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**Meeting** CABINET

**Portfolio Area** RESOURCES AND PERFORMANCE

**Date** 14 January 2026



## DRAFT GENERAL FUND AND COUNCIL TAX SETTING 2026/27

### KEY DECISION

**Author** Clare Fletcher

**Contributors** Senior Leadership Team

**Lead Officer** Clare Fletcher

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### 1 PURPOSE

- 1.1 To consider the Council's draft 2026/27 General Fund Budget, Council Tax Support Scheme and draft proposals for the 2025/26 Council Tax.
- 1.2 To set out the Council's approach to financial resilience and the measures taken to date to ensure that the General fund can withstand financial pressures such as higher inflation and historic lower government funding through its Balancing the Budget priority and associated activities as set out in Sections 4.5 and 4.12.
- 1.3 This report will also set out that an improved funding position enables the Council to set aside monies to cover Local Enterprise Partnership (LEP) Loan costs, reinvestment into capital projects otherwise not funded, new food waste service offer to residents, funding to support LGR transition as required by Govt, and the potential for some one-off initiatives.
- 1.4 To consider changes to the projected 2025/26 General Fund Budget.

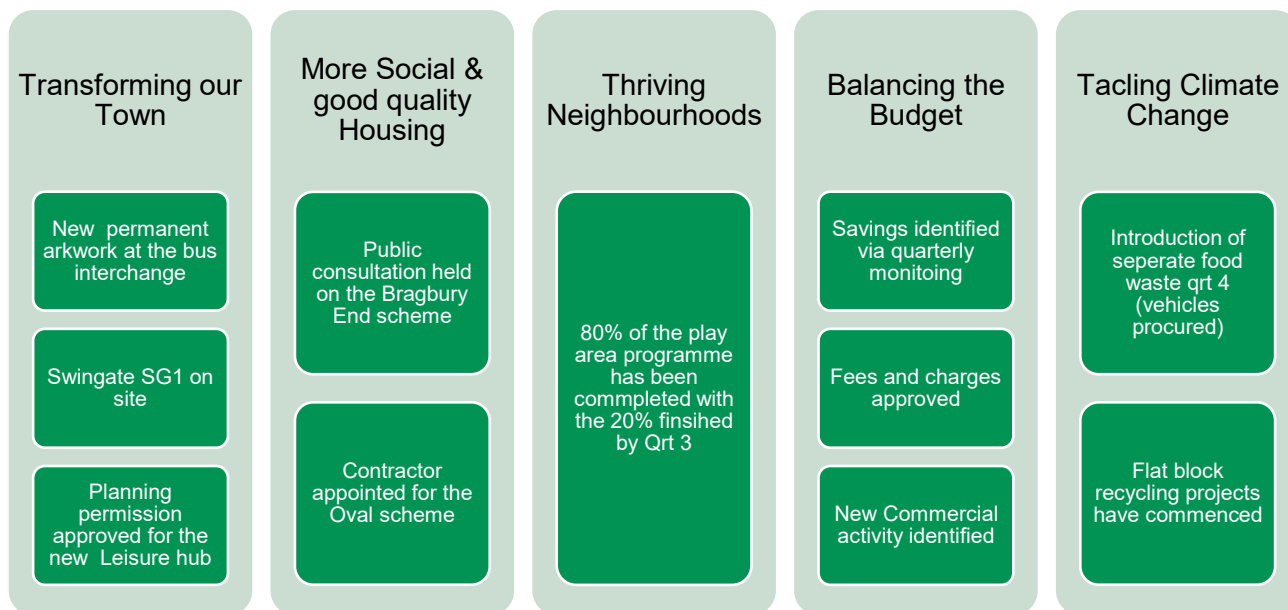
## 2 RECOMMENDATIONS

- 2.1 The 2025/26 revised net expenditure on the General Fund of **£10,540,490** is approved as set out in paragraph 4.8.1.
- 2.2 That for 2025/26 the sum of £250,000 is transferred to the Capital earmarked reserve to support the Draft Capital Strategy as set out in paragraphs 4.2.5-4.2.7.
- 2.3 The draft General Fund Budget for 2026/27 of **£13,586,060** is proposed (subject to additional growth of £800,000 as set out in section 4.9) for consultation purposes, with a contribution to balances of **£1,581** and a Band D Council Tax of **£253.78**, (assuming a 2.99% Council Tax increase).
- 2.4 The updated position on the General Fund Medium Term Financial Strategy (MTFS) as summarised in section 4.11 be noted.
- 2.5 The minimum level of General Fund reserves of **£3,648,355**, based on the 2026/27 risk assessment of balances, as shown at Appendix C to this report, is approved.
- 2.6 The contingency sum of **£500,000** within which the Cabinet can approve supplementary estimates (in addition to the General Fund net budget), be approved for 2026/27 (reflecting the level of balances available above the minimum amount). With a further £500,000 approved specifically for additional Local Government Reorganisation transition costs.
- 2.7 The 2026/27 Balancing the Budget options as set out in section 4.5 and Appendix A, totalling **£84,640** for the General Fund, be included into the Council's budget setting processes for consideration by the Overview & Scrutiny Committee.
- 2.8 That the pressures identified in sections 4.2 and 4.7 to this report are noted.
- 2.9 That the 2026/27 Balancing the Budget growth options as set out in section 4.6 and Appendix B, totalling **£145,140 (and £95,140 from 2027/28)** for the General Fund, be included into the Council's budget setting processes for consideration by the Overview & Scrutiny Committee.
- 2.10 That the sum set aside of Local Enterprise Board (LEP) loans of **£500,000** is approved for 2026/27 and for future years as a minimum as set out in paragraph 4.2.2 for subsequent years.
- 2.11 That for 2026/27 the sum of **£1,200,000** is approved to support the Draft Capital Strategy as set out in paragraphs 4.2.5-4.2.6.
- 2.12 That for 2026/27 Members approve the use of **£500,000** Extended Producer Responsibility (EPR) funding for the purchase of two new freighters as set out in paragraph 4.1.13.
- 2.13 That the sums included in the 2026/27 Budget for Local Government Reorganisation (LGR) transition budgets of **£560,000** are approved and for future years as set out in paragraph 4.2.4.
- 2.14 That Members approve the approach to additional growth of **£600,000** as set out in section 4.9 of the report and be included into the Council's budget setting processes for consideration by the Overview & Scrutiny Committee.

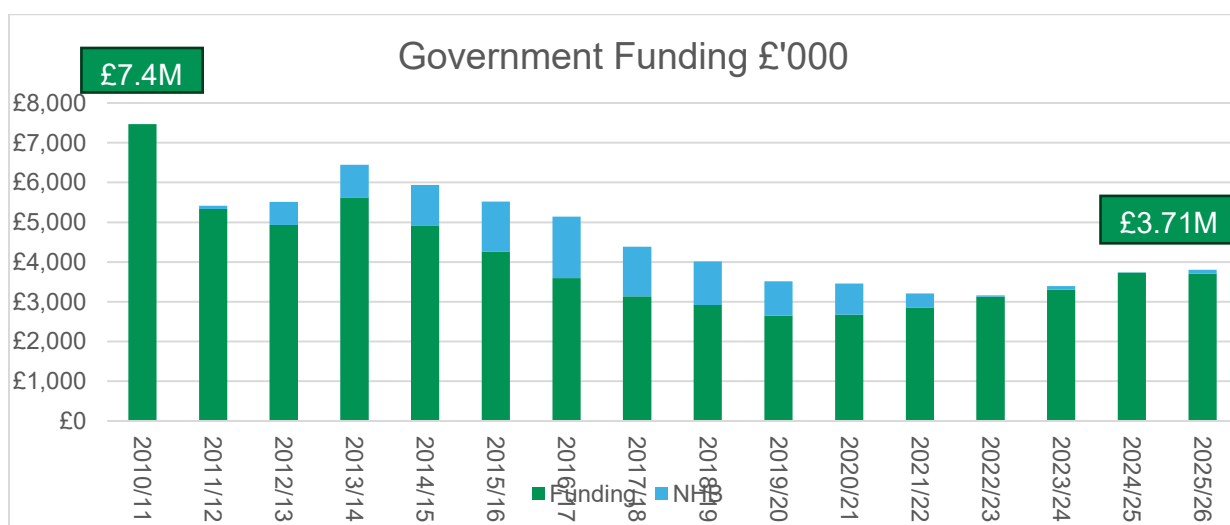
- 2.15 That Members approve the ringfencing of **£2,000,000** of Business Rates gain reserves for the repayment of LEP loans as set out in paragraph 4.11.5.
- 2.16 That the Section 25 Statement on Robustness of Estimates and Adequacy of Reserve as set out in Appendix D is approved.
- 2.17 That the Equalities Impact Assessment (EQIA) for the council tax increase of 2.99% is noted, (Appendix E)
- 2.18 That the decisions taken on recommendations 2.3 – 2.17 above be referred to the Overview and Scrutiny Committee for consideration in accordance with the Budget and Policy Framework rules in the Council's Constitution.
- 2.19 Approval is granted for engagement to take place with key partners and other stakeholders in order for their views to be considered as part of the 2026/27 budget setting process.

### **3. BACKGROUND**

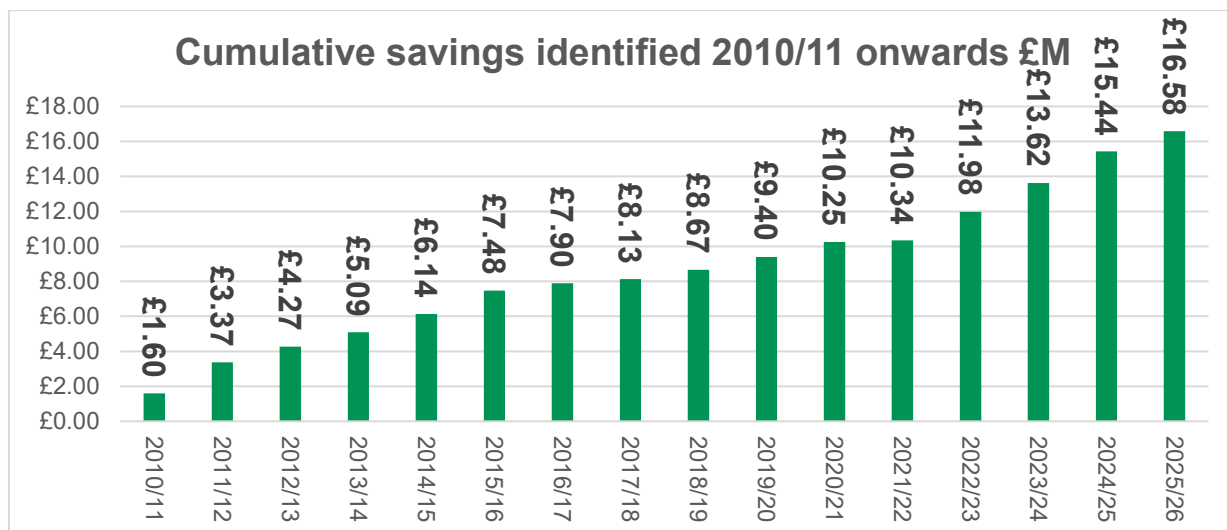
- 3.1 This report sets out the 2026/27 draft General Fund Budget including Balancing the Budget (BTB) options, growth bids and pressures. The General Fund Budget forms part of the Council's Budget and Policy Framework. Under Article 4 of the Constitution, the Budget includes: the allocation of financial 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 The Council approved an ambitious new Making Stevenage Even Better Corporate Plan in February 2024. It is essential that the Council employs a robust budget review and setting process in order to ensure that both front line service and Making Stevenage Even Better Corporate Plan priorities can be achieved, even during Local government Reform. As such the budgets both revenue and capital provide the means through which delivery of core service and Corporate Plan objectives can be achieved.
- 3.3 A summary of some of the service and MSEB priority activities which have been delivered as a result of the budget setting activity for 2025/26 is set out below:



- 3.4 Funding for Council services reduced significantly between 2010/11-2019/20 during the period of austerity and lower government spending on the public sector and for Stevenage Brough Council this has meant a reduction in government support of £3.75Million up to and including 2025/26, excluding business rate gains.



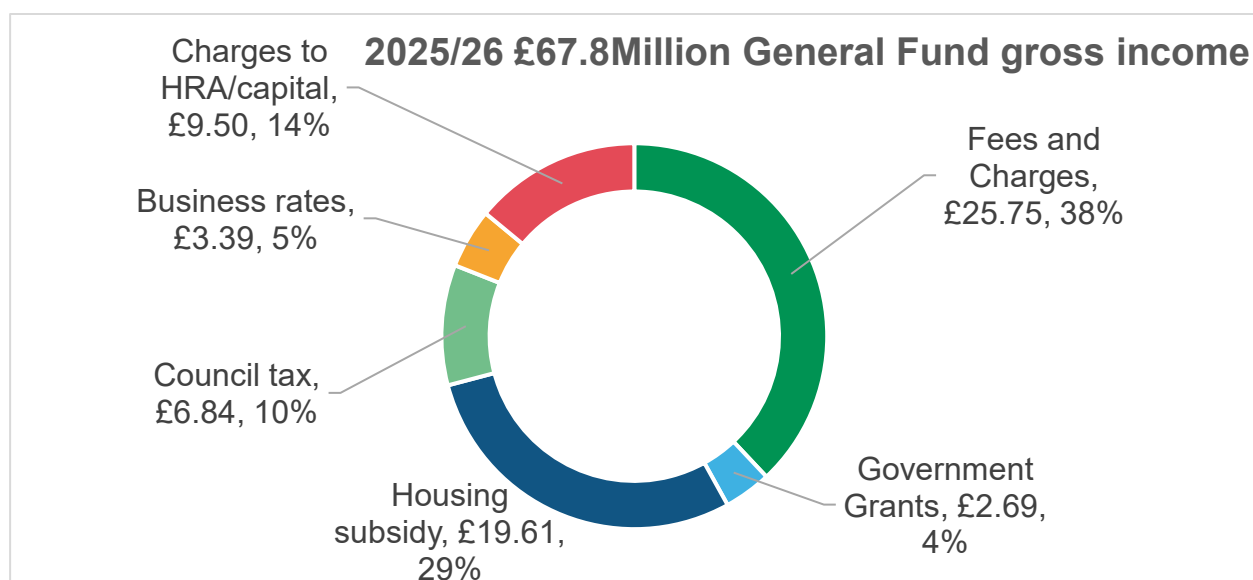
- 3.5 This has historically meant the need to find annual savings while population size and unfunded pressures grew. The Council has had a major focus on addressing the resulting financial funding gap through its 'Balancing the Budget' priority and this report summarises the options for approved or recommended for approval for 2026/27. The Cabinet and Senior Leadership Team have recognised the need to plan on the basis of a three-year savings horizon to both balance the budget and ensure that there are options identified which can be delivered within the timescales required. Taking such an approach should minimise the need for service cuts. The cumulative savings identified to date since 2010/11 are circa £16Million as shown in the chart below.



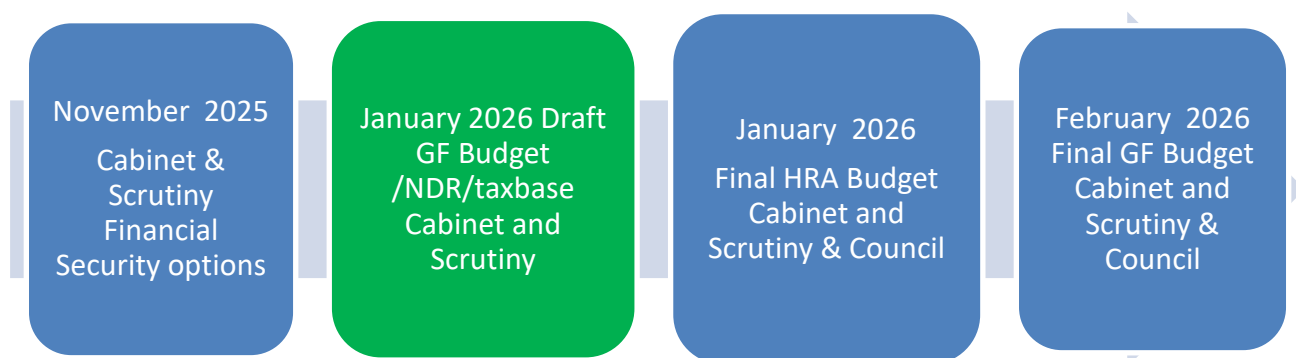
3.6 The 'Balancing the Budget' (BTB) funding gap identified in the September Medium Term Financial Strategy (MTFS) was £2.4Million prior to any known positive impact of Fair Funding for the period 2026/27-2028/29. This was updated in the November 2025 BTB report when the Fair Funding position was becoming clearer (see also section 4.1) with the outstanding savings gap of £1.15Million for the period 2027/28-2029/30 being able to be met from annual fees and charges increases with no further savings required.

3.7 Since the November 2025 BTB report was approved the government published the individual Council provisional Finance Settlements for the period 2026/27-2028/29. A summary of what the Finance Settlement means for the Council is set out in section 4.1 and General Fund resource projections have been updated accordingly in the draft budget.

3.8 The level of expenditure and income incurred/received by the General Fund is summarised below using the original 2025/26 SBC General Fund budget which was £67.8Million but after taking into account fees and charges, government grants, services to the HRA/Capital and housing subsidy was a net budget of £10.7Million and is funded as set out below.



- 3.9 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.



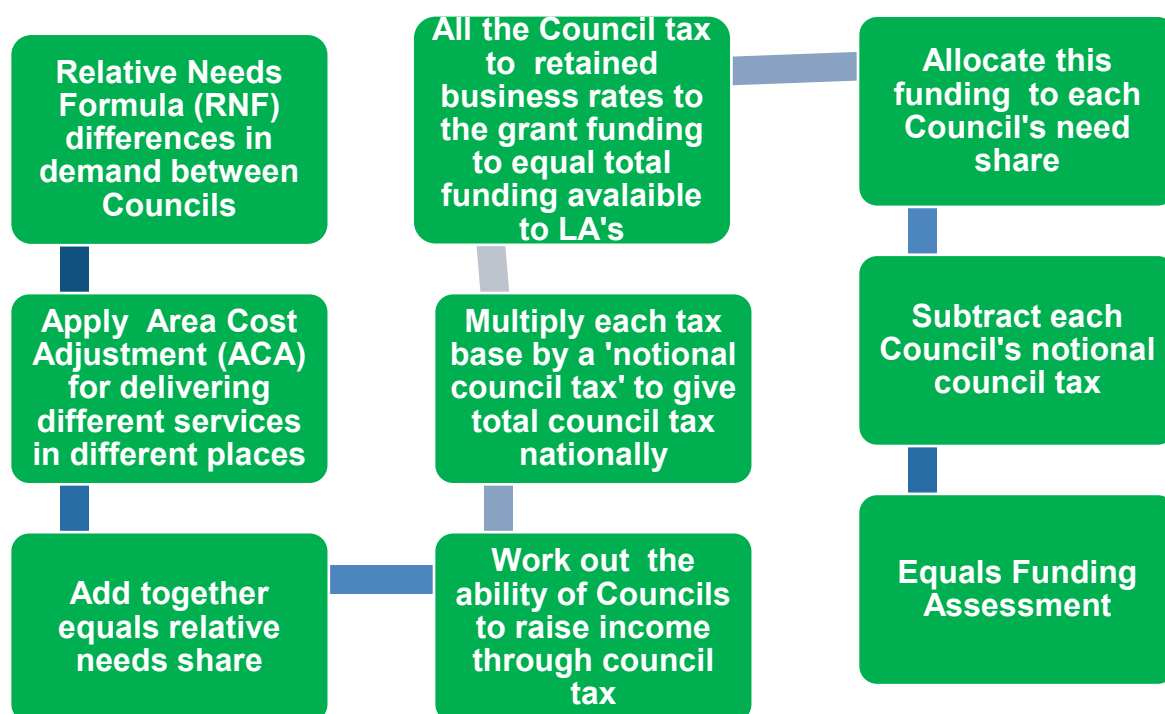
#### 4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

##### 4.1 Stevenage Borough Finance Settlement 2026/27-2028/29

- 4.1.1 The Government set out its plans to reform local government funding on the 20 June 2025 via a consultation document 'The Fair Funding review 2.0'. The system of Local Government funding had remained unchanged since localisation of business rates in 2013 and the plan was to change how money is allocated to Councils in England. The reforms aim was to account for the different needs and costs faced by communities across the country, including adjusting for the costs of remoteness faced by rural communities, and the ability of individual local authorities to raise Council Tax, while also resetting business rates income. This means an update to the formulae used to calculate funding allocations, which are a decade out of date. The aim was to make the system fairer and more current, so Councils get funding that better reflects their local needs based on a number of factors. So, from 2026/27, this revised system for allocating funding between Councils, will take account of those revisited factors of Councils' spending needs and their relative abilities to raise revenues themselves via council tax. The elements of the formula are listed below.

Fair Funding Factors		What It Means
Relative Needs		How much support a local area requires (e.g. for social care, housing, deprivation etc.)
Area Costs		How expensive it is to run services in that area (e.g. wages, property costs)
Resource Adjustment		How much money the council can raise itself (mainly through council tax)

4.1.2 The formulas are then applied based on the graphic below summarised below.



- 4.1.3 The criteria includes a 'Foundation Formula' for general services and then specific formulas for services like adult social care and temporary accommodation with adjustments for labour, property, and travel costs.
- 4.1.4 The UK government consulted on the proposed reforms between 20 June 2025 and 15 August 2025. To dampen any large swings in funding, the proposed changes will be phased in over three years to ease the transition for Authorities, with funding floors in place to limit losses for those receiving less funding under the new system than currently. However, unlike the previous system there is no ceiling on the amount of increase gaining Councils will receive.
- 4.1.5 The argument for reform is that it has not be reset for current demographic and deprivation factors and is based on no change to a government funding system since the introduction of 50% business rates retention in 2013/14, not to mention additional pressures faced by Councils today. However, the difficulty with a long overdue reset means any new scheme could and appears to lead to a significant redistribution of funding around the country.
- 4.1.6 Included in the funding consultation was the proposals for a full reset of the Business Rates Retention System for 2026/27. The aim is to ensure funding is targeted where it is needed most and restore the balance between aligning funding with need and rewarding business rates growth. The local share (the percentage share of locally collected business rates that will be retained by local government) will continue to be subject to redistribution across local government via 'top-ups' and 'tariffs'. Stevenage is a tariff authority and retains more business rate than the historic needs assessment and for 2025/26 the

estimated gains are £1.2Million. The re-set would see those gains reduce through a higher ‘tariff’ paid to the government with the reset now clarified to be based on the 2025/26 NNDR 1 submission and not 2024/25 actuals realised.

4.1.7 Alongside changes to government funding allocations the consultation document also proposes simplifying grant funding pots. In recent years, central Government has increasingly relied on ringfenced micro-grants in an attempt to ensure the continued delivery of specific departmental priorities. In 2025/26, over 300 grants were awarded to local government from across Whitehall. Research published by the LGA in 2020 found that there were nearly 250 different grants provided to local government, around a third of which were awarded on a competitive basis. The LGA research estimated that the average cost to Councils in pursuing each competitive grant was in the region of £30,000 costing each local authority roughly £2.25Million a year chasing down various pots of money across Whitehall (see also paragraph 4.1.12).

4.1.8 The Consultation response was published on 21 November 2025 and the following changes were made. Most notable are as follows:

Change	Impact on SBC
<b>Baseline for Funding (2025/26)</b>	
Pooling gains included in the calculation for business rates means Authorities which have been assigned levy savings will benefit from a more generous funding floor or, at a minimum, a three-year transition on this saving unwinding.	None not in a pool 2025/26
The recovery grant has been excluded £600Million (not all Councils received this in 2025/26).	SBC received £238K in 2025/26 and excluded from funding envelope
A portion of the £414 million children and families grant has been included.	
The temporary accommodation funding pot within FFR has been increased	SBC projected to receive more than previous estimate
<b>Change to Relative Needs Assessment</b>	
Changed a number of the formula and relative weighting specifically around adult and children social care indices.	Has had an impact on Districts overall (see chart below)
<b>Change to Relative Resources Adjustment</b>	
The main change is the confirmation of the notional council tax levels starting at £2,060 and growing to £2,160 and £2,265 over the three year period	improves funding position for SBC
For London Boroughs specifically, it may be that MHCLG might exclude 2.3% of the London taxbase from FFR altogether in recognition of non-fire GLA functions which sit outside of FFR	reduce overall funding



Change	Impact on SBC
The Government confirmed the treatment of around 50% of the £3.4 billion extra grant funding. This figure is cumulative and of £3.4 billion, around £1.75 billion will be allocated to adult and children's social care using the new formulae	reduce overall funding
As previously, the Business rates income is assumed to go up by inflation (this can be changed), and RSG has its own indexation assumption but also is top sliced to create the local authority better care grant for relevant authorities	increases/reduces funding

4.1.9 On 17 December 2025, the Secretary of State for the Ministry for Housing and Communities Local Government (MHCLG) released a written statement to Parliament on the provisional local government finance settlement 2026/27-2028/29. Over the three-year settlement period, Core Spending Power for all English councils (in aggregate) is expected to rise by 15.09% in cash terms. This compares to an estimated 3.3% cash increase for district councils, but for Stevenage there is bigger increase. The increase does include assumptions about increases in council tax, which accounts for an actual increase of 21% nationally\*.

	2025/26	2026/27	2027/28	2028/29
Funding Settlement	£Million	£Million	£Million	£Million
Baseline Funding Level (NNDR)		£16,240	£16,613	£16,948
Legacy Business rates Retention funding	£18,770			
Revenue Support Grant		£15,048	£17,788	£17,948
Legacy grant funding	£11,033			
Grants rolled in	£543			
Improved Better Care Fund (included in RSG from 2027/28)	£2,640	£2,640		
Families First Partnership (within Children, Families and Youth Grant)	£523	£853	£853	£729
Homelessness, Rough Sleeping and Domestic Abuse	£725	£794	£816	£835
Recovery grant	£600	£600	£600	£600
Recovery grant guarantee		£149	£113	£99
Mayoral Capacity Funding	£34	£33	£33	£33
Fire and Rescue real-terms floor		£2	£6	£9
100% income protection floor		£41	£91	£143
95% income protection floor		£104	£256	£415
Council Tax Requirement exc. parish precepts	£38,656	£41,208	£44,012	£47,000

	2025/26	2026/27	2027/28	2028/29
Funding Settlement	£Million	£Million	£Million	£Million
<b>Core Spending Power</b>	<b>£73,522</b>	<b>£77,712</b>	<b>£81,181</b>	<b>£84,759</b>

*\*A number of Councils have permission for higher increases where they are deemed to have lower than average council tax including Westminster, Wandsworth, Windsor & Maidenhead*

4.1.10 The Stevenage provisional settlement versus the previous modelling (which had no social care grants included in the overall funding pot is summarised below.

2025/26		2026/27		2027/28		2028/29	
Funding:	£'000	BTB £'000	settlement (£'000)	BTB £'000	settlement (£'000)	BTB £'000	settlement (£'000)
RSG	£149.0						
NNDR	£4,618.6						
Recovery grant	£283.8	£283.8	£283.8	£283.8	£283.8	£283.8	£283.8
NIC	£200.8						
NHB	£97.0						
NNDR Gains	£0.0	£0.0		£0.0		£0.0	
Food waste new burdens		£554.8		£554.8		£554.8	
Temporary accommodation grant	£556.8						
RSG			£2,849.5		£3,493.6		£4,130.0
Baseline Funding		£5,390.4	£3,609.3	£5,713.1	£3,692.1	£6,100.9	£3,766.6
<b>Total</b>	<b>£5,906.1</b>	<b>£6,229.0</b>	<b>£6,742.6</b>	<b>£6,551.7</b>	<b>£7,469.5</b>	<b>£6,939.6</b>	<b>£8,180.4</b>
Reduction for FF2 consultation changes		(£500.0)	£0.0	(£500.0)		(£500.0)	
<b>Reduction for NNDR losses</b>		(£160.0)	£0.0	(£160.0)		£0.0	
<b>Total excluding grants</b>	<b>£5,906.1</b>	<b>£5,569.0</b>	<b>£6,742.6</b>	<b>£5,891.7</b>	<b>£7,469.5</b>	<b>£6,439.6</b>	<b>£8,180.4</b>
<b>Increase from MTFS assumptions</b>			<b>£1,173.6</b>		<b>£1,577.8</b>		<b>£1,740.9</b>

4.1.11 Clarification from MHCLG has confirmed that the finance settlement also includes the funding relating to the legislated introduction of new separate food waste collection which SBC estimates will cost £554,790 (as set out in paragraph 4.2.1). However, any Government funding amount for this has not been identified separately. Notwithstanding, 2026/27 funding for Stevenage has increased in excess of the cost of food waste compared to 2025/26 amounts.

4.1.12 The settlement also now includes bigger, combined grants that replace several smaller ones, helping them focus more on delivering services than on managing payments. These grants will have their own rules for how money is

shared, and some will use old methods while others will use new, single formulas, the grants now included are summarised below. The reduction in homeless grant between 2025/26 and 2026/27 relates to the transfer of the temporary accommodation element into Revenue Support Grant (RSG) as shown in paragraph 4.1.10 and is from 2026/27, part of the Council's general government funding.

Grants				
Funding:	2025/26	2026/27	2027/28	2028/29
DHP/Crisis resilience fund	£ 141,830	£ 163,433	£ 163,433	0
Extended Producer Responsibility (EPR)	£1,078,000	£ 1,226,580	TBC	TBC
Homeless grant	£1,623,414	£1,057,303	£1,088,177	£1,125,762
Domestic abuse grant	£ 37,663	£37,663	£37,663	£37,663
<b>Total</b>	<b>£2,880,907</b>	<b>£2,484,979</b>	<b>£1,289,273</b>	<b>£1,163,425</b>

4.1.13 Included above is the 2026/27 allocation for Extended Producer Responsibility (EPR) which increased from 2025/26 and is ringfenced for improving recycling and waste collection. The recommended use of the grant will be set out in the February Draft Budget report but £500,000 of the allocation has been recommended to purchase two new freighters out of the three required in 2026/27 to help fund the capital growth need for next year (in addition to that set out in paragraph 4.2.5) and is included in the Draft Capital Strategy on this agenda.

4.1.14 The new grant funding in the Fair Funding Settlement, sits alongside an assumption of a 3% core council tax referendum principle and a 2% adult social care precept, which will result in an average overall real terms increase in local authority core spending power of 2.6% per year between 2025/26 and 2028/29.

4.1.15 The business rates safety net for 2026/27 is 100% rather than Council's funding the first 7.5% of losses as in previous years, this is detailed further in paragraph 4.4.3.

## **4.2 Pressures Projected in the General Fund 2026/27-2028/29**

4.2.1 The General Fund budget assumptions for 2026/27 now include net growth pressures of £3.6Million as set out below which are included in section 4.7 of this report.

Pressures	2025/26 MTFS	2026/27	+/-	Comments
Inflation	£1,045,492	£1,561,767	£516,275	Inflation has increased from that estimated in the September MTFS and includes: higher (1) Pay costs by £209K as the pay award assumptions have been increased from 2.75% to 3.25% based on current higher inflation. (2) Utility costs increase by £60K as a result of higher standing charges. (3) higher costs from third parties and shared services (£149K)
Employer pension contributions	£100,000	(£1,327,540)	(£1,427,540)	The Council was notified in November 2025 that the employer's rate would reduce from 19.3% to 16.5% and in addition no fixed payment of £1.5Million covering the HRA and General Fund. The Pension Fund is 112% funded, hence the significant decrease in costs. This has also led to a reduction in shared service costs provided to other LA's. For note the final confirmation has yet to be received.
Housing Benefit net costs	£10,000	£75,954	£65,954	With the transfer to Universal Credit the level of bad debt provision has increased for housing benefit overpayments as well as the assumed reduction in housing admin subsidy.
LEP loans repayment reserve	£0	£500,000	£500,000	see paragraph 4.2.2-4.2.3.
Local Government Reform (LGR)	£150,000	£560,000	£410,000	see paragraph 4.2.4.
Revenue Contribution to Capital	£700,000	£1,200,000	£500,000	see paragraph 4.2.5-4.2.7

Pressures	2025/26 MTFS	2026/27	+/-	Comments
Queensway LLP	£250,000	£250,000	£0	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 increased contributions be set aside as set out in the BTB November 2025 report.
Apprentice Scheme	£150,000	£150,000	£0	Members approved as part of the September MTFS to fund the apprentice programme previously assumed to be met from year end underspends
External support for the new Forster Country park	£20,000	£20,000	£0	Members approved as part of the September MTFS a contribution to support the implementation of the Forster Country Park
Maintenance (including lifts)	£0	£50,000	£50,000	The Council has incurred additional costs relating to in particular the Railway MSCP and Railway lift during 2024-2025. The increase in budget will ensure works are completed in a timely manner.
On-going costs related to PCI compliance (Payment Card Industry Data Security Standard (PCI DSS))	£0	£54,000	£54,000	The Council is implementing a system to support compliance for payments made to the Council, the current projections for annual fees is recommended to be included in the budget
Separate Food Waste	£0	£554,790	£554,790	The MTFS had assumed this would be funded from an allocation within the funding settlement, however it has not identified separately (see para.4.1.11)
<b>Total Identified</b>	<b>£2,425,492</b>	<b>£3,648,971</b>	<b>£ 1,223,479</b>	

4.2.2 The 2026/27 identified pressures of £3.6Million include a £500K recommended transfer to an earmarked reserve for repayment of the Local Enterprise Partnership (LEP) in 2029/30 of £6.5Million. The loans were granted for acquisition of assets to facilitate the Council's SG1 regeneration

programme and a scheduled set aside of monies to repay the LEP loans are summarised in the table below and are included in the revised MTFS projections in section 4.11. A significant part of the remainder of the LEP loan balance has been recommended to be ringfenced in the NNDR earmarked reserve as set out in paragraphs 4.11.4-4.11.5, leaving £500K to be identified in the period 2026/27-2029/30.

	2026/27	2027/28	2028/29	2029/30	Total
LEP loan set aside	£500,000	£1,000,000	£1,300,000	£1,300,000	£4,100,000
Still to be identified					£2,400,000
<b>Total Loans to be repaid 2029/30</b>					<b>£6,500,000</b>

4.2.3 The alternative option to the LEP loan reserve would have been to ringfence more business rate gains however, with the changes to business rates as set out in section 4.4, the likelihood is these will be significantly lower than experienced in previous years.

4.2.4 Also included in the 2026/27 £6.3Million pressures is an additional cost of £560,000 for Local Government Reorganisation (LGR) transition expenditure which the government anticipates Councils will meet from reserves and LGR savings. The CFO recommends setting aside the following amounts which will be reviewed following any future announcements on the LGR timetable. District Councils in Hertfordshire have suggested a minimum amount of circa £1Million.

	2026/27	2027/28	2028/29	Total
LGR funding	£560,000	£500,000	£400,000	£1,460,000

4.2.5 The November 2025 Balancing the Budget report recommended that the identified 2026/27 in year surplus of £706K should be utilised to support the General Fund Capital Strategy as the investment in the Council's assets has been severely restricted to fix on fail due to a shortage of capital resources. The Draft Capital Strategy to this Cabinet meeting includes a larger increase due to the improvement in the General Fund financial position and the contributions to capital recommended are summarised below.

Capital Funding (Revenue)	2026/27	2027/28	2028/29	2029/30	Total
Additional funding for capital	£1,200,000	£1,200,000	£1,200,000	£1,000,000	£4,600,000
Growth Bids not funded	£175,000	£621,700	£140,500	£669,400	£1,606,600

4.2.6 In addition to the use of revenue for capital investment in 2026/27 an amount of £250,000 is recommended to be transferred to the capital earmarked reserve (based on the in-year surplus set out in section 4.8) to given additional financial resilience to the Capital Strategy in the event that projected receipts

are delayed. This measure would be in addition to the deferred works reserve of £400,000.

- 4.2.7 However, Members should note that even with the additional resources set out above there are still a number of capital bids not funded and the stock condition survey included in the proposed 2026/27 programme may identify further works required to the Council's community, operational and leisure buildings once completed.

### 4.3 Council Tax and Council Tax Support

- 4.3.1 The December 2025 Cabinet Council Tax base report showed a 2026/27 increase in the tax base of 1.09 % compared to 2025/26, (2025/26 -0.3%). The growth in the taxbase assumed by the government was slightly lower in the Core Spending Power (CSP) with the government assuming £24,688 less council tax income than Stevenage is projecting for 2026/27. In terms of the increase in Band D property the finance settlement assumes a 2.99% increase for Districts plus a further 2% for social care for unitary and upper tier Councils with £15 increase on a Band D for the PCC.
- 4.3.2 The November 2025 Cabinet BTB report recommended a 2.99% increase in council tax and the CFO recommends increasing council tax by 2.99%, a below inflation increase with SBC element of the bill forming only 10.8% of the overall council tax bill for Stevenage residents.
- 4.3.3 Members will recall that SBC retains the lowest share of the overall Council Tax raised each 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 are shown below.

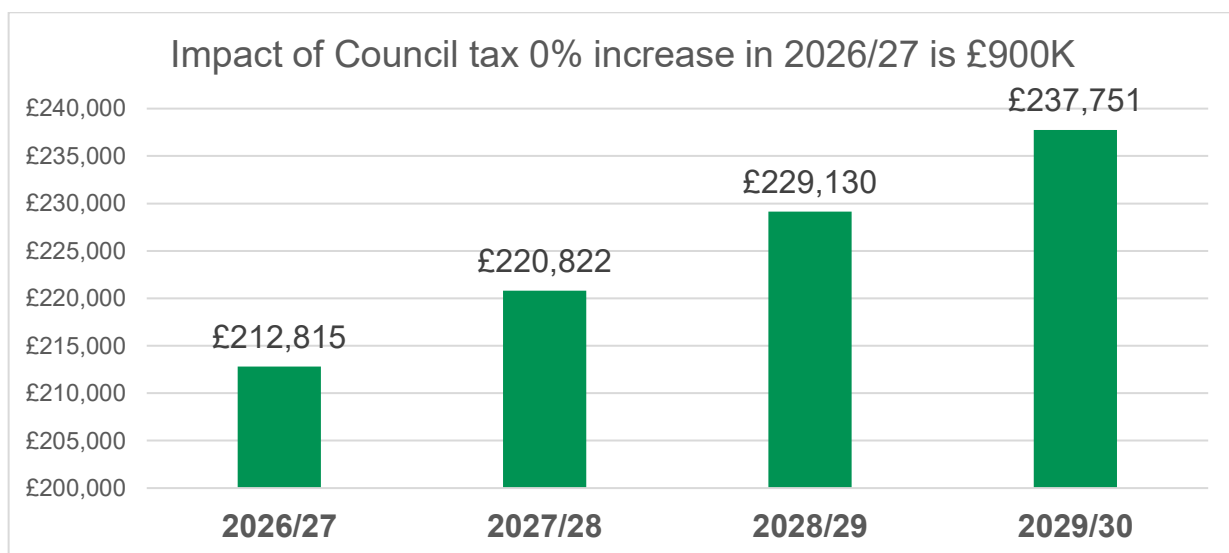
Authority	2024/25	2025/26	Cost per week	Increase	Share
Hertfordshire County Council	£1,498.45	£1,573.22	£30.25	4.99%	77.58%
Stevenage Borough Council	£212.68	£219.03	£4.21	2.99%	10.80%
Police Crime Commissioner	£223.11	£235.56	£4.53	5.58%	11.62%
<b>Total</b>	<b>£1,934.24</b>	<b>£2,027.81</b>	<b>£39.00</b>	<b>4.84%</b>	<b>100.00%</b>

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

Council tax band	2025/26 SBC	2.99% incr. per year	2026/27	Incr. per week
A	£164.27	£4.91	£169.18	£0.09

Council tax band	2025/26 SBC	2.99% incr. per year	2026/27	Incr. per week
B	£191.65	£5.73	£197.38	£0.11
C	<b>£219.03</b>	£6.55	£225.58	£0.13
D	£246.41	£7.37	£253.78	£0.14
E	£301.17	£9.00	£310.17	£0.17
F	£355.93	£10.64	£366.57	£0.20
G	£410.68	£12.28	£422.96	£0.24
H	£492.82	£14.74	£507.56	£0.28

- 4.3.5 The impact of a council tax increase versus no 2026/27 increase during the General Fund medium Term is set out in the chart below and shows that over the period 2026/27-2029/30 this equates to an estimated loss of resources of £900,519.



### Council Tax Support

- 4.3.6 A local CTS scheme cannot be revised for at least one financial year. Billing Authorities (such as SBC) must consider whether to revise or replace their scheme with another on an annual basis.
- 4.3.7 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.
- 4.3.8 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 2026/27.

- 4.3.9 The current **working age** scheme requires those on maximum benefits only to pay 8.5% of their council tax bill for the year. This equated to £172.36 for a Band C council home in 2025/26 on the total bill (with an additional 25% discount for a single person) or £3.31 per week.
- 4.3.10 In November 2025 Members approved the retention of the existing scheme for next year (uprated to reflect benefit changes for 2026/27) and agreed that officers should look at a banded scheme for proposal to include engagement / consultation with residents subject to the Local government Reform timetable for Hertfordshire.

#### 4.4 Business Rates Income

- 4.4.1 The MTFs and draft General Fund budget only includes an assumption of the 2026/27 baseline funding for business rates, or the amount the government has assessed the Council needs under its funding formula. In previous years there has been an additional £200K gains in the General Fund (with the rest transferred to the NNDR gains earmark reserve), however with the complete reset of business rates for 2026/27 and a projected reduction in gains against the 2025/26 estimate (see paragraph 4.4.7) no gains are currently included for the period 2026/27-2029/30.
- 4.4.2 Alongside the reset a number of other changes are being made to business rates, there will be the introduction of up to three new multipliers, which could cause volatility in the projected rates councils collect. This coincides with a new revaluation coming into effect on 1 April 2026, using market values determined as of 1 April 2024. As announced at Autumn Budget 2024, in April 2026, the government will replace retail, hospitality and leisure relief with two lower business rates multipliers for properties with rateable values below £500,000. In addition, a new larger property multiplier will be introduced for properties with a rateable value over £500,000, which is intended to help fund the reduction in the RHL multipliers.

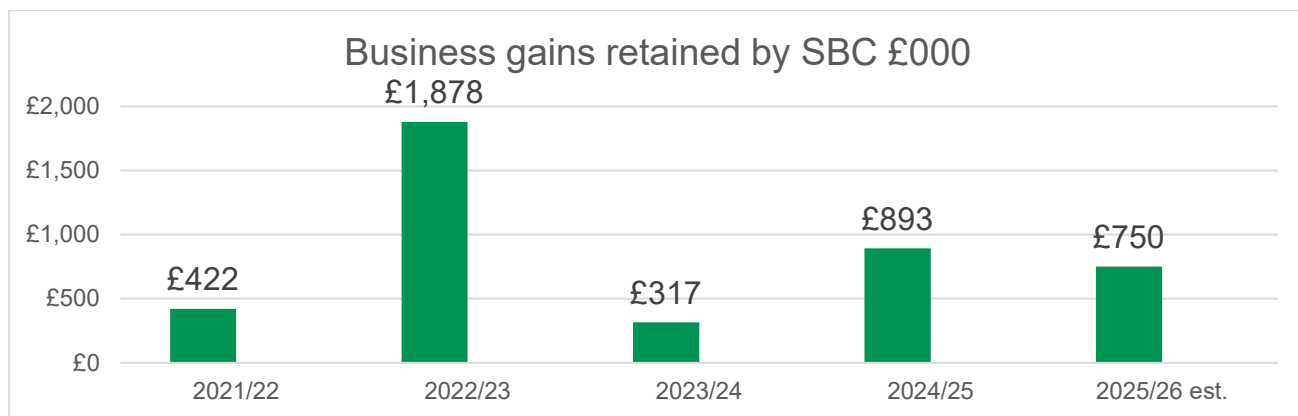
Multipliers from April 2026			
Category	Rateable Value (RV)	Multiplier	Notes
Small Business RHL*	Below £51,000	38.2p	New
Standard RHL*	£51,000 – £499,999	43.0p	New
Large (All Properties)	£500,000 and above	50.8p	New
Small Business (Non-RHL)	Below £51,000	43.2p	Existing
Standard (Non-RHL)	£51,000 – £499,999	48.0p	Existing

*\*Retail hospitality and Leisure*

- 4.4.3 The government has recommended changes to the safety net and transitional arrangements which are intended to help councils manage the financial impact of all the impacts summarised above. In previous years the first 7.5% of losses were funded by Councils before the safety net applied. For 2026/27, 2027/28 and 2028/29 the safety net starts at 100%, 95% and 97.5% for the respective years.
- 4.4.4 Business rate gains above the £200K assumed in the budget have been used transferred to the NNDR reserve to fund time limited growth and regeneration objectives. 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.
- 4.4.5 The actual level of business rates that the Council keeps each year is determined once the NDR1 form issued by the government is completed. This calculates business rates collectable, level of reliefs to be given in 2026/27 and S31 grants due.
- 4.4.6 In order to complete the NNDR1 and incorporate the system changes for the new multipliers, the year-end release needs to be applied which means that a first draft will not be completed in time to meet the governments deadline of 31 January 2026. The November BTB report recommended this be delegated to the CFO after consultation with the Resources & Performance Portfolio Holder.
- 4.4.7 The 2025/26 business rates will be reviewed as part of the NNDR1 activity. Based on the current projections 2025/26 business rate income is lower as summarised below and this estimate is included in the revised budgets for 2025/26 and 2026/27.

	Original NNDR	Revised NNDR	2025/26 impact	2026/27 impact
Business Rates	(£22,824,068)	(£22,287,351)		£536,717
Tariff	£19,488,317	£19,488,317		
S31 Grants	(£2,210,373)	(£2,185,159)	£25,214	
Levy	£927,339	£651,082	(£276,256)	
Retained Business Rates	(£4,618,785)	(£4,333,110)	(£251,042)	£536,717
Reduction in Business Rates				£285,675

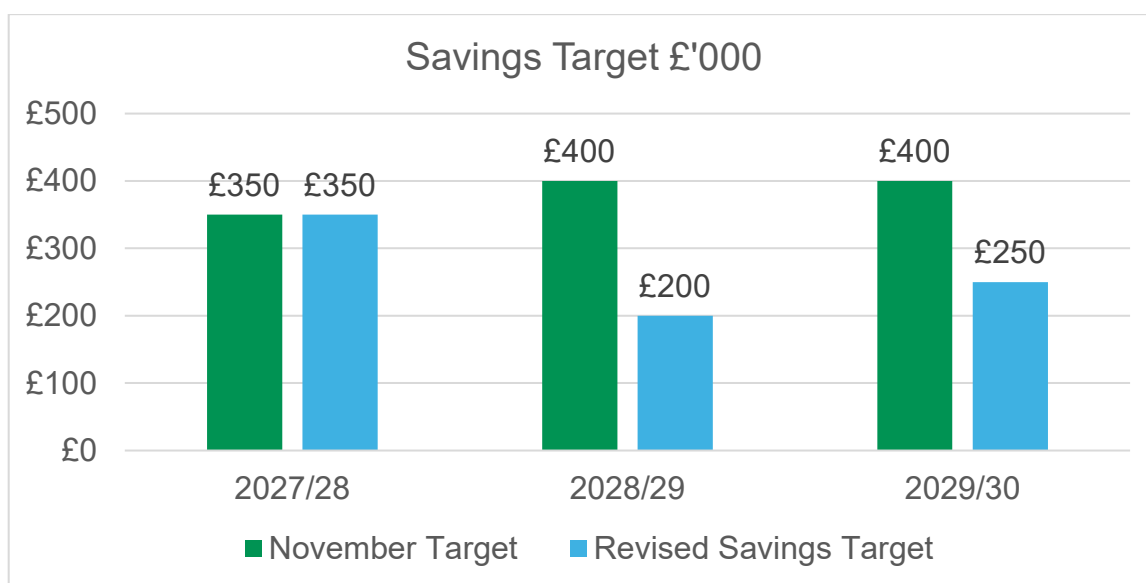
- 4.4.8 Business rate gains do fluctuate between financial years as shown below and with the business rate reset (see also paragraph 4.4.1) no gains are currently being projected going forward.



*Note: A Pilot operated in Hertfordshire in 2022/23 where 75% of gains were retained in Hertfordshire*

#### 4.5 The Balancing the Budget Savings Target

- 4.5.1 As set out in paragraph 3.7 the 2027/28-2029/30 savings shortfall of £1.15Million could now be addressed through annual fees and charges increases if costs and income remain in line with the updated MTFS projections. The target has been updated based on the financial information included in this report and is now projected to be £800K as summarised below.



- 4.5.2 The BTB report to the November 2025 Cabinet report included the recommended/approved budget reductions/income increases, which are summarised and did not contain any service cuts.

Balancing the Budget Savings Summary	Approved	2026/27	2027/28	2028/29
MTFS efficiency savings	September 2025 Cabinet	£766,606	£839,616	£843,364

Fees & charges	October 2025 Cabinet	£309,000	£314,000	£314,000
Taxi Licences	October 2025 Cabinet	£33,000	£60,000	£60,000
Commercial Option Primett Road	October 2025 Cabinet	(£22,500)	£100,000	£100,000
Star Chamber Options (App A)	November 2025 Cabinet	£84,640	£105,970	£132,370
Changes to Leisure Contract	December 2025 Cabinet	£110,000	£110,000	£110,000
<b>Total</b>		<b>£1,280,746</b>	<b>£1,529,586</b>	<b>£1,559,734</b>

#### 4.6 Growth Options

- 4.6.1 The September 2025 MTFS assumed growth of £75K for 2026/27 there are a small number of proposed growth bids which include a one off bid of £50K for the Towns 80<sup>th</sup> Anniversary programme in 2026/27 and on-going growth bids of £95,140 and are summarised in Appendix B.
- 4.6.2 Included in the growth bids is a monies for events. Members should note that initially event island had a proportion of Towns Fund revenue monies to fund events, if the programme as outlined in Appendix B is to continue a growth bid is required.
- 4.6.3 The growth bids are in excess of the £75K growth target, however savings identified are higher than in the September MTFS and General Fund balances are significantly above the minimum level required and they are all therefore recommended.
- 4.6.4 The November 2025 BTB report recommended that once the Finance settlement was published there could be further scope to include growth in the 2026/27 General Fund budget and in particular reporting the significant shortfall in capital resources and as set out in paragraph 4.2.5-4.2.6.
- 4.6.5 Consideration of any further additional growth should take into account the medium-term financial position and the inflation and pressures identified within this report. Section 4.9 considers this in more detail.

#### 4.7 Changes to the 2026/27 General Fund budget versus the 2025/26 Original General Fund Budget

- 4.7.1 The General Fund budget is now projected to be £12,986,060 (with a contribution to balances of £601,581), versus the November BTB report projection of £11,589,874 (and a draw on balances of £706,396) which didn't include any contribution to capital (recommended in the report). General Fund net expenditure is higher versus BTB report notwithstanding the £1.2Million contribution to capital and as set out in paragraph 4.1.10 core resources have increased too. The changes are set out below.

BTB report to Draft General Fund Budget	£	Comments
Balancing the Budget	£11,589,870	
Impacts from 2025/26 :		

BTB report to Draft General Fund Budget	£	Comments
Slippage of revenue contribution to capital from 2025/26	£163,500	see para. 4.8.1
Total 2025/26 Changes	<b>£163,500</b>	
<b>Inflation :</b>		
Inflation 2026/27	£529,500	see para 4.1.1
Employer pension contributions	(£1,427,540)	see para 4.1.1
<b>Pressures:</b>		
Housing Benefit net costs	£80,580	With the transfer to Universal Credit the level of bad debt provision has increased for housing benefit overpayments as well as the assumed reduction in housing admin subsidy.
Maintenance (including lifts)	£50,000	see para 4.1.1
On-going costs related to PCI compliance (Payment Card Industry Data Security Standard (PCI DSS))	£54,000	see para 4.1.1
<b>Government Reforms:</b>		
Local Government Reform (LGR)	£410,000	The BTB & MTFs report included £150K for LGR transition costs, however discussions within Hertfordshire LA's a figure of £1Million which has been profiled over 2026/27-2027/28 for SBC.
Separate Food Waste Costs	£554,790	The cost of new separate food waste was anticipated to be funded through new burdens see also para. 4.1.11.
Extended Producer Responsibility grant	(£1,226,580)	The second year of the funding for EPR announced in November 2025 (see also para. 4.1.4)
Recycling & waste related spend (EPR)	£726,580	see para. 4.1.4
New Revenue Contribution to Capital (EPR)	£500,000	see para. 4.1.4
<b>Funding Capital and repaying debt:</b>		
New Revenue Contribution to Capital	£1,200,000	The BTB report recommended the use of surpluses to fund capital which has been restricted for a number of years (see also para. 4.2.5-4.2.6)
LEP loans repayment reserve	£500,000	see paragraph 4.2.2-4.2.3.
<b>Investment Income</b>		
Investment income	(£184,410)	The General Fund balances are projected to be higher for 2026/27, however there is an increase in internal borrowing

BTB report to Draft General Fund Budget	£	Comments
		estimated for 2027/28 which reduces the projected investment interest due.
<b>Savings Changes:</b>		
Savings recommended	£8,060	This includes a £5K reduction of parking income in the Old Town while the Active Travel highways improvements are underway approved by Members in the November 2025 Cabinet meeting.
<b>Changes to NNDR gains:</b>		
Transfer from reserves NNDR	(£536,710)	The 2025/26 projected losses need to be repaid to the Collection Fund in 2026/27 and the equivalent amount has been transferred from the NNDR reserve
<b>Minor changes:</b>		
Minor movements	(£5,580)	
<b>Total Identified</b>	<b>£1,232,690</b>	
<b>Draft General Fund budget 2026/27</b>	<b>£12,986,060</b>	

- 4.7.2 A summary of the General Fund core resources are summarised in the table below. Funding has increased but is partly offset by the inclusion of the new food waste service of £554K not funded separately (and shown in net General Fund expenditure).

Core resources	BTB Assumptions	Draft Budget	BTB V Provisional Variance
Business Rates	(£3,470,303)	(£3,609,322)	(£139,018)
Revenue Support Grant	(£1,420,051)	(£2,849,486)	(£1,429,434)
Recovery grant	(£283,819)	(£283,819)	£0
Business rate losses	£160,000	£0	(£160,000)
<b>Total</b>	<b>(£5,014,174)</b>	<b>(£6,742,626)</b>	<b>(£1,728,452)</b>
Council Tax	(£7,305,404)	(£7,330,379)	(£24,975)
Transfers to Collection Fund NNDR	£183,637	£720,354	£536,717
Transfers from Collection Fund Ctax	(£160,330)	(£234,991)	(£74,660)
<b>Total Collection Fund changes</b>	<b>(£7,282,096)</b>	<b>(£6,845,015)</b>	<b>£437,081</b>
<b>Total Funding</b>	<b>(£12,296,270)</b>	<b>(£13,587,641)</b>	<b>(£1,291,371)</b>
<b>Use of Balances</b>	<b>(£706,396)</b>	<b>(£601,581)</b>	<b>£104,815</b>

## 4.8 2025/26 Budget changes

4.8.1 The 2025/26 General Fund budget is projected to decrease by £509,450. A summary of the changes is detailed below.

Changes to the 2025/26 Budget			
<b>General Fund quarter 2 budget</b>		<b>£10,726,470</b>	
<b>Lower costs:</b>			
Business rates	(£454,690)		The Council has submitted a number of business rates appeals as a result of the 2023 rating list. This is backdated to 2023 and relates to the St Georges MSCP.
Housing Benefit costs	(£69,010)	(£523,700)	
<b>Slippage:</b>			
Revenue Contribution to Capital	(£163,500)	(£163,500)	The Draft Capital Strategy identifies slippage including for the garages programme
<b>Changes in Reserves:</b>			
Transfer to NNDR Reserve	£251,220		Core resources have reduced as a result of lower business rate gains from a lower levy on business gains (£366K) offset by lower S31 grants (£188K). All gains above £200K are transferred to the NNDR reserve (see para. 4.4.7)
Transfer to Capital Reserve	£250,000	£501,220	Paragraph 4.25-4.27
<b>Total Changes</b>		<b>(£185,980)</b>	
<b>Revised General Fund budget</b>		<b>£10,540,490</b>	

## 4.9 Proposed Additional Growth

4.9.1 The General Fund projected in year surpluses and balances as a result of the expenditure, income and core resource impacts set out in sections 4.4-4.8 are summarised below.

General Fund Balances	2025/26	2026/27	2027/28	2028/29	2029/30
In year surplus	£530,373	£601,582	(£51,884)	£107,070	(£24,085)
Year end balances	£7,591,735	£8,193,317	£8,141,434	£8,248,504	£8,224,419

(red = deficit)

- 4.9.2 The combination of the additional funding (see paragraph 4.1.9) and reduction in employer pension contributions impact is offset in future years and for 2027/28 by:
1. The increase in LEP loan set aside (see paragraph 4.2.2) from £500K to £1Million
  2. The reduction in the required 2027/28 £350K savings target versus the 2026/27 savings of £1.283Million (see also paragraph 4.5.2).
  3. A reduction in investment interest of £284K due to temporary internal borrowing which is repaid by the 2028/29.
  4. Assumption that there will be business rate losses of 5% (to the safety net of 95%) in 2027/28. The gains projected for 2025/26 (on which the fair funding settlement was based) are lower than the original estimate (see para.4.4.7)
- 4.9.3 Although the General Fund balances are higher than in previous years and are above minimum balances, if on-going growth bids are approved this mean the need to increase future savings targets or risk building a structural deficit that could grow over time and be difficult to eliminate without significant savings. Therefore, the CFO recommends that any growth items are one off in nature or time limited so that the savings target is not beyond 2026/27 as the Council transitions into a new Unitary authority potentially from 2028/29.
- 4.9.4 In addition there are still risks around the level of required transition costs into LGR and there is still further LEP loan repayments to be identified, (potentially requiring savings).
- 4.9.5 Due to the timing of the funding settlement (17 December 2025) there has been insufficient time to fully develop one off spend initiatives for approval by the Cabinet portfolio holders, however a number of themes have emerged which are:
- **Supporting our residents** through additional Discretionary housing payments and S13a Council tax support exceptional circumstances to keep residents in their homes
  - **Supporting residents into work** through training interventions including for those of working age
  - **Improving our town** by complementing the proposed draft capital programme with additional spend to complete hedge 'hair cuts' -
  - **Increasing the financial support Councillors can give** through increasing the Local Community Budget that Members can award to groups and charities in their ward and in particular during the 80<sup>th</sup> Anniversary of the town.
- 4.9.6 The CFO recommends that up to £600K of additional one off spend could be included in the 2026/27 budget for these purposes and if approved in principle for inclusion the February General Fund Draft budget report will contain options for approval.



- 4.9.7 Subject to the General Fund projections being realisation as set out above there could be potentially further scope in 2026/27- 2027/28 to approve further one-off growth.
- 4.9.8 The impact of approving **2026/27 on-going growth of £600K** soon builds in a structural deficit as shown below which by 2027/28 is £651K and would require an increase in the savings target of circa that amount.

General Fund Balances	2025/26	2026/27	2027/28	2028/29	2029/30
In year surplus	£530,373	£1,582	(£651,884)	(£492,930)	(£624,085)
Year end balances	£7,591,735	£7,593,317	£6,941,434	£6,448,504	£5,824,419

#### 4.10 Level of Balances required for General Fund and projected balances

- 4.10.1 The September 2025 MTFS assumed that the minimum level of balances required would be £3.57Million. A full assessment has been carried out which is detailed in Appendix C and, accordingly, the minimum level of balances now totals £3,648,355. The projected General Fund balances even with one off growth are higher than the revised amount for 2026/27, but paragraph 4.9.8 demonstrates the negative impact on balances on-going spend could have furthermore, the cost of LGR transition is not clear at this stage and this will need to be kept under review alongside the other risks set out in this report.
- 4.10.2 The projected General Fund balances and council tax requirement are set out below (including 2026/27 £600K one off growth) and the level of projected General Fund balances are as set out in paragraph 4.11.1.

General Fund Budget	2025/26 Estimate	2025/26 Projected	2026/27 Estimate
Net Expenditure	£10,753,540	£10,540,490	£13,586,060
Use of/ (Contribution) to Balances	(£2,834,102)	(£530,369)	(£1,581)
<b>Budget Requirement</b>	<b>£7,919,437</b>	<b>£10,010,121</b>	<b>£13,584,479</b>
Revenue Support Grant	(£149,048)	(£149,048)	(£2,849,486)
Recovery grant	(£283,819)	(£283,819)	(£283,819)
New Homes Bonus	(£97,000)	(£97,000)	£0
Backstop grant (Audit)	£0	(£60,044)	£0
Total grant support	<b>(£529,867)</b>	<b>(£589,911)</b>	<b>(£3,133,305)</b>
Business Rates net of tariff and levy	(£2,408,412)	(£2,684,669)	(£3,609,322)
S31 grants NNDR	(£2,210,192)	(£2,185,159)	
Total in year business rates	<b>(£4,618,604)</b>	<b>(£4,869,828)</b>	<b>(£3,609,322)</b>
(Return) /Contribution to Collection Fund (NDR) re 2023/43 & 2024/25 & 2025/26	£1,232,757	£1,232,757	£720,354
Collection Fund Surplus (ctax)	£196,632	£196,632	(£234,991)

General Fund Budget	2025/26 Estimate	2025/26 Projected	2026/27 Estimate
Council Tax Requirement	(£7,040,510)	(£7,040,510)	(£7,330,379)
Council Tax Base	£28,572	£28,572	£28,885
Council Tax Band D	£246.41	£246.41	£253.78
Council Tax Band C	£219.04	£219.04	£225.58

#### 4.11 Medium Term Financial Strategy General Fund Summary

4.11.1 The MTFs modelling has been updated to reflect the contents of this report including the assumption about one off growth in 2026/27 of £600K as set out in section 4.9.

General Fund Balances	2025/26	2026/27	2027/28	2028/29	2029/30
In year surplus	£530,373	£1,582	(£51,884)	£107,070	(£24,085)
Year end balances	£7,591,735	£7,593,317	£7,541,433	£7,648,503	£7,624,418

4.11.2 Adding the additional £600K one off growth means the General Fund has a small surplus of £1,581 in 2026/27. Although the funding position is much better for SBC there are still risks to setting a balanced budget going forward which are:

- Business rates do not recover to the base level assumed by the Government and there is an on-going loss of business rates before the safety levy is payable increase net costs to the General Fund of higher than £160K beyond 2028/29 (there are no losses assumed in the MTFs after 2028/29)
- LGR transition costs are higher than estimated and there is an expectation that Councils will fund this themselves and all of the proposed Unitary models required savings to be realised.
- The General Fund Capital Strategy has a future funding shortfalls despite the £1.2Million funding recommended in the Capital Strategy and further capital requirements may be identified as a result of the stock condition survey commissioned for 2026/27 (growth bid).
- Inflation increases which results in the need for higher BTB savings targets to be set.

4.11.3 In addition to the risk assessment of balances to support the General Fund's financial resilience, there are two further allocated reserves available which are summarised below. The CFO recommends they are retained at the projected levels in case they are needed to support the General Fund in year.

Reserves £'000	Closing 2024/25	(Use)/to	Closing 2025/26	(Use)/to	Closing 2026/27	(Use)/to	Closing 2027/28
Gains (NNDR)	£4,580	(£1,022)	£3,558	(£1,077)	£2,481	£1,442	£3,923
Income equalisation Reserve	£758	(£200)	£558	£0	£558	£0	£558

Reserves £'000	Closing 2024/25	(Use)/to	Closing 2025/26	(Use)/to	Closing 2026/27	(Use)/to	Closing 2027/28
<b>Total Available to support the GF</b>	£5,338	(£1,222)	£4,116	(£1,077)	£3,039	£1,442	£4,481

4.11.4 The closing balance for the NNDR reserve as at 31 March 2028 is £3.9Million and that includes assumptions about realised and unrealised NNDR and net interest rate earned on the Council's joint venture with Mace at Claxton House. This is summarised below.

<b>NNDR Reserve</b>	<b>£</b>	<b>£</b>
<b>Opening Balance 2025/26</b>		<b>(£4,580,127)</b>
Gains not realised	£1,667,434	£0
Graduate scheme spend	£757,940	£2,425,374
<b>Net Gains still to be achieved</b>	<b>£</b>	
Remaining gains to be realised 2025/26	(£753,903)	£0
Claxton House	(£1,014,434)	(£1,768,338)
<b>Closing Balance 2027/28</b>		<b>(£3,923,092)</b>

4.11.5 The CFO recommends that the £2Million of the reserve's balances are used to contribute to the remaining outstanding LEP loans as set out in paragraph 4.2.2.

4.11.6 The General Fund reserves allocated for specific purposes are summarised below.

Reserves £'000	Closing 2024/25	Use	Closing 2025/26	Use	Closing 2026/27	Closing 2027/28
NHB reserve <i>note 1</i>	£10	£0	£10	£0	£10	£10
Business Change & Digital Reserve <i>note 2</i>	£773	£314	£1,087	£0	£1,087	£1,087
Homeless reserve <i>note 3</i>	£420	£109	£529	(£96)	£434	£434
Planning Delivery <i>note 4</i>	£198	(£95)	£103	£0	£103	£103
Queensway monies <i>note 5</i>	£215	£193	£408	£293	£701	£1,094
Regeneration Reserve <i>note 7</i>	£245	(£107)	£139	£0	£139	£139
Town Centre Reserve	£0	£56	£56	£0	£56	£56
Town square reserve <i>note 6</i>	£1,711	£55	£1,766	(£35)	£1,731	£1,546
Insurance reserve <i>note 8</i>	£62	£0	£62	£0	£62	£62
ICT reserve <i>note 9</i>	£142	£0	£142	£0	£142	£142
New Leisure <i>note 15</i>	£219	(£219)	£0	£0	£0	£0
Stevenage works <i>note 11</i>	£20	(£20)	£0	£0	£0	£0
Asylum seekers reserve <i>note 12</i>	£1,018	(£227)	£790	(£518)	£272	£272
Future Councils reserve <i>note 10</i>	£198	(£198)	£0	£0	£0	£0
Commercial Property repair reserve <i>note 13</i>	£41	£0	£41	£0	£41	£41

Reserves £'000	Closing 2024/25	Use	Closing 2025/26	Use	Closing 2026/27	Closing 2027/28
Domestic abuse reserve	£196	£0	£196	£0	£196	£196
Extended Producer Pays grant note 14	£0	£218	£218	£0	£218	£218
Elections Reserve	£0	£50	£50	(£50)	£0	£0
LEP Loan Reserve see para. 4.2.2	£0	£0	£0	£500	£500	£1,500
Apprentice Reserve	£150	£150	£300	£150	£450	£600
<b>Total Allocated for use</b>	<b>£5,617</b>	<b>£280</b>	<b>£5,896</b>	<b>£243</b>	<b>£6,140</b>	<b>£7,498</b>

4.11.7 There is a planned transfer to balances of £280K and £243K in 2025/26 and 2026/27 respectively. The established reserves are as follows:

1. NHB reserve was created to hold NHB allocations so that the General Fund did not become reliant on the funding. This reserve has reduced from its peak of £1.6Million to £10K in 2025/26.
2. Business Change & Digital Reserve is used to hold the monies set out for the Council's Business Change programme including improving the Council's digital offer and streamlining processes to give better outcomes and improved service delivery for residents. When business cases are established monies will be drawn down from the reserve.
3. These are ringfenced government Homeless grants which are used to support the Council's homeless function including additional staff resources. The 2026/27 allocation has been assumed to be spent in year.
4. Planning Delivery is required to support the surveys for the Local Plan and is used over and above any General Fund allocation.
5. Queensway Car Park Monies - this is the income from the Queensway Limited Liability Partnership (LLP) for parking income and the allowance for future costs for the LLP as agreed in the September 2024 and 2025 MTFS. This money has been ringfenced to support the fit out of future commercial tenancies on Queensway North.
6. Town Square Reserve - the monies are held to support the running costs of assets acquired for regeneration purposes.
7. The Regeneration reserve is used to fund one off additional costs incurred by the Regeneration Team to support the teams projects including professional and legal advice.
8. The Insurance reserve is used to support adhoc preventative works to reduce potential future claims where no core budget is in place.
9. The ICT reserve is ICT Reserve - this was used to absorb pressures in year.
10. The Future Councils Reserve is used to ringfence the £750K grant funding received by the government, which is predicted to be spent by 31 March 2026.
11. Stevenage Works is the flagship job and training hub / partnership which comprises SBC, North Herts College and Job Centre Plus. The funding in the reserve has yet to be forecast and an update will be included in the February report.
12. These are ringfenced Asylum grants which are used to support the Council's homeless function including the provision of additional staff resources.

13. The Commercial Property Reserve is a reactive pot which can be used to support works to the commercial estate if expenditure is above the in-year budget allocation.
14. The Extended Producer Pays reserve see para. 4.1.3

#### **4.12 Chief Finance Officer's Commentary**

- 4.12.1 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, (see also Appendix D).
- 4.12.2 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 'Balancing the Budget' priority of 'Stevenage Even Better' Corporate Plan.
- 4.12.3 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 gives a mechanism by which future 'budget gaps' can be identified allowing for a measured rather than reactive approach to reducing net expenditure. Work is ongoing throughout the year to seek to bridge the BTB funding gap.
- 4.12.4 The Council has taken significant steps over recent years to balance its budget and the 2026/27-2028/29 Fair Funding Settlement has improved the financial position of the Council and given certainty about the next three years funding from Government. The 2027/28-2029/30 BTB savings target has significantly reduced from historic levels and totals £800K and should be funded through annual fees and charges increases. This is of course dependent on the realisation of projected inflationary pressures as set out in the MTFS.
- 4.12.5 Events such as COVID and the Cost of Living crises have increased financial risks to Councils which has seen spikes in inflation which have become baselined within the budget. The Council has however taken a number of financial resilience measures which seek to increase the resilience of the Council's position including:
  - A risk assessment of balances to ensure general reserves held take the increased risk from recessionary pressures into account.
  - Establishment of the income equalisation reserve (£558K by 31 March 2026) which can be returned to the General Fund if fees and charges are lower than projected.
  - Identification of a sufficient level of on-going BTB options to ensure the General Fund is above or at the minimum level of balances.
  - Introduction of a Business Change and Digital programme to deliver savings for both the General Fund and HRA and get the Council ready for LGR.

- Implementation of a Commercial and Insourcing Strategy which looks for opportunities to increase the Council's net income from new commercial options, ensuring fees and charges are set based on the cost of services and any insourcing opportunities.
- Setting aside monies in the Queensway reserve to ensure there is sufficient monies available to Queensway LLP for future investment and support.
- Setting aside monies to repay the LEP loans due to be repaid in 2029/30

4.12.6 The current projections of balances, the new Fair Funding and the measures the Council has taken to date as set in this report mean that the level of balances projected are above the minimum level and sufficient to set the 2026/27 budget. However, a structural deficit could soon open up (as demonstrated in paragraph 4.9.8) if growth is on-going rather than one off in nature.

4.12.7 Further commentary can be found in Appendix D to this report (Section 25 Statement including Robustness of Estimates and Adequacy of Reserves) which Members are asked to approve.

#### **4.13 Contingency Sums**

4.13.1 Cabinet Members 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 Cabinet can approve supplementary estimates, rather than forming part of the Council's Budget Requirement for the year. A sum of £500,000 is proposed for 2026/27 for general spend and remains unchanged from 2025/26.

4.13.2 In addition a further allowance of £500,000 is recommended specifically for Local Government reorganisation if funding required is needed in advance of the 2027/28 allowance or costs are higher than expected. This means the General Fund would still project cash balances above the minimum levels set out in the report.

#### **4.14 Consultation**

##### **Resident Survey (2025)**

4.14.1 The 2025/26 Residents survey (on this Cabinet agenda) 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 2025, 2021 and 2017) with 46%. This first-rate ranking has increased from 2021 and supports the Digital Strategy (approved at the December Cabinet) 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	2025 rank	2021 rank	1st
Reduce time and money spent on paperwork by interacting with more residents and customers online/modernising services	1	1	46%
Make money by selling more of our services to residents and customers	2	4	9%
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	3	2	24%
Spend less by reducing or cutting the services that you tell us are not a priority	4	3	10%
Increase our element of Council Tax (for example from 51p per day to 55p per day)	5	5	7%

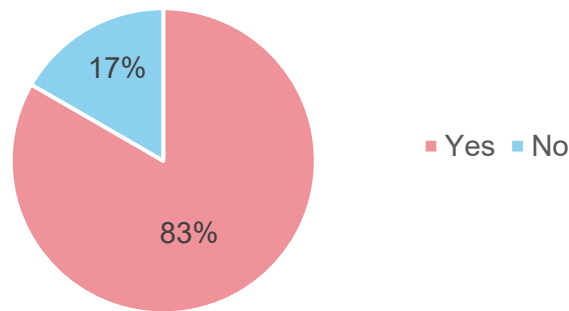
4.14.2 The 2025 residents' survey asked residents whether the council tax represented value for money. While strongly disagree has decreased (from 15% to 12%), overall 44% (was 52% in 2021) of residents agree it represents value for money, with an increase in the number neither agreeing or disagreeing. It should be noted that Stevenage's performance remains above the LGA benchmark (2024) of 36%. Stevenage Borough Council is also the billing authority but only accounts for 10.8% of the overall council tax. The 2025 data and prior year comparators are shown in the chart below.

	Responses	2025	2021	2017	2015	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	5%	16%	10%	7%	6%
	Tend to agree	39%	36%	36%	39%	40%
	Neither	28%	18%	30%	30%	33%
	Tend to disagree	13%	10%	17%	18%	16%
	Strongly disagree	12%	15%	7%	6%	5%
	Don't know (DNRO)	4%	4%			
	<b>Summary: Agree</b>	<b>44%</b>	<b>52%</b>	<b>46%</b>	<b>46%</b>	<b>46%</b>
	<b>Summary: Disagree</b>	<b>12%</b>	<b>26%</b>	<b>24%</b>	<b>24%</b>	<b>21%</b>

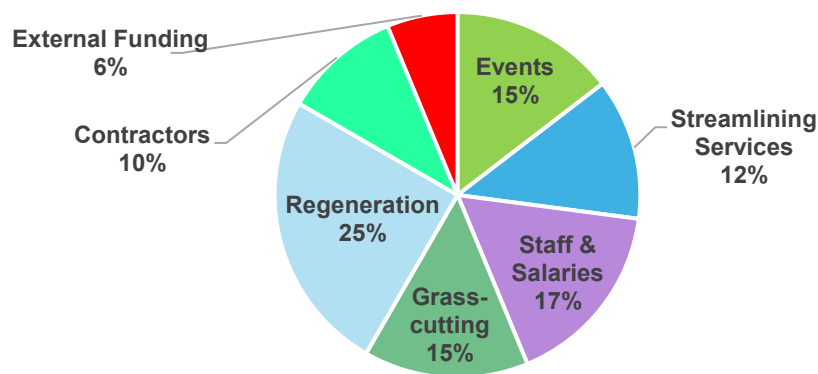
4.14.3 Development of the Councils 2024/25 Corporate Plan included a period of public and stakeholder engagement and consultation to include ascertaining if respondents:

- 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:



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



- The Transforming Our Town programme will 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 is targeted at streamlining processes and reducing 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 where deemed viable to do so 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%) – *the*



*Council has been looking at how it manages and delivers future event activity with a view to driving out efficiencies where possible.*

- *Seeking external funding to plug the financial gap (6%). The Council has actively sought external funding and has received circa £80 Million of revenue and capital funding over the last few years.*

## **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 this report. Fees and charges require a report to the Cabinet and were considered by the Cabinet in October 2025.

### **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 Implications**

- 5.4.1 There is one savings option relating to the Customer Service Centre which reduces staff costs but the saving relates to posts that do not have permanent staff in.

### **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 2026.

5.5.3 To inform the decisions about the Budget 2026/27 officers will produce an overarching EQIA for the budget will be produced to inform the decision taken by Council in February 2026. This is expected to have a positive impact as many of the savings are efficiency and do not involve service cuts together with the growth recommended.

## 5.6 Risk Implications

5.6.1 Risk implications have reduced since the last budget report in terms of funding as a result of the Fair Funding settlement and the reduction in employer pension contributions. But risks to setting a prudent General Fund budget still remain in the short and medium term particularly which includes the delivery of all the Balancing the Budget options identified in Appendix A and within the report

5.6.2 There are a number of risks that have been identified and these are set out in the report. The risks to the General Fund are summarised below.

Expenditure and Income	Impacted by	Risk (to increase cost)
<b>Inflation</b>	Although price increases around utilities and fuel have fallen, there is still huge volatility in the market with the continual war in Ukraine.	medium
	The MTFS assumes a 3.25% pay award for 2026/27, however previous years deals have been higher and the need for the pay grades to have due regard to inflation and the minimum wage may drive much higher pay negotiation outcomes. The 2027/28 pay award has been increased to 2.75% reflecting current higher levels of inflation from 2.5%.	medium
	The MTFS assumes a reduction in CPI inflation during the MTFS which has to be delivered to keep costs in line with projections.	high
<b>Demand for services</b>	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	medium
<b>Local Government Reorganisation</b>	There is a risk that the Council will incur costs associated with LGR following the submission for Hertfordshire in November 2025. Hertfordshire Councils	high

<b>Expenditure and Income</b>	<b>Impacted by</b>	<b>Risk (to increase cost)</b>
	have included an amount in their budget's but this may not be sufficient.	
<b>Fees and Charges</b>	The impact of the current economic climate may impact the Council's fees and charges income which is required to support the funding of services.	medium
<b>Core funding</b>	Future years funding set out in the Fair Funding settlement may not be realised if the pressure to reduce public sector costs increases.	high

## **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 Digital Strategy will contribute to reducing the Council's carbon footprint. In 2023/24 the Council approved an additional officer post to support its efforts meet its climate change goals. Included in the 2024/25 options was a growth bid to convert the Council's fleet from diesel to use hydrogenated vegetable oil (HVO) in order to reduce the Council's carbon emissions, the full year impact is included in the 2025/26 General Fund budget.

## **5.8 Local Government reform Implications**

- 5.8.1 As part of the timetable for LGR, the Secretary of State's will issue a Direction under section 24 of the Local Government and Public Involvement in Health Act 2007 (the Section 24 Direction) and this will place restrictions on different types of expenditure by the Hertfordshire Councils without consent in the period up to vesting day.
- 5.8.2 Section 24 of the Local Government and Public Involvement in Health Act 2007 allows the Secretary of State to direct that from a certain date the authorities to be dissolved under a Structural Change Order may not, without the written consent of those specified in the direction:
- Dispose of land for more than £100,000 (note: disposals include granting or disposing of any interest in land; entering into a contract to dispose of land or grant or dispose of any such interest; and granting an option to acquire any land or any such interest)
  - Enter into contracts that exceed the following limits Capital £1,000,000+
  - Non-capital £100,000+
- Note: all of the financial limits set out above would be cumulative from the date enacted.

- 5.8.3 This means all disposals of land and, for contracts, repeat contracts with the same third party or for a similar description of matter as a previous contract are caught.
- 5.8.4 The purpose of a section 24 direction is to ensure that a new authority has oversight of and a degree of control over the decisions of its predecessor councils which could have implications for the finances and plans of that new authority.

## **BACKGROUND DOCUMENTS**

BD1 General Fund Medium Term Financial Strategy (2025/26-2029/30) September 2025 Cabinet

BD2 Balancing the Budget November 2025 Cabinet

BD3 Fees and Charges October 2025 Cabinet

## **APPENDICES**

Appendix A General Fund Budget Options

Appendix B General Fund Growth Options

Appendix C Risk Assessment of Balances

Appendix D Section 25 Statement including Robustness of Estimates and Adequacy of Reserves

Appendix E EQIA Council tax increase