

Stevenage Borough Council
MEDIUM TERM FINANCIAL STRATEGY (MTFS) SEPTEMBER 2016 Update

Key= (£0) is under spend or increase in income



General Fund Forecast		On-Going Cost?	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Commentary
Base Budget		Y	9,330,080	9,145,888	9,021,644	8,553,581	8,197,115	
(i) BASE ADJUSTMENTS								
Prior Years Savings Options		Y	(500)	(79,000)	79,000	0	0	
Prior Years Growth Options		Y	(4,000)	(1,000)	0	0	0	
Prior Year Quarterly Monitoring Adjustments		Y	45,800	0	0	0	0	
Prior Years Heads of Service Pressures		Y	106,483	(161,866)	0	0	0	
Prior Years Budget Setting changes		Y	(34,158)	0	0	0	0	
TOTAL PRIOR YEAR BASE ADJUSTMENTS			113,625	(241,866)	79,000	0	0	
(ii) 2016/17 HEADS OF SERVICE PRESSURES/SAVINGS:								
Building Control partnership		UPDATED	178,078	(62,662)	(26,982)	(49,933)	(110,420)	Approved at the October Executive 2015/16, the business case has been updated and the current projections show that a surplus is not achieved in year one as previously anticipated
Funding for graduate scheme		Y	0	42,469	0	0	0	This scheme was introduced to fund graduates to 'grow new talent' in the organisation.
Continuation of funding of SAFS		NEW Y		72,830				The funding for the SAFS partnership. Funding due to finish in 2016/17
Out of hours service (dangerous structures)		NEW Y	10,000					
Pump priming fund for initiatives		NEW N	0	150,000	0	0	0	To enable the funding of digital and efficiency initiatives. This would need to be a growth bid for 2017/18.
			188,078	202,637	(26,982)	(49,933)	(110,420)	
(iii) CARRY FORWARDS AND SUPPLEMENTARY ESTIMATES:								
3rd quarter carry forwards 2015/16		N	177,220					
4th quarter carry forwards 2015/16		N	245,101					
			422,321	0	0	0	0	
(iv) GOVERNMENT SPENDING CUTS/TAX/INITIATIVES:								
Section 31 grants given by government for changes made NDR reliefs		N	(298,470)	0	0	0	0	Reliefs given by government which are reimbursed via grant (S31) lower than original estimate.
Apprentice levy announced in 2016 budget		UPDATED Y	0	56,644	0	0	0	charged at 0.5% of payrolls in excess of £3Million
			(298,470)	56,644	0	0	0	
(v) INFLATION ASSUMPTIONS:								
Inflation assumptions:								
Pay inflation salaries		Y	199,861	292,565	242,165	218,201	250,000	pay award 2016/17 onwards 1% increase includes increments.
Increase in National Insurance		Y	260,299	0	0	0	0	National insurance contributions were changed for the 2016/17 financial year.
Increase in Superannuation payment for pension deficit		Y	85,563	85,140	85,140	85,140	85,140	transitional model increase per year to fund the pension deficit.
Pension opt ins		Y	58,000	0	0	0	0	Based on 25% of staff not in the pension remaining in the scheme
Utility inflation		Y	54,440	45,040	62,120	69,304	76,512	Updated based on current projections
General Inflation (contractual)		Y	72,250	124,076	96,263	105,610	108,144	updated inflation applied to contractual arrangements.
Less Inflation charged to other funds		Y	(46,160)	(38,277)	(33,998)	(33,478)	(36,386)	Proportion rechargeable to the HRA
			684,253	508,543	451,690	444,777	483,410	
(vi) BUDGET MONITORING ADJUSTMENTS:								
Quarter 1 adjustments 2015/16		Y	50,180					As reported in the 1st quarter Monitoring report September 2015.
Quarter 2 adjustments 2015/16		Y-year 2	105,590					As reported in the 2nd quarter Monitoring report November 2015.
Budget Setting Adjustments 2016/17		Part	43,980					As reported at the January and February Executive.
Quarter 3 adjustments 2015/16		Part						As reported at the November Executive
Quarter 4 adjustments 2015/16		Part	95,220					As reported at the July 2016 Executive
Quarter 1 adjustments 2016/17		NEW N	307,030					As reported at the September 2016 Executive
			602,000	0	0	0	0	
(vii) BORROWING COSTS								
Borrowing costs- Garage Strategy		NEW Y	0	(4,050)	(76,837)	(14,463)	(2,605)	The reduction in borrowing costs post 23 June 2016 has reduced the cost of borrowing for the Garages approved at the July Executive.
Changes to investment interest		UPDATED Y	(40,080)	20,259	(1,891)	(9,191)	(11,902)	Updated based on revised interest rates and average investment balances.
			(40,080)	16,209	(78,728)	(23,654)	(14,507)	
(viii) SAVINGS OPTIONS & BUDGET PROPOSALS :								
Fees and Charges		UPDATED Y	(201,440)	(156,431)	(240,482)	(275,763)	(285,185)	
Prior Year Savings (2014/15-2015/16)		Y	(322,950)	(77,816)	0	0	0	
2016/17 Savings		Y Year 2	(233,090)	(40,041)	(13,140)	0	0	
Savings identified 3rd Quarter monitoring		Y	(11,330)	0	0	0	0	
Savings identified 4th Quarter monitoring		Y	(361,840)	0	0	0	0	
savings identified 1 st quarter 2016/17		NEW Y		(23,320)	0	0	0	Reported as part of the 1st quarter monitoring report to this Executive
HR restructure		Part	57,970	0	(58,000)	0	0	One off costs in 2016/17 and savings on-going from 2018/19
2017/18 Savings		Y	0	(269,052)	(64,854)	0	0	Approved in principle for 2017/18
Financial Security Savings Target		Y	0	0	(518,680)	(600,000)	(200,000)	
			(1,072,680)	(566,660)	(895,156)	(875,763)	(485,185)	
(ix) GROWTH BIDS APPROVED:								
2015/16 Growth bids			(70,000)	0	0	0	0	Growth bids approved in prior years
2016/17 Growth bids			60,160	(10,000)	0	0	0	Approved as part of 2016/17 budget setting
Future Town Future Council Funding		UPDATED	0	119,630	13,333	0	0	
Review of Town Centre Management (July 2016 Executive)		UPDATED	35,250	58,000	29,000	0	0	
Electric Car scheme (July Executive)		UPDATED	(1,780)	(22,750)	(7,500)	0	0	
Garages Report (July 2016 EXECUTIVE)		UPDATED	9,500	18,000	(20,280)	111,640	82,230	

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General Fund Forecast		On-Going Cost?	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Commentary
Business Relationship Manager	UPDATED		32,000	65,000	0	0	0	Approved and signed off by Leader, published August 2016.
			65,130	227,880	14,553	111,640	82,230	
(x) USE OF ALLOCATED RESERVES								
Allocated Reserves used to fund Town Centre Manager	UPDATED	N	(29,000)	(29,000)				Use of Town Centre Management Reserve and NHB reserve
			(29,000)	(29,000)	0	0	0	
TOTAL GENERAL FUND EXPENDITURE			9,965,257	9,320,274	8,566,022	8,160,648	8,152,644	
Year on Year Change in spend (excluding carry forwards)				(644,983)	(754,253)	(405,373)	(8,004)	
Government Support- RSG								
NDR before the levy and excluding s31 grant	UPDATED		(1,235,836)	(689,969)	(351,230)	0	0	
	UPDATED		(2,083,731)	(2,400,557)	(2,471,376)	(2,550,365)	(2,610,299)	100% retention of Business rates by 2019/20 consultation stated figures for 2019/20 onwards indicative only.
Transfer to/From Collection Fund (Business Rates)	UPDATED		935,784	(115,925)	0	0	0	Return of funds to the Collection Fund for prior years.
Levy Payment & other adjustments			0	0	0	0	0	A 50% levy is due on gains on NDR.
Total Government Support			(2,383,784)	(3,206,451)	(2,822,605)	(2,550,365)	(2,610,299)	
Government Support reduction year on year:				-9.61%	-8.36%	-9.65%	2.35%	Reductions in future years excluding NDR surplus transfers.
Government Support as a % of Net General Fund Budget			23.92%	34.40%	32.95%	31.25%	32.02%	
Use of Balances			2,272,162	758,495	364,281	86,622	(121,819)	
Transfer to/From Collection Fund (Council Tax)	UPDATED		(299,368)	(132,000)	0	0	0	Return of projected surpluses to the General Fund
District Precept	UPDATED		(5,009,943)	(5,223,329)	(5,379,135)	(5,523,661)	(5,664,164)	Based on Tax base report to January Executive 2016 (2016/17)
% of Net General Fund Budget			-50.27%	-56.04%	-62.80%	-67.69%	-69.48%	
Average Band D Council Tax			193.52	197.37	201.30	205.30	209.39	
Average Band C Council Tax			172.02	175.44	178.93	182.49	186.12	
Council Tax Increase			2.65%	1.99%	1.99%	1.99%	1.99%	Based on a maximum £5.00 increase per year on a Band D property (2016/17).
Tax Base (1% per year on-going)	UPDATED		25,889	26,465	26,722	26,905	27,051	Tax base update to reflect 500 properties 2017/18-2018/19 and thereafter 250
Increased Council Tax income (£5.00 versus 1.99%)				(30,406)	(59,357)	(86,510)	(111,716)	
GENERAL FUND RESERVES:								
			2016/17	2017/18 £	2018/19 £	2019/20 £	2020/21 £	
Revised Balances at 31 March each Year:								
General Fund Balance 1 April			(7,887,792)	(5,615,630)	(4,857,135)	(4,492,854)	(4,406,232)	
Use of balances in Year			+2,272,162	+758,495	+364,281	+86,622	(121,819)	
General Fund Balance 1 March			(5,615,630)	(4,857,135)	(4,492,854)	(4,406,232)	(4,528,050)	
Inflation Assumptions								