711,284	
			0	0	
Retained Business Rates	(3,403,352)	(4,260,029)	(856,677)	506,674	(1,363,351)
Variance				506,674	(1,363,351)
					(856,677)

- 4.6.4 The 2023/24 estimates for business rates have also been calculated. However, Members should note that from the 1 April 2023 business rates have been subject to revaluation as a result of this there has been an increase in Stevenage rateable values by £20Million, meaning an increase in the gross yield before transitional relief or other mandatory or discretionary reliefs of 18.9%. This is likely to trigger further appeals, however at the current time it is difficult to predict what level that will be and they may take a number of years to go through the system.

Business Rates Due	2022/23 Projected	NNDR 1 2023/24 £
Gross Yield	(50,740,967)*	(62,596,456)
Reliefs (mandatory/ discretionary)	4,619,583	5,203,826
transitional Relief given		5,424,796
S31 reliefs	1,590,269	2,694,269
Transitional Relief repaid to Council		(5,424,796)
Bad Debt	500,000	500,000
Cost of Collection	110,758	107,645
Appeals provision	(3,715,625)	2,672,000
Total	(47,635,982)	(51,418,716)

*includes £2.5Million of prior year reductions

- 4.6.5 The amount due to the General Fund is summarised in the table below versus the draft budget assumptions. This shows an estimated increase in NDR income of £449K. The estimates for NDR have had to be calculated manually as the upgrade required to the benefit system could not be completed in time to meet the legal deadline for the NNDR 1 return and the sums included have been calculated using a level of prudence.

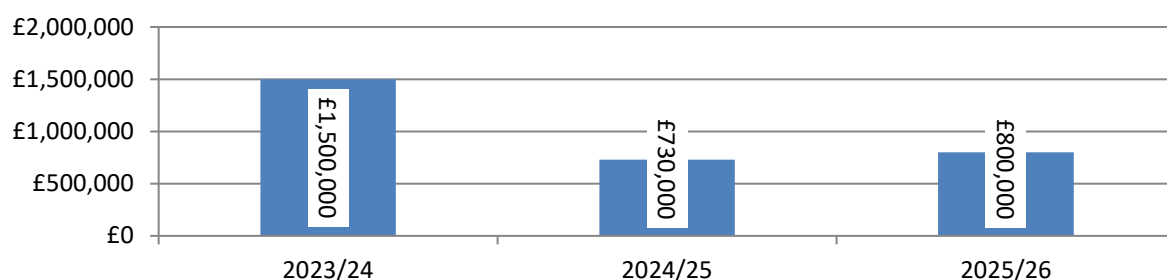
Stevenage Share	NNDR 1 2023/24 £
Stevenage share (40%)	(20,567,486)
Tariff	18,797,044
Share net of tariff	(1,770,442)
S31 grant payable	(2,233,191)
Baseline Funding Level	(2,770,756)
Gains before levy applied	(1,232,876)
Gains applicable for levy	(658,842)
Levy that would be due	329,421
Retained rates	(3,674,212)
Draft Budget:	
Baseline Funding Level	(2,770,756)
Allowance for under-indexing	(454,589)
Total Draft Budget	(3,225,345)
Increase above the Draft Budget	(448,866)

- 4.6.6 The NDR estimates have been incorporated into the February 2023 budget estimates and the additional gains have been transferred to the Business Reserve to support the General Fund's financial resilience as these gains cannot be relied on. Furthermore, there will be two considerations for 2023/24 gains, firstly the level of rateable value increases is likely to lead to further appeals for example ten of the largest business rated hereditaments receiving an increase of £1.8Million after transitional relief. Secondly, when the fair funding review is implemented and any reset of business rates, this will see those gains reduce, (by increasing the tariff payable by SBC).

4.7 The MYMC Savings Target to Find

- 4.7.1 The November 2022 MYMC report set out the increased savings target as a direct result of projected increases in utility and pay costs. The September 2022 MTFS report identified a total £2Million funding gap for 2023/24 but recognised the balance between the level of reserves held versus the ability to find large scale reductions. Accordingly, a target lower than the budget gap was recommended.

Making Your Money Count General Fund savings Target



4.7.2 The MYMC savings target will need to be kept under constant review, due to the previously mentioned ongoing uncertainty surrounding local government finance and other economic pressures. The level of reserves required and therefore the level of savings to achieve is based on a risk assessment. Some of those more significant risks which could materialise and increase the need for further savings are summarised in the table below.

Expenditure and Income	Impacted by	Risk (to increase cost)
Inflation	Increases in utility costs continue to be in the order of 300% on gas and 150% on electricity in 2023/24 and beyond, currently the indication is up to £300K higher than the MTFS assumption	high
	The MTFS assumes a 3% pay award for 2023/24, a continuation of higher inflation may drive much higher pay negotiation outcomes. A 1% increase in the pay award equates to an additional £200K of costs.	high
	Projections for inflation of CPI at 10.1% (September) will exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services.	high
Demand for services	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	high
Retention and Recruitment of staff	The reported ongoing challenge associated with recruiting and retaining staff in the current employment market may lead to the need to increase salary costs and a higher level of agency worker engagement to ensure service continuity.	high
Fees and Charges	The impact of COVID and new ways of working in addition to the Cost of Living Crisis may impact of the Council's fees and charges	high

Expenditure and Income	Impacted by	Risk (to increase cost)
	income which is required to support the funding of services.	
Core funding	New Homes Bonus although likely to be in place for 2023/24-2024/25 can fluctuate from year to year and has to exceed the threshold calculation.	high
	The Government reviews the base line funding for Council's, while there is insufficient time for 2023/24, this may be a way to reduce the cost of the Local Government in future years.	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

4.8 The 2023/24 Making Your Money Count Options process for the General Fund and HRA.

- 4.8.1 The Council's Senior Leadership Team in recognising the scale of the savings required, agreed with the Executive Portfolio holders that a star chamber process would be held with all Assistant Directors, looking at;
- New surplus income streams
 - Opportunities for grant funding
 - Services provided for third parties recover all our costs and management time
 - What discretionary services could potentially be reduced or stopped
 - For all services what would a reduction in service feel like e.g. from gold standard to bronze (whilst ensuring that statutory services continue to be provided).
 - In addition, cross cutting areas such as training, post etc would be reviewed.
- 4.8.2 Executive portfolio holders met and considered the MYMC budget options included in the November 2022 MYMC report. Only one of those options presented was not recommended for consideration, which was a 50% reduction in Local Community Budgets totalling £30K.
- 4.8.3 Since the November 2022 Executive the Senior Leadership Team have considered further options to meet the £429,551 savings gap identified which were outlined within the December 2022 MYMC report.
- 4.8.4 At the January 2023 Executive Members approved the removal of the fireworks saving option (£18,000) and the Town Twinning savings option (£14,000) for the reasons set out in the report for one year and funded from the allocated

Business rates gain reserve. Accordingly, these options have been removed from the savings Appendix A. At the same time a review of all events in the Town to include fireworks will be undertaken during 2023/24 to inform the 2024/25 budget setting process.

- 4.8.5 Regrettably due to the scale of the 2023/24 budget challenge and the difficulties and time spent in identifying a package of savings, there was not sufficient time and resources to meet with the Leaders Financial Security cross party group to consider the savings package proposed.

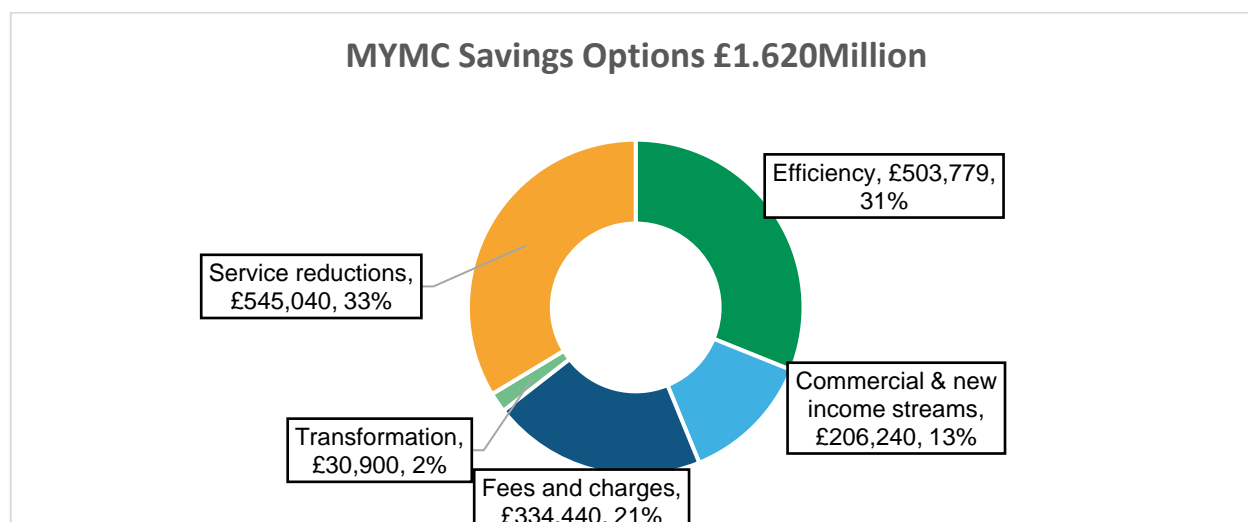
4.9 Making Your Money Count (MYMC) Savings

- 4.9.1 As already stated elsewhere in this report, the 2023/24 budget gap has been the most difficult financial challenge to address in over a decade following years of austerity grant funding reductions whilst at the same time the Council has had to absorb significant unbudgeted inflationary pressures. The position was further compounded by the impact of Covid which made the financial position more difficult, the Invasion of Ukraine and the Cost of Living crisis. This has meant that this Council along with many others has had to recommend service reductions in order to set a balanced budget.

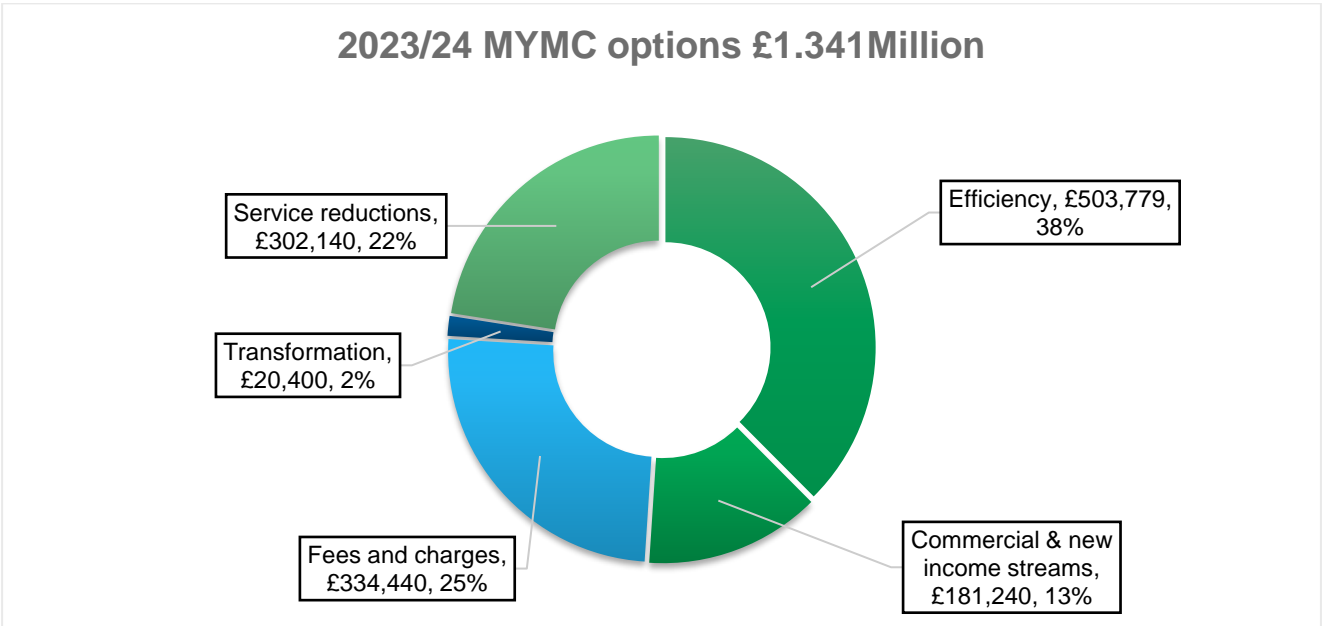
- 4.9.2 Finding £1.5Million plus of savings because of this heightened inflation, (compared to the original MYMC target of £830K) has proved to be difficult. The December MYMC report also identified a further increase in inflation pressures of circa £300K, potentially increasing the draw on balances to potentially £900K, versus the £563K assumed in the September 2022 report.

- 4.9.3 As stated in the January 2023 Draft budget report some of the options are not recommended lightly and represent a balance between having to increase an achievable level of fees whilst also needing to make service reductions to set the budget for next year. With no easy options left, the preferred approach was to look for some larger savings options in specific areas, in favour of making dozens of smaller cuts.

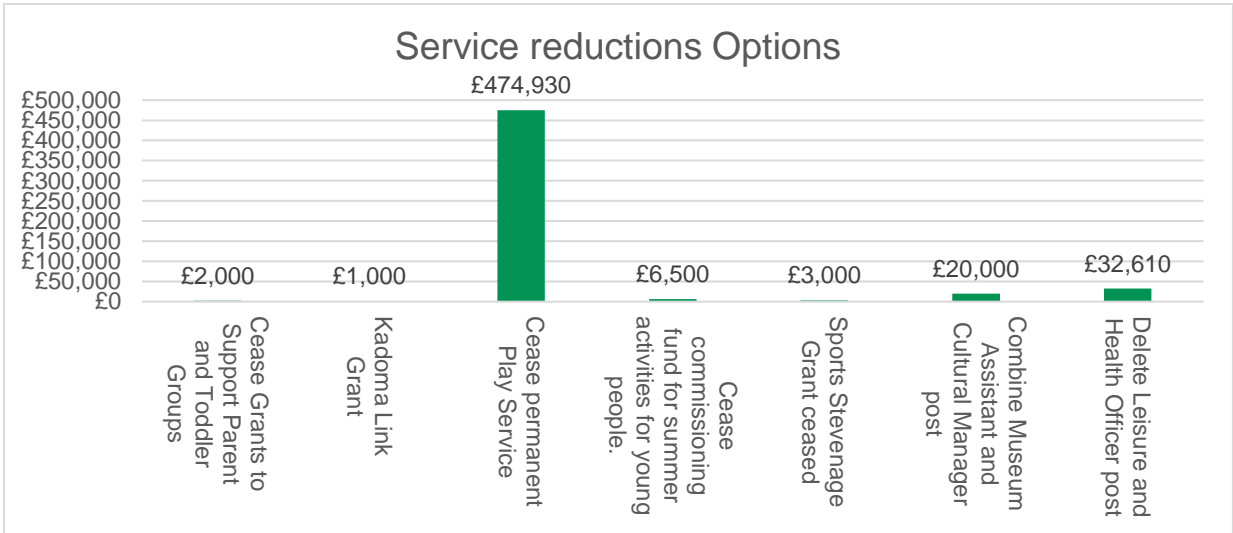
- 4.9.4 The total value of options now recommended for approval excluding those outlined in paragraph 4.8.4 is summarised in the chart below and total £1.620Million, (as a result of higher inflation).



4.9.5 However, a number of the options require an implementation time period and an assessment of this has been made and detailed in Appendix A and the realistic level for 2023/24 is summarised in the chart below.



4.9.6 The full year impact of service reductions total £545K or 33% of total options presented for approval and are summarised in the chart below.



4.9.7 The largest reduction relates to the play service. The cost of running the service is £451K before recharges which increases the cost to £601K (excluding depreciation costs) and equates to £566 per child, based on the 1,063 registered children. Since COVID the level of children attending the centres has reduced and in particular after school attendance. This may reflect the increased after Schools provision developed over recent years. Due to the cost of the service and the level of savings required it is recognised that the statutory responsibilities for children, education and health and wellbeing sit with the

County Council and the Borough Council is, regrettably, not in a financial position to provide this level of investment to maintain the service.

- 4.9.8 There are other staff related service reductions including the deletion of the Leisure and Health officer post. This would mean the Council will not be able to offer sports development and it also limits the Council's ability to run activities such as cycling and walking festivals along with supporting club development. The new Leisure contract does include an outreach service and this post is recommended for deletion noting that the new provision will commence from April 2023. For Members information there are two posts in the service and one is vacant.
- 4.9.9 There is one further staff impact related saving which is to combine a museum assistant post with the culture officer post to maintain a cultural focus and reduce costs thereby assimilating the museum cultural offer more closely with the wider town cultural offer.
- 4.9.10 The detail relating to the remaining non staff related budget options are set out in Appendix A and represent event based savings or grant funding reductions. These again are only recommended due to the financial position the Council finds itself in for the reasons that have previously been stated.
- 4.9.11 The options recommended for approval are estimated to impact on 15 posts and lead to a maximum of 11 redundancies with an estimated cost of £322K. The Council will always look to redeploy staff as a preference and there are a number of job opportunities identified in the Housing Revenue Account report to the January 2023 Executive. While the implementation costs may seem high, they are one off expenditure and the General Fund also has the additional business rate and Income Equalisations reserve monies available for one off spend.

Option	Staff Number	Likely redundancies	*Cost £	Note
Play Service	12	10	£322,000	1 Member of staff retiring and a further officer redeployed into a Community Development Officer role. Other redeployment options being considered
Sports Development	1	1	£0	Opportunity for redeployment
Combine Museum Assistant and Cultural Manager post	2	0	£0	Posts both vacant
Total	15	11	£322,000	

**Redundancy costs are known of £162K with the pension impact still to be advised by the pension fund.*

- 4.9.12 The Council's Transformation programme (update reported to the October 2022 Executive) is seen as the key option to seek to maintain as much as possible of the Council's remaining services by reducing the Council's financial footprint through the provision of more online services which will realise efficiency gains. This approach is deemed to be preferable to seeking year on year service cuts to meet the shortfall between funding and spend although it is likely that an element of year-on-year savings will still be required.
- 4.9.13 In addition, it is imperative that the Council can continue to function and deliver services which means there is a need to review its service offer and the assets held to help withstand further inflationary and unfunded pressures as Local Government continues to operate within a period of financial uncertainty.
- 4.9.14 To illustrate the financial pressures the Council faces the projections for utility and fuel costs for 2023/24 indicates that the total cost has risen from an original 2022/23 cost of £1Million to £2Million.
- 4.9.15 At the December 2022 Executive, Members approved a number of further lines of enquiry for officers to work through with a view to them potentially being brought back for consideration as part of a future savings package to ensure the on-going financial resilience of the Council, together with further Transformation options during 2023/24 to help meet the 2024/25 MYMC target.

4.10 Growth Options

- 4.10.1 The 2022 MTFS did include a small allowance (£75K) for priority growth and the bids remain unchanged from the January Draft budget report.

Description of Growth Proposal	Impact of Growth Proposal	£ General Fund	£ HRA
Climate Change Head of Service post	This post will help drive the further development and implementation of the Climate Change Strategy and investigate options for inward funding and strengthen the Council's ability to meet its climate change priorities	£41,115	£41,115
Commercial Sales Officer	This officer would increase the commercial income team to two and would actively strive to bring in new business and promote the Council's services. It is envisaged that this post would be self-funding beyond year two .	£32,035	£15,777
		£73,150	£56,892

4.11 Changes to the 2023/24 General Fund budget versus the September MTFS report

- 4.11.1 The General Fund budget is now projected to be £12.463Million with a draw on balances of £572K, versus the January 2023 General Fund projection of £10.723Million and a draw on balances of £664K. This is largely the impact of:
- Business Rate projections for 2022/23 and 2023/24 as set out in section 4.6
 - An increase in employer's superannuation costs

- A projected lower bed and breakfast costs, based on the new SBC properties coming on stream, however this demand led.

4.11.2 The General Fund budget is summarised in Appendix H and the movements between the September 2022 MTFS and the Draft February 2023 budget are summarised below.

Summary of 2023/24 budget movements	On-going	£	On-going £
Total Net budget reported September 2023		£10,397,053	
change between the September MTFS and January report:			
Salary inflation	Y	£61,423	£61,423
Contract and Utility inflation	Y	£355,166	£355,166
Local Plan costs required in 2023/24		£75,000	
Housing Benefit net costs (payments less subsidy reclaimed)	Y	£33,650	£33,650
Charges to the HRA	Y	(£34,777)	(£34,777)
New Homes Bonus- no assumption had been made in the September MTFS		(£86,736)	
Council tax support grant (now included in funding settlement)	Y	£104,350	£104,350
MYMC savings achieved £1.310Million versus £1.5Million target	Y	£189,501	£189,501
Use of NDR reserve		(£345,500)	
Other	Y	(£25,811)	(£25,811)
Total changes		£326,267	£683,502
Total Net budget reported January 2023		£10,723,320	
change between the January report:			
Reduction in MYMC options approved at the January Executive	Y	£32,000	
Increase in Revenue funding to capital for invest to save options	Y	£38,000	
Transfer to Business Rates Reserve for 2023/24 gains		£1,742,220	£0
Increase in pension employer's costs	Y	£102,890	£102,890
Increase in recharges to the HRA	Y	(£12,070)	(£12,070)
Reduction in homeless costs	to 24/25	(£150,000)	(£150,000)
Implementation costs now budgeted for 2023/24		£63,000	
Expenditure funded from Town Square Reserve		(£63,270)	
Other	part	(£12,310)	£7,690
Total Budget Movements February report		£1,740,460	(£51,490)
Updated General Fund 2023/24 net budget		£12,463,780	£632,012

4.12 2022/23 Budget changes

4.12.1 The January 2023 General Fund report for 2022/23 showed an increase of £760K to the working budget, however the revised movement is £191K, this is because the Business Rates allocated reserve has been used to fund the net increase of the 2022/23 NDR levy and movement in advance of the revised 2022/23 one off gains being realised in 2023/24, (see paragraph 4.63-4.64). A summary of the changes is detailed below.

Summary of 2022/23 budget movements	On-going	£	On-going £
Approved Working Budget		£11,177,690	
change to the working budget January report:			
Pay award costs above that in the budget	Y	£573,530	£573,530
Increase in Shared Revenue and Benefits costs due to pay award	Y	£33,450	£33,450
increase in Income for Shared ICT service due to increased pay award	Y	(£26,430)	(£26,430)
Increase in HRA recharges due to higher pay award	Y	(£120,160)	(£120,160)
Increase in implementation costs for MYMC options		£301,000	£301,000
Other	Y	(£660)	(£660)
Total changes		£760,730	£760,730
Total Net budget reported January 2023		£11,938,420	
change between the January report:			
Implementation costs now budgeted for 2023/24		(£63,000)	
Trf from Business rates for increased net levy and S31 costs paid in year		(£506,670)	
Total Budget Movements February report		(£569,670)	£0
All Budget movements		£191,060	
Updated General Fund 2023/24 net budget		£11,368,750	£760,730

Core Resources	2022-23 Working Budget	2022-23 Revised Working Budget	Variance £
Lower Tier Grant	(£117,682)	(£117,682)	£0
Service Grant	(£177,337)	(£177,337)	£0
Business Rates net of tariff and levy	(£1,785,034)	(£1,073,750)	£711,284
S31 grants NNDR	(£1,618,316)	(£1,822,927)	(£204,611)
(Return) /Contribution to Collection Fund (NDR) re 2021/22	£2,928,560	£2,928,560	£0
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£816,665	£816,665	£0
Transfer from NNDR reserve	(£3,622,421)	(£3,622,421)	£0
Collection Fund Surplus (ctax)	(£50,090)	(£50,090)	£0
Council Tax	(£6,316,795)	(£6,316,795)	(£0)
Use of General Fund Balances	(£1,235,240)	(£1,932,974)	(£697,734)
Total	(£11,177,690)	(£11,368,750)	(£191,061)

4.12.2 There were also some movements between allocated reserves for expenditure funded from these balances which result in no net change to the General Fund budget, these related to the Insurance Reserve as shown below.

Other Allocated Reserve Movements	2022-23 £
Insurance Reserve:	
Return of insurance provision no longer required	(£25,398)
Reserve no longer required to fund capital expenditure projects	(£38,916)
Transfer balance to insurance reserve to fund insurance mitigation actions	£64,314

4.13 Level of Balances required for General Fund and projected balances

4.13.1 The January 2023 Draft Budget report assumed that the minimum level of balances required would be £3,419,753 as detailed in Appendix C and has remained unchanged.

4.13.2 The projected General Fund balances and council tax requirement are below.

General Fund Budget	2022/23 Estimate	2022/23 Projected	2023/24 Estimate
Net Expenditure	£11,151,760	£11,368,750	£12,463,780
(Use of)/ Contribution to Balances	(£1,055,629)	(£1,932,974)	(£ 572,268)
Budget Requirement	£10,096,131	£ 9,435,776	£11,891,512
Lower Tier Grant	(£ 117,682)	(£ 117,682)	£ 0
Service Grant	(£ 177,337)	(£ 177,337)	(£ 104,041)
3 % guarantee grant	£ 0		(£ 78,399)
Total grant support	(£ 295,019)	(£ 295,019)	(£ 182,440)
Business Rates net of tariff and levy	(£1,785,034)	(£1,073,750)	(£1,441,022)
S31 grants NNDR	(£1,618,316)	(£1,822,927)	(£2,233,191)
Total in year business rates	(£3,403,350)	(£2,896,677)	(£3,674,213)
(Return) /Contribution to Collection Fund (NDR) re 2021/22 & 2022/23	£ 2,928,560	£ 2,928,560	(£1,535,040)
(Return) /Contribution to Collection Fund (NDR) re 2020/21	£ 816,665	£ 816,665	£ 86,839
Transfer from NNDR reserve	(£3,776,102)	(£3,622,421)	£ 0
Collection Fund Surplus (ctax)	(£ 50,090)	(£ 50,090)	(£ 46,290)
Council Tax Requirement	£ 6,316,795	£ 6,316,795	£ 6,540,369
Council Tax Base	£28,004	£28,004	£28,153
Council Tax Band D	£225.57	£225.57	£232.31
Council Tax Band C	£200.51	£200.51	£206.50

4.14 Medium Term Financial Strategy General Fund Summary

4.14.1 The MTFS modelling has been updated to reflect the contents of this report and is summarised below.

General Fund balances £'000	2022/23	2023/24	2024/25	2025/26	2026/27
Opening Balance	(£6,907)	(£4,974)	(£4,402)	(£3,949)	(£3,827)
In Year	£1,933	£572	£453	£122	(£55)
Closing Balance	(£4,974)	(£4,402)	(£3,949)	(£3,827)	(£3,882)
Minimum balances	(£3,471)	(£3,519)	TBD	TBD	TBD
Closing Balance versus minimum level	(£1,503)	(£883)			

()=more balances than the minimum level

4.14.2 The February MTFS had a 2023/24 draw on balances of £572K however, the latter includes:

- NDR reserves have been utilised to fund the delay in introducing MYMC options and the cost of the Local Plan studies.
- New Home Bonus income of £86K which is not guaranteed.

4.14.3 The MTFS does require on-going savings with the added pressure of significant further inflation risks and uncertainty about future funding and there continues to be a draw on General Fund balances to 2026/27.

4.14.4 In addition to General Fund balances, there are two further allocated reserves which are available to support the Fund's financial resilience and the increase in business rates has increase the level of those reserves which could be used if inflationary pressures increase further and allow for a phased implementation of savings. The CFO recommends they are held for this purpose.

4.14.5 This means the total balances available to the General Fund are shown below, which represents 12% of the estimated gross original budget for 2023/24.

Reserves £'000	Closing 2021/22	Use	Closing 2022/23	Use	Closing 2023/24
General fund	(£6,907)	£1,933	(£4,974)	£572	(£4,402)
Income equalisation Reserve	(£258)	(£200)	(£458)	£50	(£408)
Gains (NNDR)	(£1,017)	£362	(£655)	(£1,568)	(£2,223)
Total Available to support the GF	(£8,182)	£2,095	(£6,087)	(£946)	(£7,033)
% of net budget	77%		54%		56%
% of GF gross expenditure	14%		11%		12%

4.14.7 The General Fund has additional reserves allocated for specific purposes which are summarised below, the ICT reserve balance has been adjusted since the February 2023 Executive report.

Reserves £'000	Opening 2021/22	Use	Closing 2021/22	Use	Closing 2022/23	Use	Closing 2023/24
NHB reserve	(£469)	(£10)	(£479)	£227	(£253)	£253	£0
Transformation Reserve	(£330)	(£176)	(£506)	£230	(£276)	£276	£0
Homeless reserve	(£370)	(£175)	(£544)	£0	(£544)	£0	(£544)
Planning Delivery	(£65)	£3	(£62)	(£77)	(£139)	£0	(£139)
Queensway Car Park monies	£0	(£39)	(£39)	(£43)	(£82)	(£43)	(£125)
Town square reserve	(£1,017)	£368	(£649)	£40	(£609)	£63	(£546)
Regeneration Reserve	(£746)	£366	(£380)	£166	(£214)	£68	(£146)
Insurance reserve	(£76)	£11	(£65)	(£10)	(£75)	£0	(£75)
ICT reserve	£0	(£316)	(£316)	£75	(£241)	£0	(£241)
Town centre	(£81)	£39	(£42)	£14	(£28)	£0	(£28)
New Leisure	£0	(£363)	(£363)	£363	£0	£0	£0
New Commercial Property repair reserve	£0	(£41)	(£41)	£0	(£41)	£0	(£41)
Capital reserve	(£1,328)	£1,284	(£44)	£44	£0	£0	£0
Total Allocated for use	(£4,482)	£949	(£3,532)	£1,030	(£2,502)	£618	(£1,885)

4.14.8 This includes monies relating to:

- Planning Delivery £139K, required to support the surveys for the Local Plan, with a further £75K included in the budget.
- Queensway Car Park Monies, this is the income from the Queensway Limited Liability Partnership (LLP) for parking income, this money has been ringfenced to support the fit out of future commercially tenancies on Queensway North.
- Homeless grant £544K. The amount required for 2023/24 is still to be assessed
- Town Square Reserve £546K, monies held to support the assets acquired for regeneration purposes.

4.15 Chief Finance Officer's Commentary

4.15.1 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.

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

4.15.3 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 provides 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.

4.15.4 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'.

4.15.5 The impact of COVID and now the Cost of Living crisis has increased financial risk as illustrated by the significant rise in inflation projected during this and the next financial year. This has been a very difficult budget to set, particularly the balance between the need to increase fees and charges when the economy is still recovering from COVID and may now be in the throes of a recession versus other measures. The sheer size of the inflationary pressures faced by the Council have resulted in the need to find a bigger savings target than those which were initially planned. This has been fuelled by the reduction in government funding and council tax increases not meeting in year inflation. The financial resilience measures taken/for approval which increase the security of the Council's position, are:

- A risk assessment of balances to ensure general reserves held take account of increased risk from potential recessionary pressures.
- The 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 remain above or at the minimum level required for 2023/24 and the continued work on lines of enquiry for potential savings as noted in the November 2022 and December 2022 Executive MYMC reports.
- The December 2022 MYMC report also identified and recommended that there is a need to review physical assets held and services provided to ensure that the Council can continue to be financially resilient.
- 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. The projected balance as at 31 March 2023 is projected to be £655,813.
- A transformation programme to deliver savings from 2023/24 onwards, with a further report to the Executive in 2023.

4.15.6 There is a draw on balances in 2024/25 of £453,151 which is fuelled by utility inflation, with a contribution to balances projected in 2026/27, however there is a significant draw on balances through the MTFS period and a need to deliver savings through the MTFS timeframe.

4.15.7 The current projections of balances and the measures the Council has taken to date, and as set in this report, meant that the level of balances projected are

sufficient to set the 2023/24 budget, if the options included in the report are approved.

- 4.15.8 While delivering one of the most difficult budgets, the Council is also continuing with its ambitious programme with the Council looking to redevelop and regenerate the town centre and at the same time improve the housing market in Stevenage. Both these priorities come with the risk of potentially needing to invest more resources. There is a ring-fenced reserve for Regeneration and further estimates of resources have been included in the General Fund MTFS.

4.16 Contingency Sums

- 4.16.1 The Executive will recall that a Contingency Sum needs to be determined by the Council as part of the Budget and Policy Framework in order to avoid the need for Council to consider all supplementary estimates 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 2023/24, which remains unchanged from the current year, however due regard will need to be given to breaching minimum balances.

4.17 Consultation

- 4.17.1 The 2021/22 Residents survey shows that resident's preferences with regards to achieving budget savings are firstly to reduce costs through the provision of more on line services. This was ranked the highest (out of five options in 2021 and 2017) with 41%. This first rate ranking has increased from 2017 and supports the Transformation programme as a method to reduce costs and improve efficiency / productivity.

Please tell us your order of preference for each of the following options by ordering them 1 to 5	2021 rank	2017 rank	1st
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%

- 4.17.2 The 2021 residents' survey asked residents whether the council tax represented value for money. While strongly disagree has increased (from 7% to 15%), overall 52% up from 46% agree it represents value for money as shown in the chart below.

	Responses	2021	2017	2015	2013	2011
To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?	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%				
	Summary: Agree	52%	46%	46%	45%	46%
	Summary: Disagree	26%	24%	24%	22%	21%

- 4.17.3 The Council will be seeking the views of service users as part of the consultation on the savings proposed and the Communication Team is devising an on-line questionnaire regarding the Council's saving proposals. In addition, the financial issues the Council faces have been set out in a media communication campaign so that residents and businesses understand why the Council is facing budgetary as well as how it is seeking to respond.

4.18 Comments from overview and Scrutiny

- 4.18.1 Overview and Scrutiny met to consider the Draft budget proposals on the 24 January, a question was asked about the Council's proposed council tax increase and the amount set by the government before a referendum must be held. The CFO referred to the referendum limit of 3% or £5.00 on a band D council tax bill for District or lower tier Authorities. This was an increase of 1% compared to the 2022/23 limit and raises an additional £63,500 in council Tax income.

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.
- 5.1.2 Savings options are required to follow the Budget and Policy Framework as set out in Paragraph 3.10. Fees and charges require a report to the Executive and are included for note and to give the complete range of budget reductions for 2023/24.

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.

- 5.2.2 The Borough Solicitor has considered and confirmed that the Council has the necessary statutory powers to provide & charge for services as detailed under this report. This will be kept under review.

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 2023/24 budget options include staff implications, and these are summarised in paragraph 4.9.11. All the options are subject to consultation and the financial outcomes assumed may change because 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 trades 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 2023.

- 5.5.3 To inform the decisions about the Budget 2023/24 officers have prepared Equality Impact Assessments (EqIAs) for service-related savings proposals. They must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2023. Where there is a potentially negative impact, officers have included 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 has been developed and is also included in Appendix D. This considers 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 older 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 in June 2019 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 Council's carbon footprint. The report also recommends an option to strengthen leadership in this area to help drive development and delivery of the climate change strategy.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2022/23-2026/27)

BD2 Making Your Money Count November Executive
BD3 Making Your Money Count (part 2) December Executive
BD4 Draft Council Tax and General Fund Budget

APPENDICES

Appendix A General Fund and HRA Budget Options
Appendix B Fees & Charges GF (for note)
Appendix C Risk Assessment of Balances
Appendix D Equalities Impact Assessment
Appendix E Staff Equalities Impact Assessment
Appendix F Robustness of Estimates
Appendix G Council Tax Resolution
Appendix H Summary General Fund Budget