

Meeting CABINET
Portfolio Area RESOURCES and TRANSFORMATION
Date 13 November 2024



BALANCING THE BUDGET OPTIONS 2025/26

KEY DECISION

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1. PURPOSE

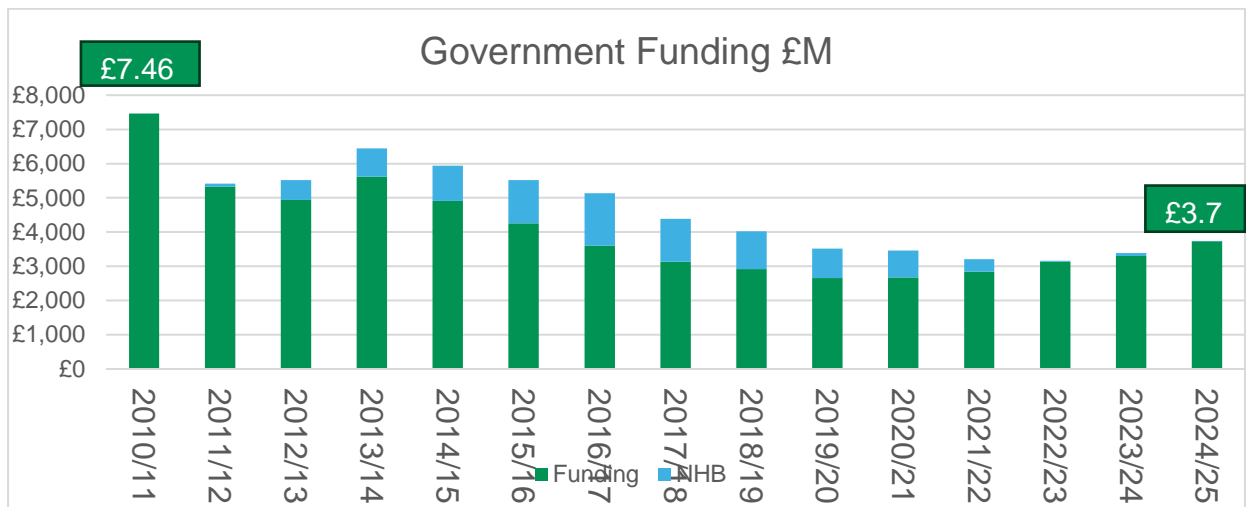
- 1.1 To update Members on the Balancing the Budget priority and the 2025/26 onwards options.
- 1.2 To update Members on the General Fund core resource projections.
- 1.3 To propose a range of General Fund (GF) and Housing Revenue Account (HRA) budget options to be incorporated in the 2025/26 Revenue Budget Process.
- 1.4 To review the savings options that potentially could meet the budget gap for the years 2026/27-2027/28 to ensure a three year pipeline of savings to meet the need in the Medium Term Financial Strategy.
- 1.5 To update Members on the General Fund balances as a result of the Balancing the Budget options and growth and service pressures for 2025/26 onwards.

2. RECOMMENDATIONS

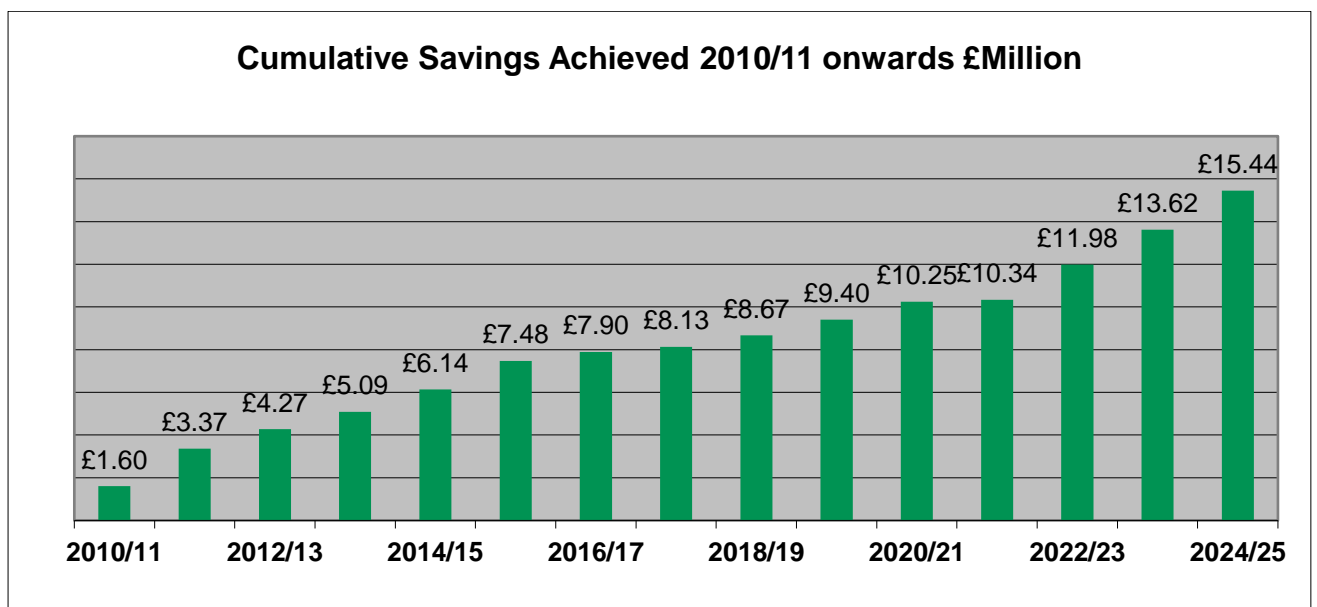
- 2.1 The Balancing the Budget options as set out in the report and Appendix A, totalling £184,749 (saving) for the General Fund and £13,951 HRA respectively for 2025/26 be approved and incorporated into the Council's budget setting processes.
- 2.2 Members note the remaining savings target to find set out in paragraph 4.8.11 and to be reported back to the Cabinet in December 2024.
- 2.3 The revised GF MTFS financial summary, as shown in section 4.11 to this report be noted.
- 2.4 Members delegate the completion of the Business rates for 2024/25 (NDR 1) to the Strategic Director (S151) after consultation with the Resources and Transformation Portfolio holder (paragraph 4.3.5 refers).
- 2.5 That the Council's recognised unions be consulted regarding the proposed budget package.
- 2.6 That key partners and other stakeholders be consulted, and their views considered as part of the 2025/26 budget setting process.

3. BACKGROUND

- 3.1. This report follows on from the Medium Term Financial Strategy (MTFS) that was approved by Cabinet in September 2024. This set out the Council's assumptions about inflation, pressures and the annual funding gap that needed to be addressed to ensure the General Fund remains financially resilient.
- 3.2. The MTFS report projected a lower level of government funding for 2025/26 based on the previous governments 2023 Spending Review as the new government's 2025/26 budget was not announced until 30 October 2024, (see also para. 4.4.1 and section 4.4).
- 3.3. The LGA stated in their 2024 budget submission to the government, *'we cannot shy away from the fact that councils are under severe financial strain. Inflation, wage pressures and growing demand and complexity of need mean that councils face a funding gap of £6.2 billion over the next two years. And this needs to be seen in the context of the estimated £24.5 billion in cuts and efficiencies in service spending that councils made between 2010/11 and 2022/23. If Councils' net service spend had grown in line with inflation, wage growth, demographics and demand drivers since 2010/11 it would have been a full 42 per cent higher in 2022/23 than actual service spend in 2022/23. Councils have had to absorb these huge pressures through service cuts or efficiencies'*.
- 3.4 The need to find year on year savings is as a result of a government reductions illustrated by looking at the Councils 2010/11 government funding (adjusted for subsequent changes for council tax support etc) of £7.46Million compared to just £3.72Million in 2024/25, compounded by a 10% population growth and 14 years of compound inflationary pressures.



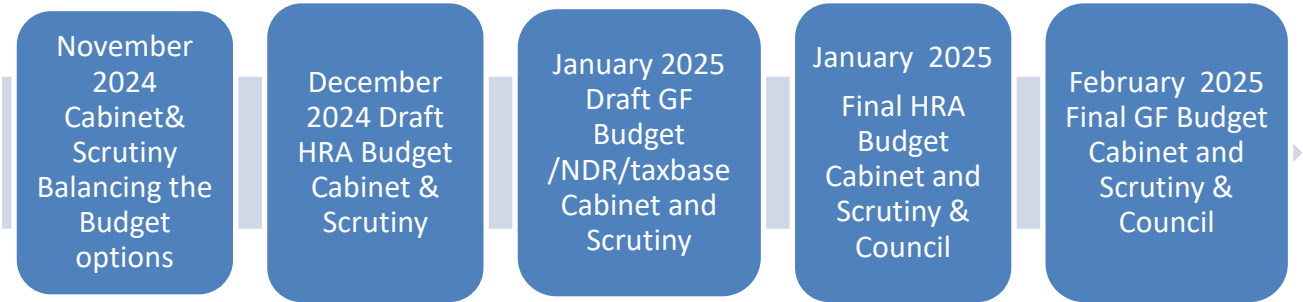
3.5 The Council does have a strategy for addressing the financial funding gap through its ‘Balancing the Budget’ priority and this report will set out the options identified through efficiencies, Transformation programme and Commercial and Insourcing activity. The Senior Leadership Team consider a three year view of savings is required to balance the budget to ensure that there are sufficient value of options that can be delivered within the timescales required. This approach is to minimise the need for service cuts. The cumulative savings identified to date are circa £15Million as shown in the chart below.



3.6 The implementation of the savings summarised above has meant the Council has continued to fund both statutory and discretionary services which are in the main delivered directly by the Council. More information about what the Council delivers can be found in the Council’s Corporate Plan at the following link, [Corporate Plan Link](#).

3.7 The budget setting timetable dictates that 2025/26 pressures and savings are approved by Members at this stage ahead of the budget setting process. It is the CFO's view that unidentified budget targets should not be included in the 2025/26 budget and options must be put forward for Member consideration to meet any identified gap. This is important as it allows Members to compare the relative priority of all options for approval. The level of risk for the General Fund is that the General Fund's would be basing spending decisions on unknown and unapproved savings options that may not be deliverable and as a consequence more unpalatable options may have to be implemented to ensure the financial resilience of the General Fund.

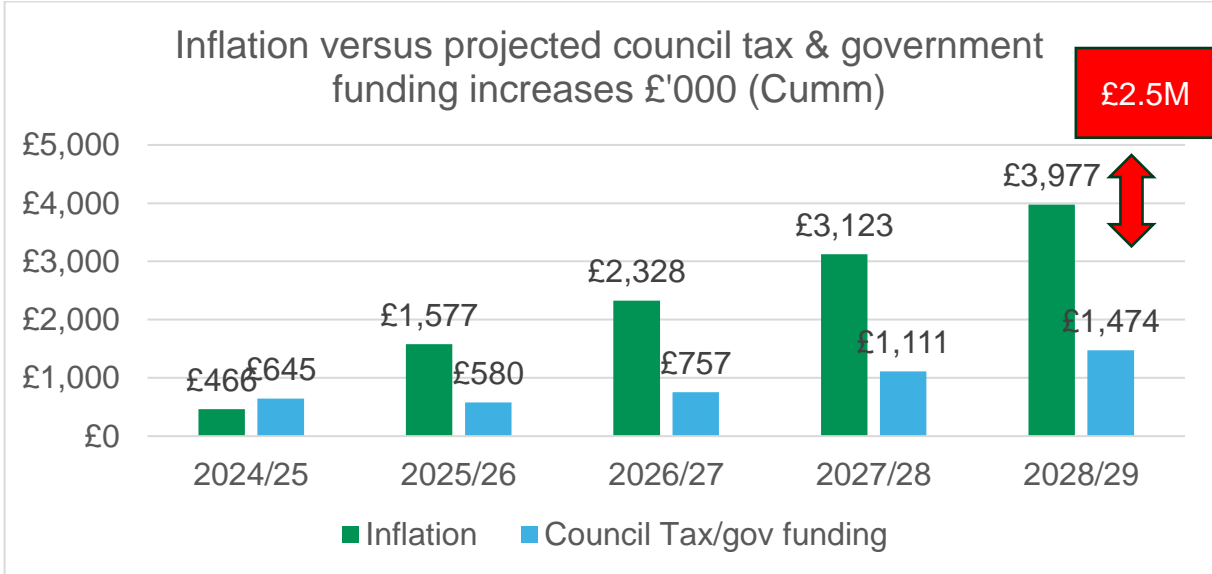
3.8 The budget setting timetable is as set out below.



4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. The requirement to make budget reductions

4.1.1. Inflation outstrips projected council tax and government grant increases in the MTFS requiring annual savings to 'balance the budget'. By 2028/29 the gap is £2.5Million per annum and the chart below shows the inflation projected in the latest MTFS versus additional council tax and government funding during the five year period.



4.1.2. The inflation increase includes Local Government employers side pay offer of £1,290 per spinal point or 2.5% whichever is the higher, equating to a 3.4% average increase, versus the General Fund budgeted pay increase of 3.5%. This is projected to be £49K less than the current year budget and the Council was notified that the pay award was agreed on 22 October 2024.

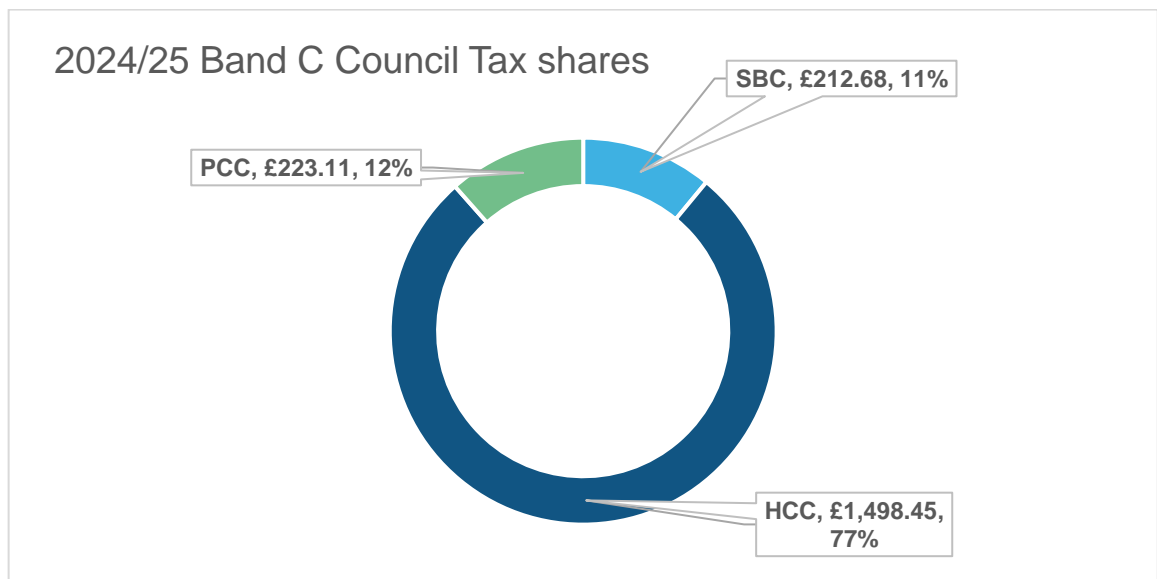
4.1.3. The General Fund also has projected pressures of £497K which are summarised in the table below.

Pressures	Pressures	Budget reductions	Comment
on-going parking income reductions	£200,000		Since the COVID pandemic the level of parking income has not reached pre 2019/20 levels and £200K has been taken from the income equalisation reserve for 2025/26.
Housing Subsidy admin loss	£10,000		The level of admin grant is linked to the caseload which is reducing and an assumption of £10K is included in the budget.
Garage loss re asbestos	£53,000		The level of garage income has been reduced due to the garages impacted by sprayed asbestos, this has been partly offset by the garage improvement works and the reduction in the level of general voids.
Borrowing & investment income changes	£212,226		The interest rate assumed for 2025/26 is 4% (2024/25 5.17%) in addition balances earning interest are lower and the minimum revenue payment for 2025/26 has increased by £30K
Full year impact of ICT approved growth	£103,680		The Council approved increased resources for the ICT service, this is the full year impact being realised in 2025/26.
Increase Queensway reserve	£50,000		The Council set up the LLP to act as a catalyst for regeneration in the town centre . In order to ensure that funding to invest in the asset and/or support the LLP over the 37 year lease, the CFO recommended a contribution of £50K per year to the Queensway reserve (September MTFS)
Rent loss from tenant vacating offices	£21,755		This is the full year impact of the Council's tenant vacating Stevenage offices.
External Audit fee increase	£22,944		The Council has been notified about the increase for fees in 2024/25 (higher than budgeted) and an inflation increase has been included for 2025/26
Removal of Local Plan costs		(£100,000)	There was a one off cost in the 2024/25 GF budgets for the Local Plan.
Savings full year impact		(£45,167)	Part year of savings implemented during 2024/25

Pressures	Pressures	Budget reductions	Comment
removal of one off growth		(£31,433)	Removal of time limited growth for the Green Spaces officer.
Total	£673,605	(£176,600)	
Net Budget Pressures 2025/26		£497,005	

4.2. Council Tax

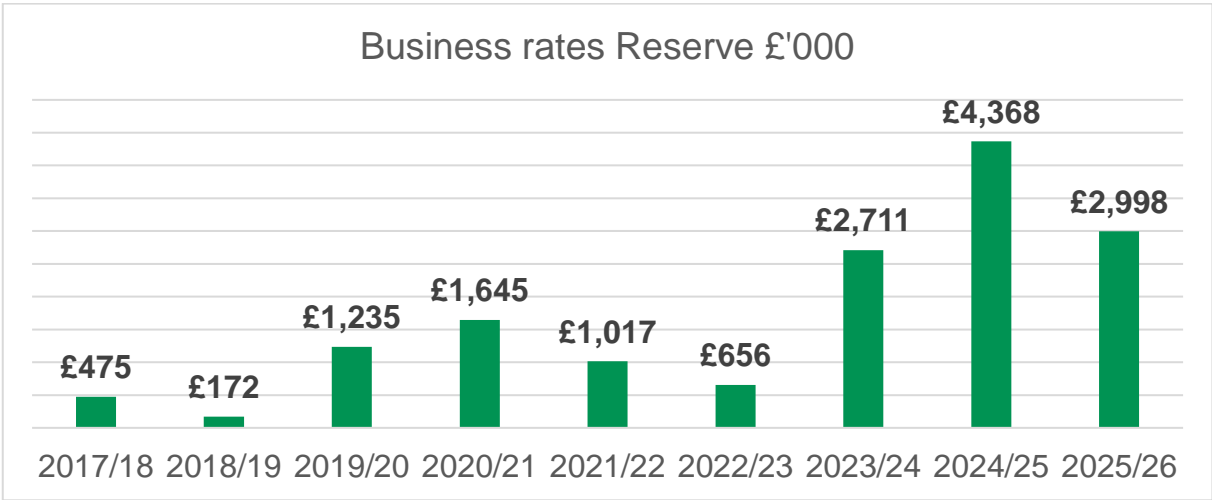
- 4.2.1. Council Tax increases are capped by Government (before a referendum on the increase) and can be announced as part of the Spending Review each year or later in the year with the Provisional Financial Settlement. In the past this has ranged from 1.99% with some years having flexibility to either go up to £5 on a band D or 2.99%. The current MTFS is projecting the ability to increase council tax in 2025/26 by 1.99% (2024/25 £2.99%). The Autumn Budget 2024 did not make any reference to the level of increases to be applied for 2025/26 and the CFO recommends waiting until the finance settlement is announced in December 2024 before assuming any gains for 2025/26.
- 4.2.2 Members should note that SBC only retains a relatively small part of the overall council tax raised for the year (the smallest element of the three preceptors). To illustrate this, taking a Band C property, (the biggest proportion of properties in Stevenage are in band C), the relative shares of council tax for a band C property are shown below.



- 4.2.3 The tax base is currently being calculated based on projected new properties and an assessment of the level of council tax support (CTS) as based on the current scheme (no change) that will be reported at the November 2024 Cabinet and other discounts. The budgeted increase in the taxbase for the year (up to September) is 1.51% against the current increase of just 0.73%. If no changes were made to the taxbase for the rest of the year it would represent a loss of circa £171,000. The draft budget report to the January 2025 Cabinet will include a further update.

4.3. Business Rates (NDR) Income

- 4.3.1. The MTFS only includes the base line funding the government assessed the Council needs under its funding formula (Based on 2013/14 data), plus £200K of business rate surpluses for the year based, with the remainder used for financial resilience of the General Fund or one off priorities such as the holding costs for the joint venture with Mace on the Swingate site. This is because in year gains are not guaranteed and have fluctuated each year.
- 4.3.2. The rules governing NDR accounting mean any estimated gains are taken in year and any difference between the actual and the estimate are taken from or, in the case of losses refunded to, the Collection Fund in future years. In the past the CFO would have recommended that any business rate gains are transferred to the NDR reserve to improve the resilience of the General Fund. To illustrate the fluctuations in business rates a £1.057Million of projected 2023/24 business rate gains which did not materialise at 31 March 2024 are being returned to the Collection Fund in 2025/26, with the compensating amount returned to the General Fund from the reserve. If those gains had been used to fund services the General Fund would have needed a further £1Million in saving for next year. The business rate gains reserve year end balances are summarised below, (2024/25 & 2025/26 projected).



**2024/25 balances includes an assumption about £945K of NNDR gains still to be realised*

- 4.3.3. The completion of the NDR1 form issued by the government determines the level of business rates collectable, level of reliefs to be given in 2025/26 together with the current business rate yield in January. The timing of the release of the government form and the submission deadline means the completion of the NDR1 is recommended to be delegated to the CFO after consultation with the Resources & Transformation Portfolio Holder.
- 4.3.4. Business rate increases are based on the September CPI for the coming year with current CPI for September being 1.7% (and now revised in the MTFS, the September MTFS assumed 2%). The government has signalled some reform of business rates as set out in para. 4.3.6, but it is not clear about any reset of gains.
- 4.3.5. The Business rate yield for 2024/25 is tracked monthly and the projected level for 2024/25 is marginally down on the original estimate (NDR1) due to some

new sites still to be rated and included in the business rates list by the VOA. So based on current data the Council is not forecasting any changes to business rates. The draft budget report to the January 2025 Cabinet will include a further update.

4.3.6. The Autumn Budget announced a number of changes for Business rates which included:

- 40% business rates relief for retail, hospitality and leisure businesses, up to a total relief of £110,000 per business, in 2025/26;
- freezing the small business multiplier in 2025/26, with a full CPI increase to the standard multiplier; and
- an intention to introduce new, permanently lower multipliers for retail, hospitality and leisure properties with a rateable value under £500,000, funded by a new higher multiplier on all properties with a rateable value of £500,000 and above, which includes the majority of large distribution warehouses including those used by large online retailers.

4.3.7 The Council should receive Section 31 (S31) grant to compensate for any changes that reduce the tax yield as in previous years included above and Members should note that the Council doesn't have any hereditaments that have a RV of £500K+, however there are 15 businesses in Stevenage that this would apply to. The government have stated that they will work with local government so that, as far as practicable, local authority funding is unaffected by the reforms by accounting for them within the local government finance system.

4.4. Projected Finance Settlement 2025/26

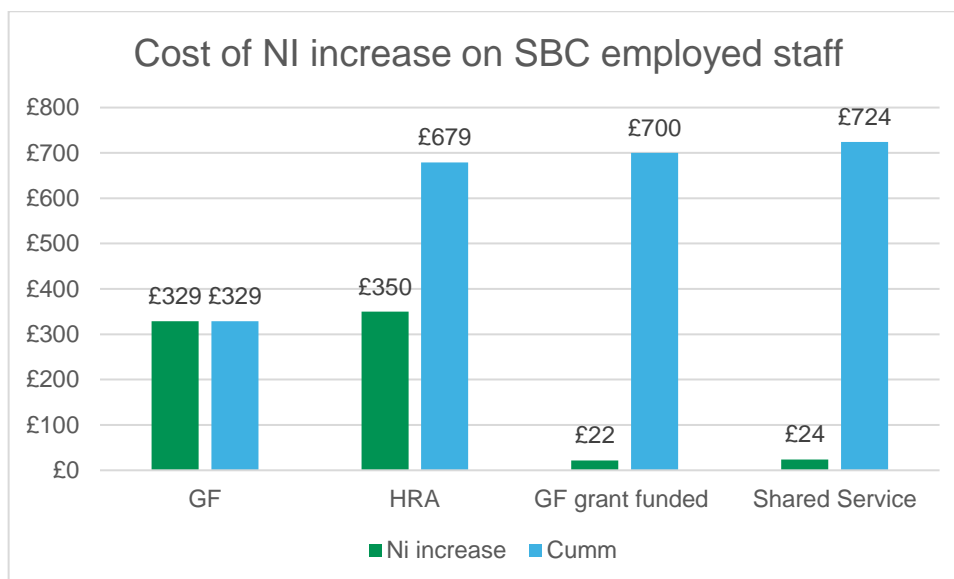
4.4.1. The 2024/25 finance settlement assumed a 4% overall increase in funding before council tax and required Councils to submit a productivity plan, (which can be found on the Council's website). Within the September 2024 MTFS the CFO has assumed the bottom-line funding position will reduce based on the previous governments 2023 Spending Review (SR 2023) taking a prudent view for next year.

4.4.2. The 30 October 2024 budget was accompanied by a Spending Review which restated 2024/25 departmental budgets, sets budgets for 2025/26 and the overall spending envelope for the next five years. In her speech, the Chancellor suggested that these figures mean a real terms 1.5% annual increase in day-to-day departmental spending.

4.4.3. For 2025/26 There will be an overall real terms increase in core local government spending power of around 3.2%, including at least £1.3 billion of new grant funding, of which at least £600 million will be new grant funding to support social care. The departmental expenditure limit for local government (i.e. local government grants in the settlement, plus a few other adjustments) showed as an increase by £1.8 billion in 2025/26. While this sounds positive the government also stated that they will be redistributing funding to ensure that it reflects an up- to-date assessment of need and local revenues. This will start with a targeted approach to allocating additional funding in 2025/26,

ahead of a broader redistribution of funding through a multi-year settlement from 2026/27. The government will set out further details through an upcoming local government finance policy statement.

- 4.4.4. In making an assessment of government support for Stevenage it is important also to assess the impact of the higher national insurance (NI) rate and lower threshold. This will not only impact services provided directly by the Council (General Fund and HRA services) it will also affect shared services and third party providers, although this is not funded for the latter. The increase is anticipated to be £759K and highest for the HRA which includes recharges to the HRA from the General Fund as shown in the chart below.



- 4.4.5. The Office for Budget Responsibility suggests that the Treasury is compensating public sector employers for higher tax costs due to this measure through higher departmental budgets, which cost around one-fifth of the static yield raised by the end of the forecast period. However, is not clear how this will be assessed or how funding will/is available to be passported to the Council's HRA to cover the increased cost.
- 4.4.6. Due to the considerable uncertainty about the level of funding, distribution method and compensation amounts, the CFO recommends no change to the finance settlement projections other than for a small amount of New Homes Bonus (NHB) until the finance settlement for Stevenage is published in December.

Funding projections £'000	2024/25 Final Settlement	2025/26 MTFS	Revised 2025/26	Rationale
Business Rates	(£2,813)	(£2,869)	(£2,861)	1.7% increase (MTFS 2%)
Under indexing	(£509)	(£529)	(£529)	
Total Business Rates	(£3,322)	(£3,399)	(£3,390)	
Revenue Support Grant	(£109)	(£110)	(£110)	1.7% increase (MTFS 2%)

Funding projections £'000	2024/25 Final Settlement	2025/26 MTFS	Revised 2025/26	Rationale
New Homes Bonus (NHB)	(£7)	£0	(£60)	Gain calculated for 2025/26 + £5k added for affordable homes
Services Grant	(£18)	£0	£0	Based on SR 2023 reductions in unprotected services expected no funding beyond 2024/25
3%/4%guarantee	(£391)	£0	£0	
Total	(£3,847)	(£3,509)	(£3,560)	

4.4.7 The government also plans to simplify the wider local funding landscape, reducing the number of grants and consolidating them into the Local Government Finance Settlement, as well as moving towards a multi-year settlement for local government so local authorities can plan more effectively from 2026/27 onwards. The MTFS will be updated once there is more clarity around Stevenage's funding.

4.4.8 No assumptions in the MTFS have currently been made about:

- Department of Environment, Food and Rural Affairs (DEFRA) funding for the introduction of separate food collection transition amounts (due to be announced November)
- New funding in 2025/26 through the implementation of the Extended Producer Responsibility scheme to improve recycling outcomes from January 2025
- Additional homeless funding (nationally £233Million), this will be ring-fenced to that function and announced as part of the finance settlement announcements.
- Additional Discretionary Housing Payments, however this is significantly oversubscribed and any increase will be welcome.

4.5. Growth for the General Fund 2025/26

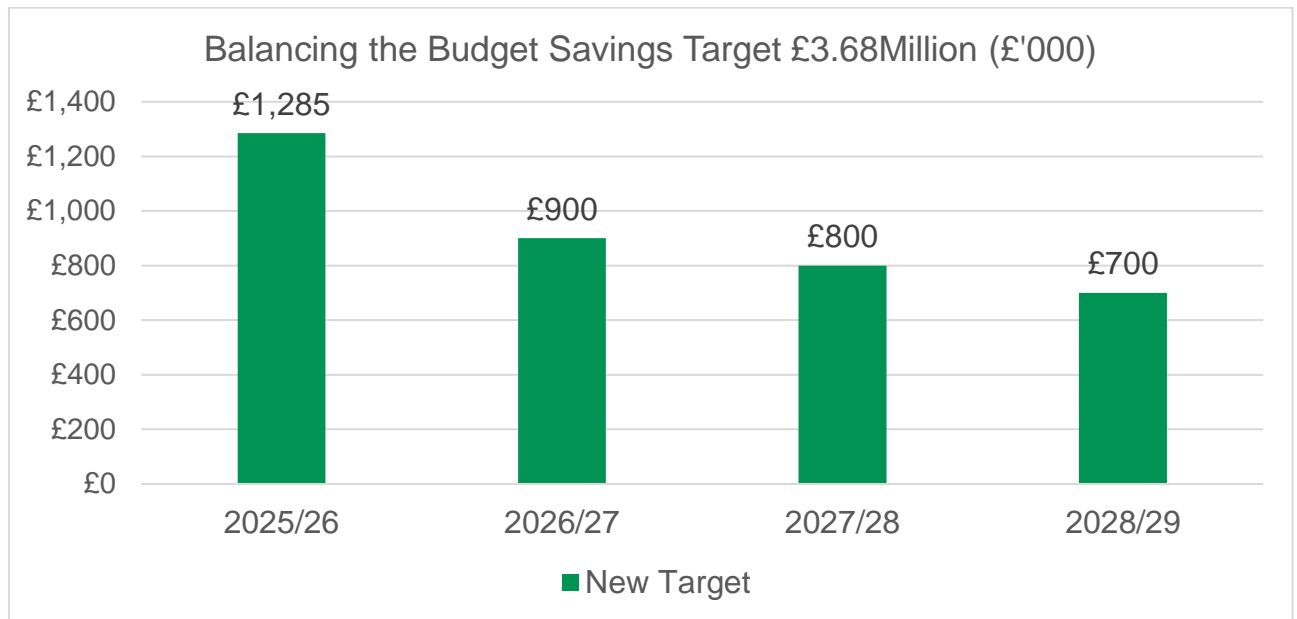
4.5.1. The September 2024 MTFS assumed growth of £75K for 2025/26 which included the part year impact of switching from diesel fuel to HVO for the Council fleet (introduced 1 October 2024) of £66K. No further growth bids are proposed for 2025/26 resulting in a small saving of £9K for the General Fund and adjusted for in the 2025/26 savings identified.

4.5.2. The Senior Leadership Team is currently looking how an apprentice scheme could be funded Council wide to help support service resilience particularly in hard to recruit areas. This could be funded from in year underspends and a contribution from the business rates reserve. Officers will bring back a proposal for consideration in due course.

4.6. The Balancing the Budget Target to Find


4.6.1 The MTFS (September 2024 Executive report) identified a General Fund four-year increased savings target of £3.68Million with a projected budget gap for

2025/26 of £1.285Million. For the following three years beyond 2025/26 there is a further £2.4Million to be found as set out below.




4.6.2 The level of Balancing the Budget savings target will need to be kept under constant review, due to uncertainty surrounding local government finances and other economic pressures such as inflation. The level of reserves required and therefore the level of savings to be achieved is based on a risk assessment. If more risks materialise this will increase the need for further savings.


4.6.3 The graphic below summarises the Balancing the Budget (BTB) activity strands that the Council resources through the Transformation Team, Commercial Team and The Finance Team.




Transformation by improving customer access to services through digital means and improving and streamlining processes



Co-operative Commercial and insourcing bringing services in-house if value for money and ensuring we charge appropriately for our services



Efficiencies through robust monitoring savings will be identified where they arise, to ensure that Council stays financially resilient



Prioritise services if there are not sufficient budget savings achieved from the other three work streams to ensure a balanced budget or new priorities emerge requiring funding.

4.7. The 2025/26 Balancing the Budget Options process for the General Fund

4.7.1. The BTB options have been identified through a number of activities which are:

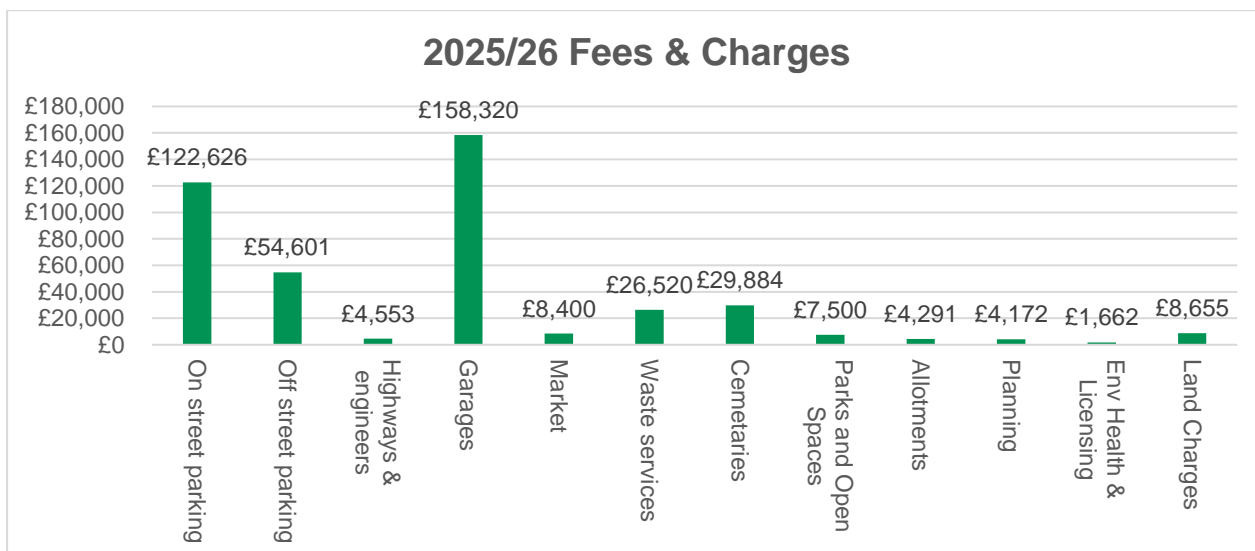
- Efficiency savings identified as part of budget monitoring
- Fees and Charges (reported to the October 2024 Cabinet)
- Co-operative Commercial and Insourcing activity
- Transformation activity
- Star Chamber process
- Consultation with shared service partners

4.8. Balancing the Budget Savings

4.8.1 The September MTFs identified net **efficiency savings** reported of **£422,770** which will be removed from the 2024/25 General Fund base and contribute towards the 2025/26 savings target.

BALANCING THE BUDGETS 2025-26 OPTIONS	£
SAVINGS	
Utilities - Leisure	342,780
Utilities - General Fund Share	152,230
Vehicles	12,660
Corporate Budgets	48,460
Postage	43,000
EV Chargers	20,000
Bank Charges	20,000
TOTAL SAVINGS	639,130
GROWTH	
Revenues & Benefits	152,840
Civica Contract	26,120
Collection of Clinical Waste	17,400
Apprenticeship Levy	20,000
TOTAL GROWTH	216,360
NET SAVINGS	422,770

4.8.2 The **fees and charges** reported and approved at the October 2024 Cabinet totalled **£431,184** and contribute to the overall savings target and are summarised below.



4.8.3 Since the October Cabinet meeting there has been a small revision to the fees and charges of **£3,850 (reduction)** relating to lower parks and open spaces fees than included in the October Cabinet report.

4.8.4 The **Commercial and Insourcing working group** reviewed the continuation of the Council's commercial skips service and concluded that it wasn't financial viable, but by retaining some of the larger skips (Ro-Ro's) and some budget provision for buying an external service the Council would say £54,000 per year of which **£50,000** relates to the General Fund and is included in Appendix A to this report.

4.8.5 In addition a further **£11,550 of additional commercial income** is recommended for inclusion in next year's budget relating to parcel lockers, filming and advertising and is summarised in Appendix A.

4.8.6 Members approved in **July 2024 relocating the Indoor Market** and repurposing the existing space, the report identified up to £180,000 of savings. However, for the first year (2025/26) an assumption of **£40,000 of savings** has been made. This should increase in future years (and contribute to future years targets) once the new location becomes operational.

4.8.7 The **Star Chamber process** carried out in September 2024 has resulted in a relatively small level of BTB options and a review of the 2024/25 process is currently underway to determine how the process can be improved for 2025/26 onwards. The level of savings identified was **£32,495 General Fund** with a further **£9,005 for the HRA** and are summarised in Appendix A.

4.8.8 The **Revenues and Benefits shared service** has identified savings of **£89,150** relating to:

- A vacant Assistant Manager (Benefits) post and overpayments officer for removal as a result of the reduction in the Housing Benefit caseload
- A .75FTE vacant Revenues senior post recommended for deletion
- The impact of the lower than budgeted pay award.

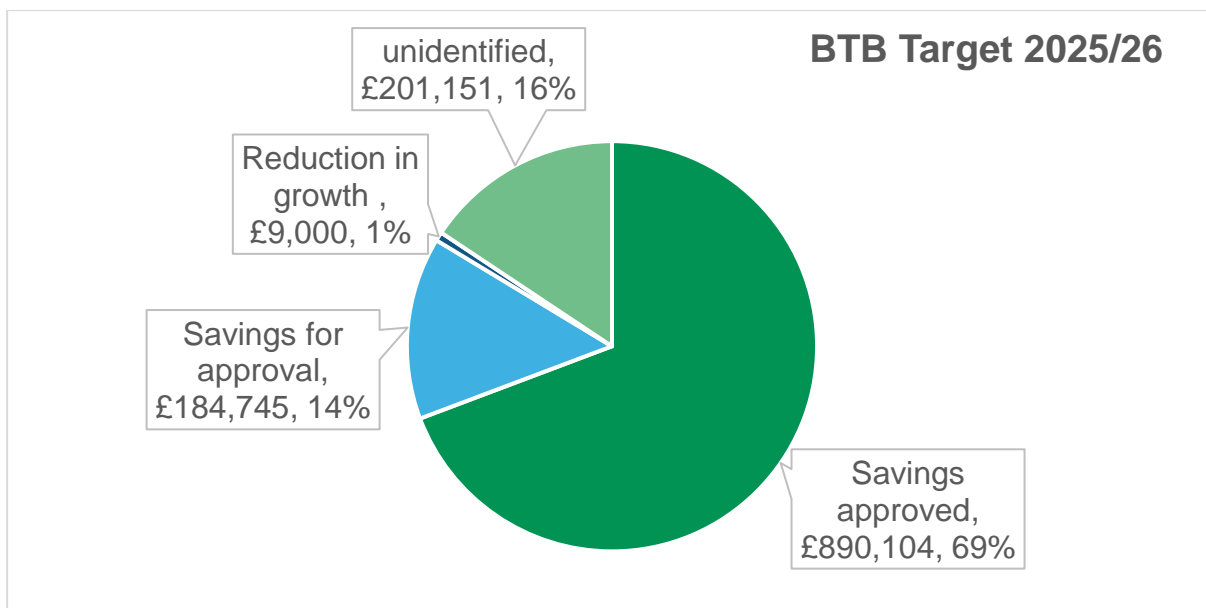
4.8.9 A summary of the savings identified for approval/approved to date for the 2025/26 BTB target are summarised below.

Savings Identified	Approved GF	For approval GF	Approved HRA	For approval HRA
Efficiency savings approved September 2024	£422,770			
Indoor Market changes approved July 2024	£40,000			
Fees and Charges approved October 2024	£427,334		£2,478	
Commercial & Insourcing working group-skip service		£50,000		£4,000
Increase in Commercial income		£11,550		
Star Chamber process (full year)		£34,045		£9,005
Shared Service savings		£89,150		
Total	£890,104	£184,745	£2,478	£13,005
Total savings per Fund		£1,074,849		£15,483

4.8.10 In addition to the savings identified above there are potentially further savings from **Transformation activity** which are currently being finalised. If the proposals are recommended by the Senior Leadership Team to be considered by Members a report detailing the options will be represented to the December 2024 Cabinet. The Transformation activity was included in the October 2023 Transformation report and related to:

- **Community Advice and Support** - The activity-based review of Community Advice and Support is about providing services which assist residents where they need help. The proposal recommends bringing together Community Advice and Support functions to deliver a “One Stop Shop” service area for residents that need to engage with Council officers for support and advice for wellbeing (this includes housing options and homelessness advice, domestic abuse, complex needs, and engagement with other agencies).
- **The Thriving Communities (Localities)** grouping will put officers into front line neighbourhood delivery teams to build upon and embed the existing Co-operative Neighbourhoods working model. It will be made up of four distinct workstreams. People, Place and Provision will become the three service delivery areas within the Localities workstream.

4.8.11 The total General Fund savings required was £1.285Million and **the current gap is £201,151** or 16% of the total (after adjusting for the reduction of 2025/26 growth proposals).



4.8.12 Officers will identify options to meet the remaining saving target and report back to the December 2024 Cabinet.

4.8.13 The savings levels identified have not contributed to the 2025/26-2027/28 BTB savings of £2.89Million required, however the following assumptions have been made based on modelling completed to date and show a total shortfall of **£1,273,592**.

Future Years Savings	2025/26	2026/27	2027/28
Projected Fees and Charges modelled	£427,334	£267,497	£260,062
Transformation*/Indoor Market	TBC	TBC	TBC
Other	£656,515		
Total	£1,083,849	£267,497	£260,062
Target	£1,285,000	£900,000	£700,000
Shortfall per year	£201,151	£632,503	£439,938
Total Shortfall			£1,273,592

4.8.14 The savings options identified in this report to balance the budget for 2025/26 have not yet required the Council to make service cuts this year, however, the ability to continually find budget savings is increasingly difficult and, and this has been evident nationally with the level of Section 114 notices issued and the gap between inflation and funding identified in para.3.4. Should the shortfall not be identified through the BTB workstreams then the Council will need to identify service reductions and the Senior Leadership will identify a list of options for Member consideration should a savings gap remain in future years.

4.8.15 The savings targets are subject to change and the current targets are based on lower levels of inflation in the MTFS of circa 2%, should inflation levels be higher than the savings required will be higher beyond 2025/26.

4.9. Level of Balances required for General Fund

4.9.1. The September 2024 MTFS assumed that the minimum level of balances required would be £3.45Million, however this will need to be kept under review based on the risks set out in this report.

General Fund balances Minimum Level Assessment	2025/26 £Million
Amount to cover a 1.5% overrun in gross expenditure	£1.02
Amount to cover a 1.5% overrun in gross income	£0.83
Amount to cover pay award above the budgeted amount	£0.40
Amount to cover higher prices with higher than forecast inflation	£0.50
Amount to cover fee and charges losses through price fluctuation	£0.30
Amount to cover risk to Balancing the Budget savings	£0.40
Total Estimated General Fund Reserves	£3.45

4.10. Medium Term Financial Strategy General Fund Summary

4.10.1. The MTFS modelling has been updated to reflect the contents of this report which are subject to Members approval in the report and are:

- Growth of £66,000 as per paragraph 4.5.1.
- Total 2025/26 Balancing the Budget options of £1,090,332 as set out in paragraph 4.8.9.
- The pressures set out in paragraph 4.1.3
- The current reserve balances assume the remaining BTB savings will be identified and found but the balances below do not include any implementation costs until they are identified in the December 2024 report.

General Fund balances £'000	2024/25	2025/26	2026/27	2027/28	2028/29
Opening Balance	(£5,303)	(£5,708)	(£5,463)	(£5,187)	(£4,823)
In Year	(£405)	£246	£276	£364	£119
Closing Balance	(£5,708)	(£5,463)	(£5,187)	(£4,823)	(£4,705)
MTFS (September) closing balance	(£5,565)	(£5,464)	(£5,397)	(£5,259)	(£5,334)
Variance	(£143)	£1	£210	£436	£630
Minimum balances	£3,450	TBA	TBA	TBA	TBA

4.10.2 The level of balances has reduced in the MTFS since the September MTFS report, this is due to a number of factors which are:

- Higher inflation pressures than anticipated which result in £476K lower balances.
- Net change to government funding due to lower CPI and an assumption by 2025/26 NHB. £37K lower balances.
- Impact of quarterly monitoring and other changes £117K lower balances.

4.11. Consultation

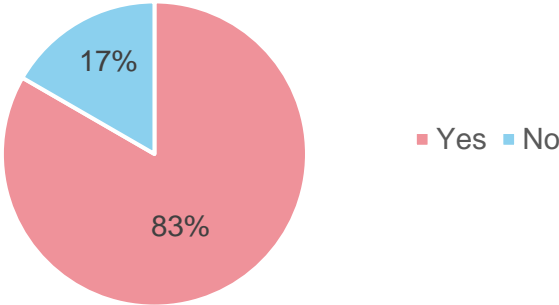
Council Financial Security Group (CFSG)

4.11.1. At the time of writing the report CFSG had not reviewed the savings package for 2025/26, the CFO will take a view once the final savings package has been identified.

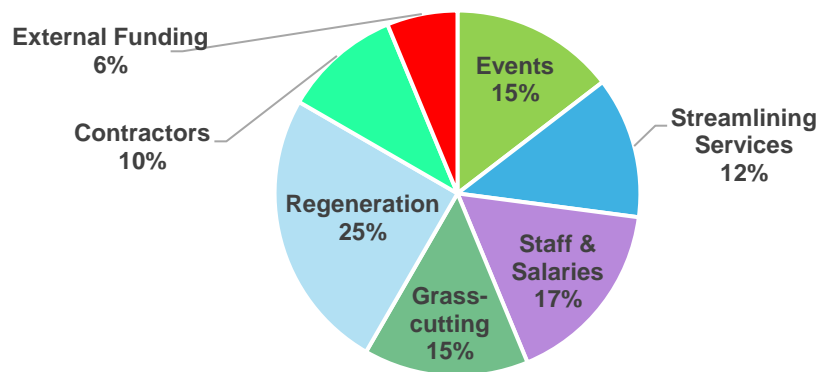
Corporate Plan

4.11.2. The Councils 2024/25 Corporate Plan included consultation was undertaken to include ascertaining if respondents:

- Agree that Balancing the Budget should be a priority so that the Council can remain financially resilient and continue to deliver key services as set out in the Corporate Plan?
- If no, is the alternative is to reduce services and provide less?
- If yes, what should the Council stop doing to generate £1.23Million savings?
- 83% of respondents to the consultation agreed that Balancing the Budget should be a priority:



4.11.3. All survey respondents were asked for financial savings suggestions. The responses can be categorised into seven themes:



- Regeneration work would attract new businesses to the area which would increase business rate revenue and car parking income (25%). – *The Council has opened a new Multi Storey car park and is working with partners to bring new business into the town, also improving the business rates collected and retained by the Council.*
- Reduce Staff and Councillor salaries (17%). – *The Council’s Member allowances are reviewed and agreed by an Independent Remuneration Panel and staff pay is governed by the collective pay agreements as agreed with the unions.*
- The Council should consider selective grass-cutting allowing green spaces to grow wilder (within safe reasons) and reduce maintenance costs for grass cutting etc. (15%) – *The Council has already implemented this as a measure with an associated cost reduction.*
- Streamlining services (12%) – *The Council has a transformation programme which aims to streamline processes and reduce costs.*
- Reduce use of Contractors (10%) – *The Council has a Commercial and Insourcing Strategy which includes reviewing contracts to see if they can be brought back in-house at the point of re-tendering.*
- Reducing or cancelling events such as the November Fireworks Display, or those held on the Event Island and the Stevenage Museum. (15%)-
- Seeking external funding to plug the financial gap (6%). *The Council has actively sort external funding and has received circa £80Million of revenue and capital funding over the last few years.*

Resident Survey (2021)

4.11.4. 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 online 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%

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

4.11.5. 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%

4.11.6. The Council is commissioning a new Residents survey which is likely to be published for consultation in 2025/26 .

4.11.7. Due to the level of savings required the CFO intends to set out the issues 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.

5. IMPLICATIONS

5.1. Financial Implications

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

5.2. Legal Implications

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

5.3. Policy Implications

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

5.4. Staffing and Accommodation Implication

5.4.1. There are changes to staffing budgets in the 2025/26 BTB options, but the posts identified in the shared service revenues and benefits are vacant.

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 is 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 2025.

5.5.3. An overarching EqIA will be developed if any future service cuts are proposed and will form part of the budget report that goes to Council in February 2025. This will consider the collective impact of the Budget on people with protected characteristics.

5.6. Risk Implications

5.6.1. There are risk implications to setting a prudent General Fund budget if the Balancing the Budget options identified in the report 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 and it should be noted that further detail of the financial settlement is required to identify whether increased pressures from tax changes are fully compensated and the individual level of funding for Stevenage Borough Council.

5.7. Climate Change Implications

5.7.1. The Council declared a climate change emergency at the June 2019 Council meeting with a resolution to work towards a target of achieving net zero emissions by 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Council's carbon footprint. The report also recommends an option to reduce our greenhouse gases to help achieve net zero emissions by 2030.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2024/25-2028/29)

APPENDICES

Appendix A Balancing the Budget options