

Stevenage Borough Council
MEDIUM TERM FINANCIAL STRATEGY (MTFS) GENERAL FUND BUDGET SEPTEMBER 2019 UPDATE


APPENDIX A



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

UPDATES

General Fund Forecast			On-Going Cost?	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Commentary
Base Budget			Y	9,331,442	8,992,669	9,129,991	9,132,238	9,195,077	
(i) BASE ADJUSTMENTS									
(ii) HEADS OF SERVICE PRESSURES/SAVINGS:									
Building Control partnership			Part	(18,816)	(4,280)	(4,280)	(4,280)	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
Building Control new partner refund of set up costs			NEW N	0	(22,000)	0	0	0	Dacorum are entering the partnership and a refund will be due of founding partners set up costs
Return of LAMS allocated reserve to the General Fund			N	(61,132)	0	0	0	0	By 2019/20 the period by which the council would have been liable for any defaults ceases.
Reduction in recycleate prices			Y	33,900					Reported September Executive
Reduction in Alternative Financial Model			NEW N	0	30,000	30,000	30,000	0	HCC have indicated that they intend to take £1.5million out of the AFM model over the next 3 years this is an estimate of the impact on SBC.
Microsoft ICT licences pressure approved ICT partnership Board			Y	105,360					
				59,312	3,720	25,720	25,720	0	
(iii) CARRY FORWARDS AND SUPPLEMENTARY ESTIMATES:									
3rd quarter 2018/19			N	80,000					
4th quarter 2018/19			N	591,770	0	0	0	0	
				671,770	0	0	0	0	
(iv) GOVERNMENT SPENDING CUTS/TAX/INITIATIVES:									
Reduction in Housing Benefit admin subsidy			UPDATED Y	11,120	0	0	0	0	Reduction in housing subsidy notified for 2018/19
New burdens money-planning			N	(20,000)	0	0	0	0	Contribution for planning related e.g. brownfield sites register
removal of New Homes Bonus contribution from the General Fund			Y	0	36,000	164,000	0	0	
One off Funding of Community Warden			UPDATED	7,800					
Main stream funding of Domestic Abuse and No More			Y	0	50,000	50,000	0	0	
Innovation Fund			UPDATED N	33,000					
Use of brown field site and self build grant			UPDATED N	41,264					
				73,184	86,000	214,000	0	0	
(v) INFLATION ASSUMPTIONS:									
Inflation assumptions:									
Pay inflation salaries			UPDATED Y	390,290	489,412	490,000	400,000	400,000	Pay inflation 2.25% for 2020/21-2021/22 and 2% thereafter
Increase in Superannuation payment for pension deficit			Y	0	25,106	0	0	0	Increase for 2017/18 will be fixed for three years and not increase annually as per the last tri-annual valuation
Utility inflation			Y	72,454	84,288	91,928	102,280	112,780	Updated based on current projections
Changes to the 2017 Business Rates revaluation list & inflation increase			Y	4,000	31,970	31,190	31,850	31,850	This is the impact of the new 2017 rating list on Council buildings.
General Inflation (contractual)			UPDATED Y	141,257	127,735	122,701	125,840	129,573	updated inflation applied to contractual arrangements.
Less Inflation charged to other funds			UPDATED Y	(15,420)	(83,436)	(80,940)	(72,597)	(74,162)	Proportion rechargeable to the HRA
				592,580	675,075	654,879	587,373	600,041	
(vi) BUDGET MONITORING ADJUSTMENTS:									
Quarter 2 adjustments 2018/19			Part	45,800	0	0	0	0	
Budget Setting Adjustments 2019/20			Part	(5,138)					
Quarter 3 adjustments 2018/19			UPDATED Part	118,420					
Quarter 4 adjustments 2018/19			UPDATED N	(26,790)					Reported July Executive
Quarter 1 adjustments 2019/20			Part	193,570					Reported September 2019 Executive £47K on-going
				325,862	0	0	0	0	
(vii) BORROWING COSTS									
Borrowing costs- Garage Strategy			Y	(14,463)	(2,605)	22,355	0	0	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	(86,068)	8,061	41,814	(29,974)	(103,476)	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)				(38,767)	(79,336)	(1,871)	0	0	Reduction in MRP for fully depreciated assets, pending MRP review
				(139,297)	(73,880)	62,298	(29,974)	(103,476)	
(viii) SAVINGS OPTIONS & BUDGET PROPOSALS :									
Prior Year Savings (2014/15-2015/16)			Y	(18,706)	0	0	0	0	
Office accommodation savings			Y years	0	0	49,391	0	0	
Commercial Property Investment			Y	(125,000)					Assumed minimum return included in business case to Council 2017.
New Savings options 2018/19			Y	(103,000)	0				See Appendix A
2019/20 Financial Security options (2019/20-2021/22)			Y	(798,552)	(115,923)	(227,137)	0	0	(includes Fees)
Budget setting savings 2019/20			Y	(84,430)					
New Savings options 2019/20			Y	(40,570)					
New Savings options 2020/21-2021/22			Y		(276,950)	(265,799)			
Financial Security Savings Target			UPDATED Y	0	(376,000)	(401,589)	(450,000)	(450,000)	revised Financial Security target
Increase in Savings Target to meet MTFS principles of no draw on balance			Y		0	(65,000)	(70,000)	(40,000)	smoothed over the period 2021/22-2023/24
				(1,170,258)	(768,873)	(910,134)	(520,000)	(490,000)	
(ix) GROWTH BIDS APPROVED:									
Garages Report (July 2016 EXECUTIVE)			Y	82,119	82,230	(180,676)	(44,561)	(42,917)	
				82,119	82,230	(180,676)	(44,561)	(42,917)	
(x) NEW GROWTH BIDS 2017/18									
2017/18 Proposed growth bids			Y	35,000	(35,000)	35,000	(35,000)	35,000	
Growth 2018/19			Y-year 2	(15,482)	(7,200)	21,880	0	0	
Future Growth bids			Y	0	0	75,000	75,000	75,000	Future growth allowance after 2019/20-2022/23 savings package identified.
Implementation costs for Financial Security options			UPDATED N	262,500	100,000				Est £100K added for 2020/21 onwards
ICT related growth pressures- unavoidable			NEW Y-part		358,760				
Digital related growth bids-unavoidable			NEW Y		13,990	0			

Stevenage Borough Council				APPENDIX A					
MEDIUM TERM FINANCIAL STRATEGY (MTFS) GENERAL FUND BUDGET SEPTEMBER 2019 UPDATE									
Key= (£0) is under spend or increase in income				UPDATES					
General Fund Forecast			On-Going Cost?	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Commentary
				282,018	430,550	131,880	40,000	110,000	
(xi) USE OF ALLOCATED RESERVES									
Transfer to Regeneration Reserve			N	400,000	0	0	0	0	
Transfer of unused balances to General Fund			NEW N	0	(95,558)	0	0	0	Return of reserves no longer required
Transfer NDR gains to allocated reserve			UPDATED N	275,000	0	(137,500)	(137,500)	0	Balances phased return to General Fund to maintain balance levels
				675,000	(95,558)	(137,500)	(137,500)	0	
(xii) IMPACT OF BUSINESS RATES ACCOUNTED FOR IN THE GENERAL FUND									
Section 31 grants given by government for changes made NDR reliefs			UPDATED N	(1,008,440)	(270,800)	(270,800)	(270,800)	(270,800)	Reliefs given by government which are reimbursed via grant (S31)
				(1,008,440)	(270,800)	(270,800)	(270,800)	(270,800)	
TOTAL GENERAL FUND EXPENDITURE				9,775,292	9,061,133	8,719,658	8,782,497	8,997,924	
Year on Year Change in spend (excluding carry forwards)				494,104	(714,159)	(341,475)	62,839	215,428	
Government Support- RSG				(0)	0	27,146	27,146	27,146	Negative RSG of £27,146 projected not to be included in the 2020/21 one year settlement but included thereafter.
NDR before the levy and excluding s31 grant				(2,943,542)	(2,388,139)	(2,441,317)	(2,495,560)	(2,550,887)	Figures beyond 2020/21 do not include any projected gains
Transfer (to)/From Collection Fund (Business Rates)			UPDATED	0	25,314	0	0	0	Return of funds to the Collection Fund as NDR levels plus projected gains lower than anticipated in previous years.
Total Government Support				(2,943,542)	(2,362,825)	(2,414,171)	(2,468,414)	(2,523,741)	
Government Support as a % of Net General Fund Budget				17.94%	22.42%	23.84%	24.27%	24.31%	
Use of Balances				1,021,218	695,890	156,179	(6,815)	(36,968)	
Transfer to/From Collection Fund (Council Tax)				(55,621)	(26,799)	0	0	0	Return of projected (surpluses)/deficit to the General Fund
District Precept				(5,754,911)	(5,975,620)	(6,149,308)	(6,320,899)	(6,511,151)	2019/20 increase based on a 2.99% increase, to be decided February Council
% of Net General Fund Budget				-58.87%	-65.95%	-70.52%	-71.97%	-72.36%	



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

UPDATES

General Fund Forecast		On-Going Cost?	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Commentary
Average Band D Council Tax			210.57	216.87	221.18	225.59	230.07	2019/20 increase based on a 2.99% increase
Average Band C Council Tax			187.18	192.77	196.61	200.52	204.51	
Council Tax Increase			2.99%	2.99%	1.99%	1.99%	1.99%	
Tax Base			27,330	27,554	27,802	28,020	28,300	Tax base update to reflect new properties in conjunction with planning projections
GENERAL FUND RESERVES:								
			2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	
Revised Balances at 31 March each Year:								
General Fund Balance 1 April			(4,776,561)	(3,755,344)	(3,059,454)	(2,877,960)	(2,884,776)	
Use of balances in Year	UPDATED		+1,021,218	+695,890	+181,493	(6,815)	(36,968)	
General Fund Balance 1 March			(3,755,344)	(3,059,454)	(2,877,960)	(2,884,776)	(2,921,744)	