

Stevenage Borough Council  
MEDIUM TERM FINANCIAL STRATEGY (MTFS) SEPTEMBER 2017 Update APPENDIX A



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

General Fund Forecast	On-Going Cost?	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Commentary
Base Budget	Y	9,094,186	8,919,830	8,657,517	8,399,395	8,547,812	
<b>(i) BASE ADJUSTMENTS</b>							
Prior Years Savings Options	Y	(79,000)	79,000	0	0	0	
Prior Years Growth Options	Y	(1,000)	0	0	0	0	
Prior Years Heads of Service Pressures	Y	(161,866)	0	0	0	0	
<b>TOTAL PRIOR YEAR BASE ADJUSTMENTS</b>		<b>(241,866)</b>	<b>79,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>(ii) HEADS OF SERVICE PRESSURES/SAVINGS:</b>							
Building Control partnership		(62,662)	(26,982)	(49,933)	(110,420)	0	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	42,469	0	0	0	0	This scheme was introduced to fund graduates to 'grow new talent' in the organisation.
Additional hardware and software costs	Y	12,609					Additional expenditure being incurred as new ICT infrastructure goes out of warranty on critical infrastructure items such as servers and storage.
Revenue Impact of capital bids	Y	16,790					impact of capital bids reported at the January Executive.
Return of provisions	N	(18,751)	0	0	0	0	Assessment of provisions due to be returned to the General Fund
Return of LAMS allocated reserve to the General Fund	N	0	0	(68,201)	0	0	By 2019/20 the period by which the council would have been liable for any defaults ceases.
		<b>(9,544)</b>	<b>(26,982)</b>	<b>(118,134)</b>	<b>(110,420)</b>	<b>0</b>	
<b>(iii) CARRY FORWARDS AND SUPPLEMENTARY ESTIMATES:</b>							
3rd quarter 2016/17	N	347,150					
4th quarter 2016/17	N	449,950					
		<b>797,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>(iv) GOVERNMENT SPENDING CUTS/TAX/INITIATIVES:</b>							
Section 31 grants given by government for changes made NDR reliefs	N	(362,350)	(270,800)	(270,800)	(270,800)	(270,800)	Reliefs given by government which are reimbursed via grant (S31)
Apprentice levy announced in 2016 budget	Y	56,644	0	0	0	0	charged at 0.5% of payrolls in excess of £3Million
Changes to the 2017 Business Rates revaluation list & inflation increase	Y	65,860	48,721	52,419	34,267	34,414	This is the impact of the new 2017 rating list on Council buildings.
Reduction in Housing Benefit admin subsidy	NEW Y	30,950					Reduction in subsidy for housing benefit (partly based on caseload).
		<b>(208,896)</b>	<b>(222,079)</b>	<b>(218,381)</b>	<b>(236,533)</b>	<b>(236,386)</b>	
<b>(v) INFLATION ASSUMPTIONS:</b>							
Inflation assumptions:							
Pay inflation salaries	Y	302,870	320,560	347,795	376,356	380,000	pay award 2017/18 onwards 1% increase includes increments.
Increase in Superannuation payment for pension deficit	Y	83,820	0	0	96,388	0	Increase for 2017/18 will be fixed for three years and not increase annually as per the last tri-annual valuation
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	65,700	59,570	72,454	80,612	90,022	Updated based on current projections
General Inflation (contractual )	Y	142,330	184,730	117,300	123,359	123,422	updated inflation applied to contractual arrangements.
Less Inflation charged to other funds	Y	(139,550)	(39,540)	(37,628)	(47,370)	(41,541)	Proportion rechargeable to the HRA
		<b>513,170</b>	<b>525,320</b>	<b>499,921</b>	<b>629,344</b>	<b>551,903</b>	
<b>(vi) BUDGET MONITORING ADJUSTMENTS:</b>							
Quarter 2 adjustments 2016/17	Part	0	14,350				As reported at the November 2016 Executive
Budget Setting Adjustments 2017/18	Part	17,472					
Quarter 1 adjustments 2017/18		12,140					
		<b>29,612</b>	<b>14,350</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>(vii) BORROWING COSTS</b>							
Borrowing costs- Garage Strategy	Y	(4,050)	(76,837)	(14,463)	(2,605)	22,355	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	Y	20,259	(1,891)	(9,191)	(11,902)	0	Updated based on revised interest rates and average investment balances.
Minimum Revenue Provision (monies set aside based on the cost of borrowing to pay for the asset divided by the asset life)	NEW	744	(28,400)	(38,767)	(79,336)	(1,871)	Reduction in MRP for fully depreciated assets
		<b>16,952</b>	<b>(107,128)</b>	<b>(62,420)</b>	<b>(93,843)</b>	<b>20,484</b>	
<b>(viii) SAVINGS OPTIONS &amp; BUDGET PROPOSALS :</b>							
Fees and Charges	Y	(190,030)	(296,594)	(272,460)	(272,415)	(281,043)	
Prior Year Savings (2014/15-2015/16)	Y	(77,816)	(33,539)	(8,756)	0	0	
2016/17 Savings	Y Year 2	(5,181)	0	0	0	0	
savings identified 1 st quarter 2016/17	Y	(23,320)	0	0	0	0	Reported as part of the 1st quarter monitoring report to this Executive
Office accommodation savings	Y years	(41,480)	0	0	60,280	0	
2017/18 Savings	UPDATED Y	(226,190)	(9,320)	0	0	0	Approved February Council 2017
2018/19 Savings	UPDATED Y	0	(62,590)	(47,590)	0	0	
2018/19 Future Council Business reviews	Y		(126,000)				
savings identified 3rd quarter 2016/17	UPDATED Y	(60,600)					
savings identified 4th quarter 2016/18	UPDATED Y	(159,550)					
Commercial Property Investment	UPDATED Y	0	(200,000)				Assumed minimum return included in business case to Council 2017.
Financial Security Savings Target	Y-not 16/1	200,000	(46,900)	(552,410)	(200,000)	(200,000)	
		<b>(584,167)</b>	<b>(774,944)</b>	<b>(881,216)</b>	<b>(412,135)</b>	<b>(481,043)</b>	
<b>(ix) GROWTH BIDS APPROVED:</b>							

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General Fund Forecast			On-Going Cost?	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £	Commentary
2016/17 Growth bids				(10,000)	0	0	0	0	Approved as part of 2016/17 budget setting
Future Town Future Council Funding				119,630	13,333	0	0	0	
Review of Town Centre Management (July 2016 Executive)				58,000	29,000	0	0	0	
Electric Car scheme (July Executive)				(22,750)	(7,500)	0	0	0	
Garages Report (July 2016 EXECUTIVE)				18,000	(20,280)	111,640	82,230	(180,676)	
Business Relationship Manager				65,000	0	0	0	0	Approved and signed off by Leader, published August 2016.
Shared Legal Service			Part	130,413	18,211	5,973	4,429	0	Includes one off implementation costs in 2017/18
				<b>358,293</b>	<b>32,764</b>	<b>117,613</b>	<b>86,659</b>	<b>(180,676)</b>	
<b>(x) NEW GROWTH BIDS 2017/18</b>									
2017/18 Proposed growth bids			Y	143,700	(35,000)	35,000	(35,000)	35,000	
Pump prime Future Town Future Council initiatives			UPDATED N	100,000	150,000	150,000	150,000	100,000	
Costs for compliance contract- May Executive			NEW N	6,500					
				<b>250,200</b>	<b>115,000</b>	<b>185,000</b>	<b>115,000</b>	<b>135,000</b>	
<b>(xi) USE OF ALLOCATED RESERVES</b>									
Allocated Reserves used to fund Town Centre Manager			N	(29,000)	0	0	0	0	Use of Town Centre Management Reserve and NHB reserve
Transfer NDR gains to allocated reserve			N	303,440					Agreed at January 2017 Executive
				<b>274,440</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL GENERAL FUND EXPENDITURE</b>				<b>10,289,480</b>	<b>8,555,131</b>	<b>8,179,900</b>	<b>8,377,466</b>	<b>8,357,094</b>	
<b>Year on Year Change in spend (excluding carry forwards)</b>				<b>1,331,132</b>	<b>(1,734,349)</b>	<b>(375,231)</b>	<b>197,567</b>	<b>(20,373)</b>	
<b>Government Support- RSG</b>									
NDR before the levy and excluding s31 grant			UPDATED	(689,969)	(351,230)	0	0	0	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	(478,057)	0	0	0	0	Return of funds to the Collection Fund for 2016/17 and 2015/16.
Levy Payment & other adjustments			NEW	226,243	0	0	0	0	A 50% levy is due on gains on NDR. (Projection as at 5/1/2017)
<b>Total Government Support</b>				<b>(3,511,436)</b>	<b>(2,560,036)</b>	<b>(2,269,861)</b>	<b>(2,325,755)</b>	<b>(2,382,879)</b>	
<b>Government Support reduction year on year:</b>				<b>-1.81%</b>	<b>-21.46%</b>	<b>-11.33%</b>	<b>2.46%</b>	<b>2.46%</b>	Reductions in future years excluding NDR surplus transfers.
<b>Government Support as a % of Net General Fund Budget</b>				<b>34.13%</b>	<b>29.92%</b>	<b>27.75%</b>	<b>27.76%</b>	<b>28.51%</b>	
<b>Use of Balances</b>				<b>1,339,355</b>	<b>521,995</b>	<b>284,659</b>	<b>248,612</b>	<b>(5,070)</b>	
Transfer to/From Collection Fund (Council Tax)			UPDATED	(139,102)	0	0	0	0	Return of projected surpluses to the General Fund
District Precept			UPDATED	(5,299,586)	(5,473,100)	(5,625,380)	(5,803,099)	(5,979,284)	Based on Tax base report to January Executive 2017 (2017/18)
<b>% of Net General Fund Budget</b>				<b>-51.50%</b>	<b>-63.97%</b>	<b>-68.77%</b>	<b>-69.27%</b>	<b>-71.55%</b>	
Average Band D Council Tax				198.52	202.47	206.50	210.61	214.80	Increased in 2017/18 £5.00 on a band D property or 2.58%
Average Band C Council Tax				176.46	179.98	183.56	187.21	190.94	
Council Tax Increase				2.58%	1.99%	1.99%	1.99%	1.99%	
Tax Base			UPDATED	26,695	27,031	27,241	27,554	27,836	Tax base update to reflect new properties in conjunction with planning projections
Increased Council Tax income (£5.00 versus 1.99%)					0	(25,878)	(50,128)	(72,554)	
<b>GENERAL FUND RESERVES:</b>									
				<b>2017/18 £</b>	<b>2018/19 £</b>	<b>2019/20 £</b>	<b>2020/21 £</b>	<b>2021/22 £</b>	
Revised Balances at 31 March each Year:									
General Fund Balance 1 April				<b>(6,426,984)</b>	<b>(5,087,628)</b>	<b>(4,565,633)</b>	<b>(4,280,973)</b>	<b>(4,032,361)</b>	
Use of balances in Year			UPDATED	+1,339,355	+521,995	+284,659	+248,612	(5,070)	
General Fund Balance 1 March				<b>(5,087,628)</b>	<b>(4,565,633)</b>	<b>(4,280,973)</b>	<b>(4,032,361)</b>	<b>(4,037,431)</b>	
Inflation Assumptions									