Part 1

Agenda item:

Meeting	CABINET
Portfolio Area	RESOURCES and PERFORMANCE
Date	19 November 2026

BALANCING THE BUDGET - GENERAL FUND 2027/28

KEY DECISION

Authors	Clare Fletcher
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1. PURPOSE

1.1 To update Members on the Balancing the Budget priority and the 2027/28 onwards options that meet the required General Fund requirement.

1.2 To propose a range of General Fund (GF) budget options (in addition to those identified in the September 2026 Medium Term Financial Strategy (MTFS) to be incorporated in the 2027/28 Revenue Budget Process.

1.3 To update Members on the General Fund balances as a result of the Balancing the Budget options and growth and service pressures for 2027/28 onwards.

1.4 To update Members on Hertfordshire Business rate pooling gains and recommended use.

2. RECOMMENDATIONS

2.1 The Balancing the Budget options as set out in the report and Appendix A, totalling £609,417 (saving) for the General Fund 2027/28 (and £20,942 for the HRA) be approved and incorporated into the Council's budget setting processes.

2.2 That Members note the inflation and budget pressures as set out in section 4.1 of the report and approve the £5,000 budget per annum for defibrillators repair and maintenance.

2.3 That Members approve the proposed approach for Local Government Reform (LGR) funding as set out in paragraphs 4.1.4-4.1.5

2.4 That Members note the 2027/28 changes to the administration of Council Tax as set out in paragraph 4.2.8.

2.5 That Members note that the future revision of the Council's Council Tax Support (CTS) scheme will be dependent on the Governments timeline for LGR as set out in paragraphs 4.2.6-4.2.9.

2.6 That Members approve the use of the Hertfordshire Business rates pooling gains of £107K as set out in paragraphs 4.3.7-4.3.8.

2.7 Members delegate the completion of the Business rates pro-forma for 2027/28 (NDR 1) to the Strategic Director (S151) after consultation with the Resources and Performance Portfolio holder (paragraph 4.3.6 refers).

2.8 That the growth options as set out in this report and Appendix B totalling £296,683 for the General Fund 2027/28 (and £20,942 for the HRA) be approved and incorporated into the Council's budget setting processes.

2.9 Members note the future savings target in the main can be met from Fees and Charges as set out in paragraph 4.7.6.

2.10 The revised GF MTFS financial summary, as shown in section 4.9 to this report be noted.

2.11 That Members note the Equalities Impact Assessment for the Savings and Growth options (Appendix C)c.

2.12 That the Council's recognised unions be consulted regarding the proposed budget package.

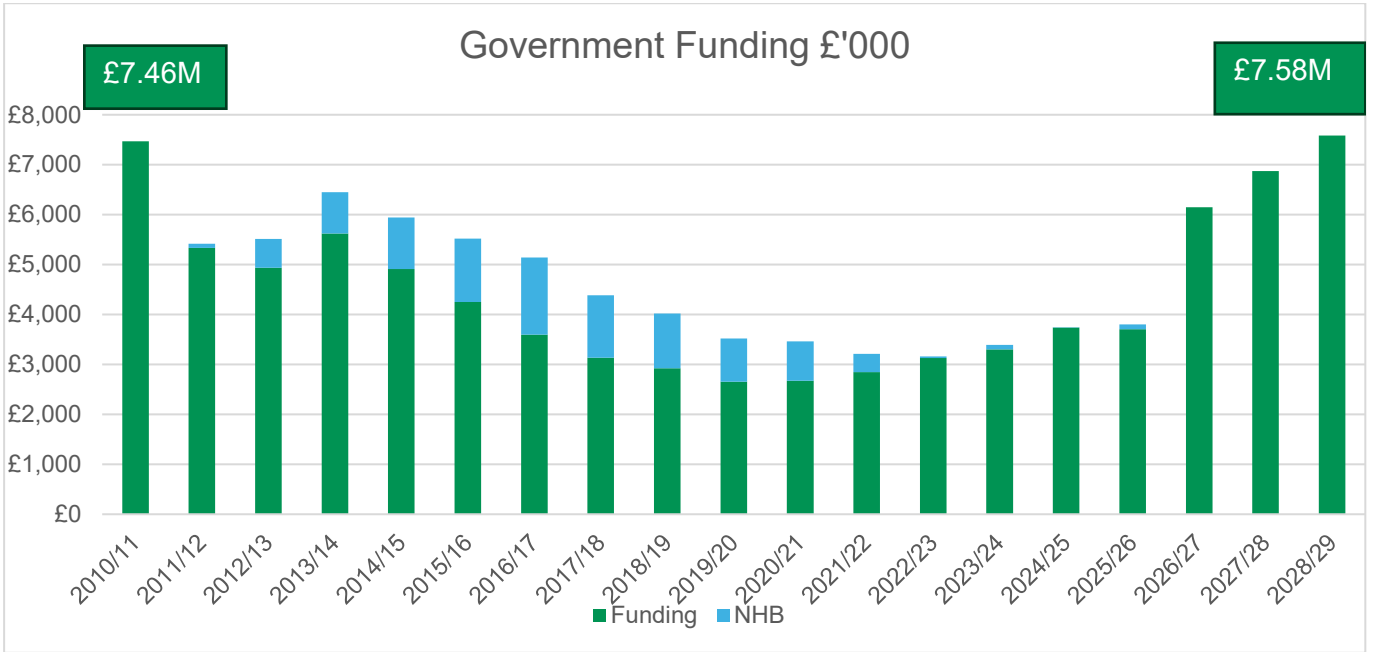
2.13 That key partners and other stakeholders be consulted, and their views considered as part of the 2027/28 budget setting process.

3. BACKGROUND

3.1. This report follows on from the General Fund Medium-Term Financial Strategy (MTFS) approved at the September 2026 Cabinet. This updates on the Council's assumptions about inflation, pressures and the annual funding gap and options to ensure the General Fund remains financially resilient.

3.2. The September MTFS report was written prior to the government announcement on the 7 September 2026 to pause Local Government Reorganisation (LGR) with a subsequent rapid review to be undertaken. At the September Cabinet meeting the CFO recommended the funding for LGR be held in the MTFS until the outcome of the review was known. In addition, although the MTFS had assumed LGR would be implemented from 2028/29 a five-year MTFS view was published for Stevenage Borough Council up to 2030/31.

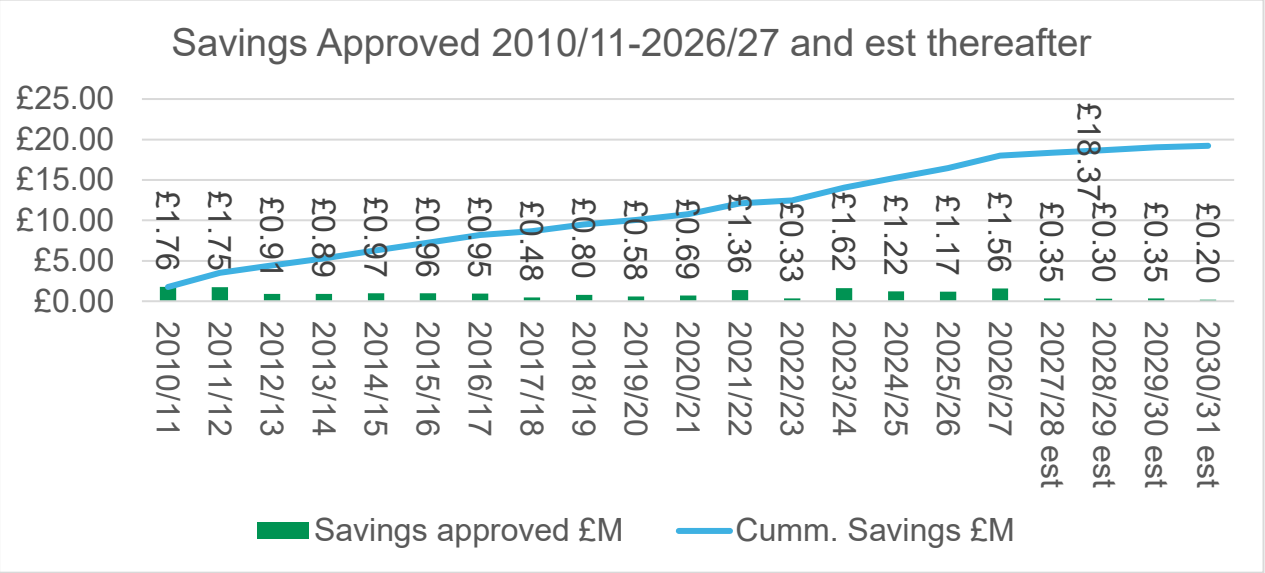
3.3 The local government sector has faced financial challenges over a number of years, and the Council has faced a decade of local authority funding cuts during the period 2010/11 and 2019/20. Funding increased from 2023/24 (including new homes bonus) and the Fair Funding review from 2026/27 significantly improved funding for Stevenage Borough Council, though 2028/29 projected funding is more in less in line with 2010/11 levels, but in real terms much less.



3.4 Fair Funding does mark a significant reversal and improvement in funding for the Council. The result of this financial improvement has been a lower level of annual savings required (see section 4.5). This has created the opportunity to fund some one-off 2026/27 growth and implement additional capital schemes - beyond simply meeting the highest priority need - which will enable the delivery of projects such as Ridlins athletics track renewal and reinvestment

into Stevenage Arts and Leisure centre, planned over 2026/27 and 2027/28 by using revenue contributions to capital.

3.5 Despite the significant historical financial pressures the Council has faced since 2010/11, Stevenage has had a track record of identifying and delivering permanent savings to reduce the overall financial footprint of the Council and to date has delivered £18Million of savings through its priority, 'Balancing the Budget'. The chart below shows savings made and the lower level of future savings required.



3.6 The estimated 2027/28 estimated General Fund savings target was £350K and the following savings have already been approved by Members.

General Fund Savings £'000	Report	2026/27	2027/28	Total
Align Third party tipping income budget to current levels (reported quarter 1 monitoring)	Qrt one	£42,820	£9,460	£52,280
Renegotiation of Citizens Advice contract	Qrt one	£20,080	£0	£20,080
Increase in Procurement income from shared service (GF share)	Qrt one	£4,600	£0	£4,600
Projected increase in commercial lease renewals	Qrt one		£13,000	£13,000
Fees and Charges	Oct 2026 Cabinet report		£239,540	£239,540
Total		**£67,500**	**£262,000**	**£329,500**

3.7 The MTFS assumed a small annual allowance for growth of £75K per year, however within this report there is higher value of growth bids recommended by the Senior Leadership Team (SLT) for 2027/28.

3.8 The budget setting timetable allows for 2027/28 pressures and savings to be approved by Members ahead of the budget setting process. It is the CFO's view that unidentified budget targets should not be included in the budget. This

is important as it allows Members to compare the relative priority of all options for approval.

3.9 The budget setting timetable is as set out below.

Date	Meeting	Report
Oct-26	Cabinet	2027/28 Fees and Charges
	Overview and Scrutiny	2027/28 Fees and Charges
Nov-26	Cabinet	Balancing the Budget Report with the savings proposals for the General Fund and HRA
	Overview and Scrutiny	Balancing the Budget Report with the savings proposals for the General Fund and HRA
Jan-27		Draft 2027/28 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Draft 2027/28 General Fund budget, Council Tax and Council Tax Support
Feb-27	Cabinet	Final 2027/28 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2027/28 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2027/28 General Fund budget, Council Tax and Council Tax Support

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. The requirement to make budget savings.

4.1.1. Inflationary pressures before any service or operation demand led costs is significant for the General Fund and has increased since the September 2026 MTFS. There have been changes to pay projections and the higher actual September CPI inflation means higher 2027/28 business rates paid by the Council.

4.1.2. Since the September MTFS was finalised further October 2026 utility data on the gas and electric procurement indicates that costs have increased by a further £225K. If utility prices continue to be impacted by international events this could rise even further. The draft 2027/28 General Fund budget will include the latest known position and may increase the net budget further. A summary of inflation now projected in the MTFS is detailed below.

Inflation £'000	2026/27	2027/28	2028/29	2029/30	2030/31
Pay	£936	£892	£741	£696	£723
Superannuation	(£1,328)	£0	£0	£300	£0
Contracts	£440	£362	£389	£356	£362
Utilities & fuel	£81	£351	£97	£99	£106
charged to HRA	(£121)	(£148)	(£126)	(£176)	(£124)
Total	**£9**	**£1,457**	**£1,101**	**£1,275**	**£1,066**
September MTFS	**(£46)**	**£1,131**	**£1,115**	**£1,306**	**£1,088**
Increase	**£55**	**£326**	**(£14)**	**(£31)**	**(£22)**

4.1.3. The 2027/28 inflation projections includes an assumption of 3% pay award an increase of 0.25% would increase pay inflation by further £66K in 2027/28.

4.1.4. The General Fund also has projected additional net pressures which are summarised below.

£'000	2026/27	2027/28	2028/29	2029/30	
Budget Increases reported Sept. MTFS	**£446**	**£961**	**£936**	**£916**	
GSK budget approved September 2026	£360	£90	£0	£0	
Budget for defibrillators	£5	£5	£5	£5	There is no budget for repairs and parts recommended to be included (para 2.2)
Regeneration staff	£0	£121	£151	£180	Staff costs charged to capital are projected to reduce, and a vacant post has been held to reduce the additional cost to the General Fund.
Increase budget for legal services (Qrt two monitoring)	£65	£65	£65	£65	A budget pressure was identified in the MTFS of £66K but current projections indicates a further £65K required ongoing.
Increased cost of elections (Qrt two monitoring)	£44	£50	£50	£50	The budget had been increased by £50K in the MTFS but projected costs are now a further £50K at circa £200K per election. No assumption has been made about the year locals do not happen until the LGR picture is clearer.

£'000	2026/27	2027/28	2028/29	2029/30	
Total budget increases post September	**£474**	**£331**	**£271**	**£300**	
Total Budget increases	**£920**	**£1,292**	**£1,206**	**£1,216**	

Budget reductions/ income reported Sept. MTFS:	**(£711)**	**(£1,378)**	**(£585)**	**(£1,038)**	
Contribution from Herts Futures for GSK work reported qrt 2.	(£100)				Funding has been made by Herts Futures to support the taskforce reducing the Council's own contribution.
Adjustment to Leisure Mgmt. fee	£0	£64	£67	(£79)	The return to the Council has been reprofiled based on the revised opening date for the new Leisure Hub.
Revision to savings option at Primett Road car park	£38	£13			Planning was approved later than originally budgeted for the income saving for the Enterprise site in Stevenage old town.
Review of earmarked reserves		(£82)			A review of earmarked reserves was set out in the September MTFS. Estates and Event island reserves have been returned to the General Fund based on 2026/27 growth included plus the residual balance remaining in the New Homes Bonus reserve.
Use of Earmark reserves to reduce overspends		(10)	(10)		The pressure on Regeneration salaries has been partly offset by use of the earmarked reserve
Total additional budget reductions post Sept.	**(£63)**	**(£16)**	**£57**	**(£79)**	
Total Budget reductions	**(£773)**	**(£1,394)**	**(£528)**	**(£1,116)**	
Budget changes since Sept.	**£412**	**£316**	**£327**	**£221**	
Net Position	**£147**	**(£102)**	**£678**	**£100**	

4.1.4 The Government announced on the 7 September 2026 a pause in the Local Government Reform programme with the exception of Surrey. The Government has subsequently announced the implementation date for other areas (subject to confirmation) will have a starting date of 1 April 2029. To ensure the Council can meet its future share of estimated costs, the Chief Finance Officer (CFO) recommends transferring £500K of the 2026/27 GF and

HRA cost of LGR to a reserve until 2027/28, ensuring that Council's balances are sufficient to meet Hertfordshire shared costs and any Stevenage Borough Council expenditure. Costs may also be needed to support devolution work, a summary of the reprofiled budgets are shown below.

LGR spend	2026/27	2027/28	2028/29	Total
Revised spend	£500,000	£550,000	£500,000	£1,550,000
Transfer from Reserve		£500,000		£500,000
Total	**£500,000**	**£1,050,000**	**£500,000**	**£2,050,000**
LGR Reserve	**2026/27**	**2027/28**	**2028/29**	**31 Mar 2029**
Transfer to LGR reserve	£500,000	(£500,000)		£0

4.1.5 Should the decision for LGR be withdrawn at a later date in Hertfordshire the funding can be repurposed to meet Council priorities.

4.2. Council Tax

4.2.1 Council Tax increases are capped by Government (before requiring a referendum on the increase). Under the Fair Funding Review 2.0, the government has assumed a 5% council tax increase per year for the next three years, (for upper and lower tier areas combined), which includes the maximum allowable 2.99% general increase and a 2% adult social care precept for unitary and upper tier Councils. This is the assumption the government uses to calculate total annual funding required for Councils. The September MTFS included a 2.99% increase for 2027/28 onwards and the impact of that increase is summarised per council tax band in the table below.

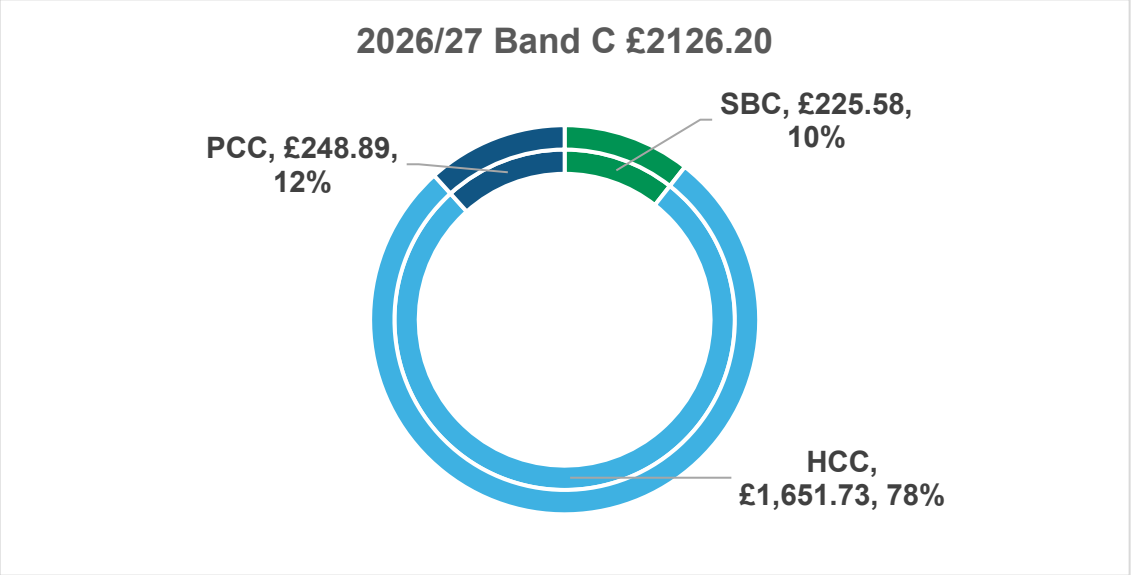
Council tax band	2026/27 per year	2.99% incr. per year	2027/28 per year	Incr. per week	Total 2027/28 per week	Number of estimated properties
A	£169.18	£5.06	£174.24	£0.10	£3.35	1,733
B	£197.38	£5.90	£203.28	£0.11	£3.91	7,022
C	£225.58	£6.74	£232.32	£0.13	£4.47	21,926
D	£253.78	£7.59	£261.37	£0.15	£5.03	3,479
E	£310.18	£9.27	£319.45	£0.18	£6.14	3,375
F	£366.57	£10.96	£377.53	£0.21	£7.26	1,027
G	£422.97	£12.65	£435.62	£0.24	£8.38	462
H	£507.56	£15.18	£522.74	£0.29	£10.05	18
Total						**39,042**

4.2.2 The increase shown above is based on the 100% SBC charge for a property band, but those working aged claimants in receipt of council tax support (CTS) and on maximum benefit will pay just 8.5% of their liability. There are also eligible discounts such as Single Person Discount (SPD) which reduces the

liability by 25%. More information about CTS scheme can be found on Stevenage Borough Councils website. Link: Council Tax Support Scheme

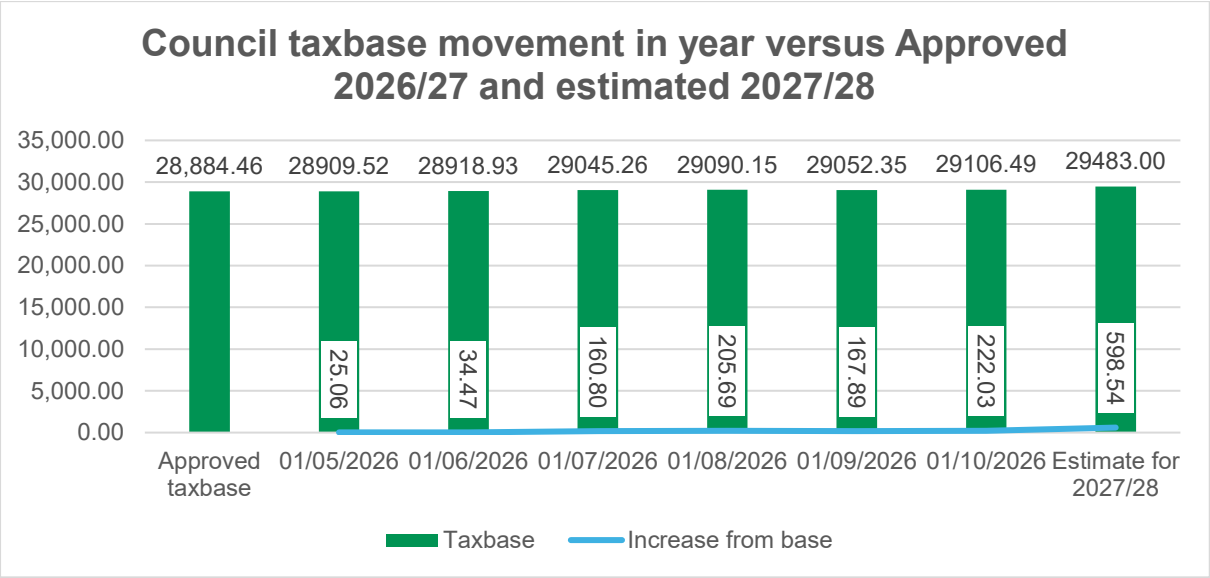
4.2.3 The Council paused work on revision to the CTS scheme in 2026/27 (for 2027/28) as a result of the then LGR timetable. The LGR implementation date of 1 April 2028 would have meant consulting on a new scheme for one year (2027/28) before a further revision as part of the Central unitary which would have had to in place for 1 April 2028. There is still a need to move to a discount banded scheme as the majority of claimants have transitioned to Universal Credit as set out in previous budget reports. The revised potential timetable for LGR of 1 April 2029 for unitaries in Hertfordshire in practice rules out changing the scheme before the new Councils come into force as it would be only for one year before the scheme required changing. The cost of changing the scheme is circa £50K before the financial impact of any revised scheme.

4.2.5 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, (56% as at 1 October 2026), the relative shares of council tax for a band C property are shown below.



4.2.6 The taxbase for 2027/28 will be presented to the December 2026 Cabinet meeting based on projected new properties and an assessment of the level of council tax support (CTS) based on the current scheme.

4.2.7 The current taxbase as at 1 October (29,106.49) above the approved taxbase, the MTFS assumes an additional 589.54 Band D equivalents which is 376.51 lower than as at 1 October. However, a number of new builds are yet to come into the valuation list such as Claxton House and the MTFS target is still achievable.



4.2.8 From 1 April 2027 there will be some changes to how council tax is to be administered after the consultation on Modernising and Improving the Administration of Council Tax and this is summarised below.

Requirement from 1 April 2027	Stevenage Borough Council
Information to be included in the reminder notices and final notices. signpost to debt advice providers/signpost to council to discuss payment plans/signpost to information about discounts, exemptions, disregards reductions and other support for which a taxpayer may be eligible.	SBC already signposting. However, we will review the current signposting elements we do and enhance them if required.
To issue both a reminder and final notice to households ahead of households losing the right to pay in instalments. This requirement will reset where an account is brought back up to date for the financial year. Not issue final notices any earlier than 41 days after the first missed payment, and 14 days after the last reminder notice. Taxpayers will have 21 days following a final notice to bring their account back up to date, otherwise they will lose the right to pay in instalments.	Final notices currently requests payment of the full balance (unless contacted for an arrangement) other processes are more or less in line with proposed changes, so it will only take some minor adjustments to the timetable and reminder templates.
Billing, the proposal to move newly liable households to 12-month billing from April 2027 (by default) Newly liable households are to be made aware of the option of 12-month billing rather than being placed on it by default. The move to 12-month billing by default for all households from April 2028 will proceed as previously announced i.e. households will still be able to request 10-month instalment plans.	The move to 12-month billing by default for all households from April 2028 will proceed as previously announced i.e. households will still be able to request 10-month instalment plans. Further work is to be done on communicating this ahead of April 2028.
Other Details	
Government will provide guidance to assist in assessing vulnerable people	

4.2.9 The Chancellor of the Exchequer announced in the 2026 budget (28 October 2026) that households in properties banded A to D would receive an additional payment of £100, there will also be a discretionary fund for those households not in the first four bands. The scheme details have yet to be

announced, however as set out in paragraph 4.2.1 the majority of homes or circa 87% of homes in Stevenage should receive the £100 without recourse to the discretionary scheme.

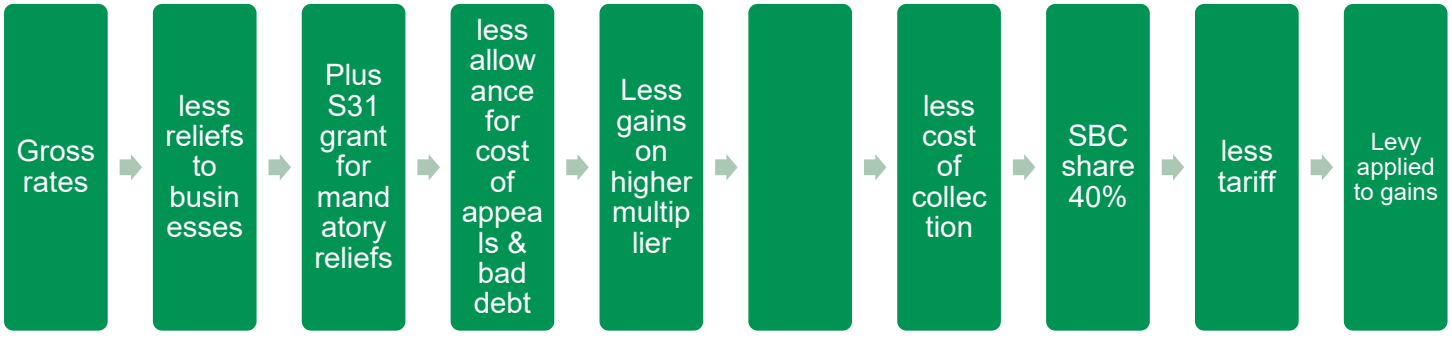
4.3. Business Rates (NDR) Income

4.3.1. In 2026/27 there was a reset of business rates as part of the Government's Fair Funding review. The new distribution of local government funding took into account the 'gains' Councils have kept since the last funding reset (2013/14). Therefore, Councils would only now retain the amount the government had assumed (before any future gains were realised through new development etc). So, the projected level of 2026/27 Stevenage's retained rates was estimated only at base line funding, (the government's assessment of the Council's need).

4.3.2. Despite the removal of historic gains there is an increase in retained business rates comparing 2026/27 to 2025/26. This is because despite a higher tariff (cost) which increased by £3.3Million between the two years, overall funding is £230K higher in the current year as a result of the higher baseline.

Business Rates	Actual 2025/26	Original 2026/27	2026/27 v 2025/26
40% share of NNDR	(£22,201,698)	(£23,570,997)	(£1,369,299)
Tariff	£19,488,317	£22,786,682	£3,298,365
S31 Grants	(£2,226,160)	(£2,825,007)	(£598,847)
Total	(£4,939,541)	(£3,609,322)	£1,330,219
Levy	£661,250	0	(£661,250)
Retained NNDR	(£4,278,291)	(£3,609,322)	£668,969
Baseline	(£2,851,146)	(£3,609,322)	(£758,176)
Under-indexing	(£527,879)		£527,879
Total adjusted baseline	**(£3,379,025)**	**(£3,609,322)**	**(£230,297)**
Gains retained above baseline	(£899,266)	£0	

4.3.3 The calculation also changed for 2026/27 on how business rates are retained, now all mandatory reliefs i.e. small business rate relief empty properties and charitable relief are now fully rebated through section 31 grant. Previously grant was given for only changes made by the government to the business rate scheme usually by giving discounts such as small business or retail relief.



4.3.4. In addition, the calculation for the levy or the amount taken by the Government on in year gains is based on an increasing levy percentage at certain thresholds, the highest being 45%, previously this was 50% for SBC. But the current 2026/27 business rates projection isn't at baselines as originally estimated but is a significant deficit below (baseline £3.609Million) and this is predominately due to an increase in realised appeals on the 2023 rating list by businesses on their valuations.

Calculation of NNDR losses for 2026/27				SBC share
Gross yield	**01/10/2026**	**NNDR 1**	**Var**	**SBC 40%**
Gross Yield	£68,493,541	£69,391,246	(£897,704)	(£359,082)
Prior year NNDR adjustments	(£6,046,507)		(£6,046,507)	
Total	**£62,447,034**	**£69,391,246**	**(£6,944,211)**	**(£359,082)**
Impact of appeals	**£46,296**	**NNDR 1**	**Var**	**SBC 40%**
Allowance for Appeals		(£2,801,898)	£2,801,898	
Prior year adj.	(£6,046,507)		(£6,046,507)	
Appeals top up required	£46,539		£46,539	
Total	**(£5,999,968)**	**(£2,801,898)**	**(£3,198,070)**	**(£1,279,228)**
Discretionary reliefs	**£46,296**	**NNDR 1**	**Var**	**SBC 40%**
Discretionary Reliefs	(£178,756)	(£168,535)	(£10,221)	(£4,088)
Multiplier gain deducted	**£46,296**	**NNDR 1**	**Var**	**SBC 40%**
Higher multiplier gain taken	(£152,183)	(£154,177)	£1,994	£798
Bad Debt	**£46,296**	**NNDR 1**	**Var**	**SBC 40%**
Bad Debt	(£331,926)	(£165,000)	(£166,926)	(£66,770)
Total	**£61,982,891**	**£66,255,813**	**(£4,272,922)**	**(£1,708,371)**

**(deficit)*

4.3.5. The analysis above shows that 75% of the in-year losses relate to successful appeal payouts compared to the amount set aside mainly on the 2023 list, Hertfordshire did experience one of the highest uplifts in the country on the 2023 list and this is borne out by significant value of successful appeals. A more on-going issue is that the in-year yield for the 2026 rating list has not reached the level assumed and if this were to continue, could result in on-going future losses. The government has set a safety net for these losses which is 100%, 95%,92.5% for 2026/27,2027/28 and 2028/29 respectively. This means for 2026/27 the losses will be met by the government, however for 2027/28 an estimated £185K would need to be met by the Council before the safety net is applied. Based on an expectation that losses may continue an amount for this has been included annually in the MTFS based on the threshold for that year.

4.3.6. The completion of the NDR1 form issued by the government determines the level of business rates collectable, level of reliefs to be given in 2027/28 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 (due by 31 January 2027) is recommended to be

delegated to the CFO after consultation with the Resources & Performance Portfolio Holder.

4.3.7. Hertfordshire Councils have in the past formed business rate 'pools' to maximise the rates retained by paying a smaller levy to the government. This normally involves the County Council and a three or four Districts. While Stevenage is not normally in any pooling scheme it does benefit from a proportion of held gains as part of the wider scheme rules and for 2024/25 these amounts to £107K to be used for infrastructure and growth.

4.3.8. Members are asked to approve that £30K of the funding is used for improved wayfinding, structure improvements and additional seating for the Indoor Market leaving £77K that can be utilised for small projects where budgets have not been available due to historic funding cuts.

4.4. Projected Finance Settlement 2027/28

4.4.1 The Government set out a three-year funding settlement for the period 2026/27 to 2028/29 and these numbers have been reflected in the MTFS. There may be a minor change as a result of the September CPI (the multiplier with which NNDR is increased by (3.5%)) although an increase had already been built into fair funding settlement (2.29%). The 2027/28 finance provisional settlement is likely to be published in early December 2026, and any changes will be reflected in the draft budget at the January 2027 Cabinet meeting.

Funding Settlement £Million	2026/27	2027/28	2028/29	Incr. 2027/28	Incr. 2028/29
NNDR Funding level	£3.609	£3.692	£3.767	2.29%	2.02%
Revenue Support Grant	£2.849	£3.494	£4.130	22.60%	18.22%
Homeless, Rough Sleeping & Domestic Abuse grants	£1.095	£1.126	£1.163	2.82%	3.34%
Recovery Grant	£0.284	£0.284	£0.284	0.00%	0.00%
Total	**£7.838**	**£8.595**	**£9.344**	**9.669%**	**8.708%**
Council Tax Requirement	£7.306	£7.581	£7.867	3.77%	3.77%
Total funding incl. Council tax	**£15.143**	**£16.176**	**£17.210**	**6.822%**	**6.393%**

4.4.2 The MTFS assumes that a similar amount of '**Extended Producer Pays**' funding an initiative which the Department for Environment and Rural Affairs (DEFRA) pays will be a similar amount as in 2026/27. However, only the project officer is included in base funding, and the rest is used for recycling initiatives and funding vehicles. The draft budget report will include a summary of the proposed schemes once the funding amount is known.

4.4.3 Included in the General Fund's core resources are prior years gains and losses for council tax and business rates due to/from the Collection Fund. When the budget for the year is set an estimate is made of business rates (NNDR1), this is revised as part of the following years return and again at the outturn for the year (NNDR3). Historically business rate adjustments are

'matched' by a transfer to/from the NNDR reserve as there have been prior year gains, not unlikely for the next few years. Variations arose on:

- There are £622K of reduced gains for 2025/26, however the table in para. 4.3.2 identifies there were still realised gains for the year of £899K.
- The business rates rational for future losses is set out in para.4.3.5
- The projected 2026/27 council tax surplus is based on additional properties in the taxbase than assumed as set out in para. 4.2.5.

Collection Fund Core Resource movements	2026/27	2027/28	2028/29	2029/30	2030/31	Total
2024/25 Business rate lower gains (deficit)	£183,637					£183,637
2025/26 Business rate lower gains (deficit)	£536,717	£85,653				£622,370
Future years assumed losses business rates (deficit)		£184,606	£282,495	£291,506	£297,337	£1,055,943
2024/25 Council Tax (surplus)	(£160,330)					(£160,330)
2025/26 Council Tax (surplus)	(£74,661)	(£13,912)				(£88,572)
2026/27 Council Tax (surplus)		(£96,916)				(£96,916)
Total	**£485,363**	**£159,432**	**£282,495**	**£291,506**	**£297,337**	**£1,613,048**

4.5. The Balancing the Budget Target and Savings

4.5.1 The graphic below summarises the Balancing the Budget (BTB) priority and what activity the Council carries out to deliver a balanced budget.

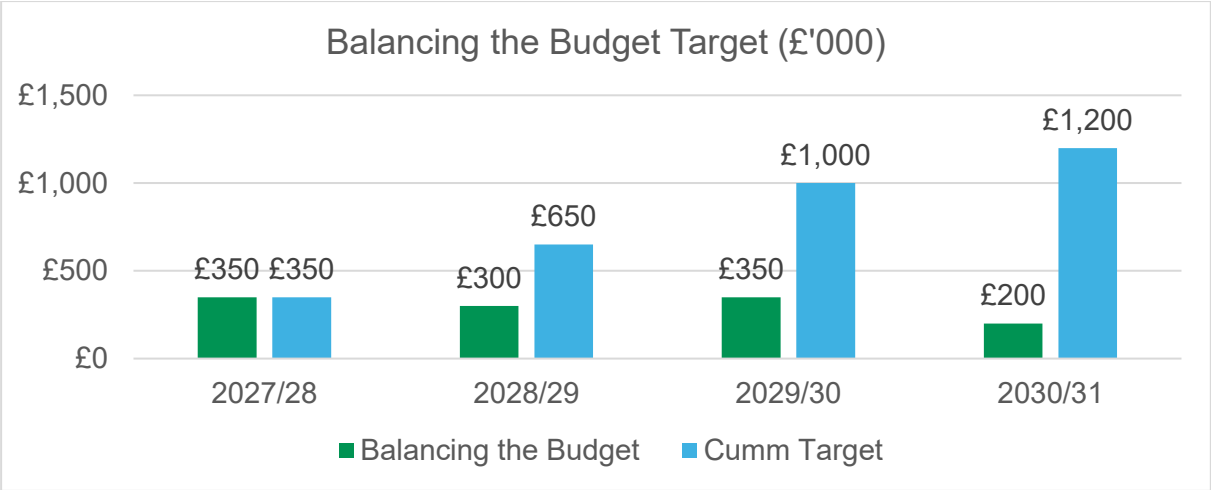


4.5.2 The BTB options are identified through a number of activities which are:

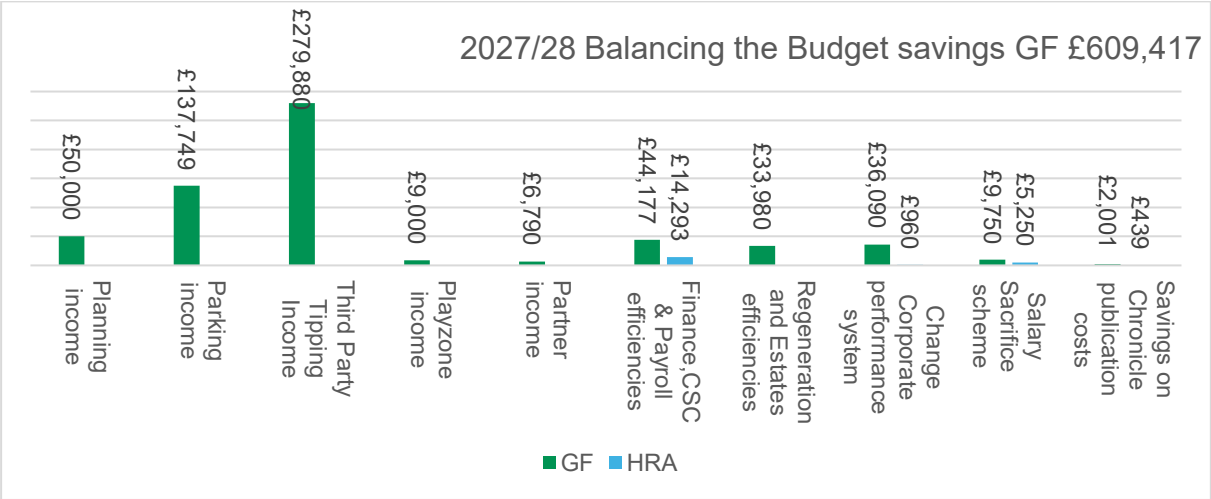
- Efficiency savings identified as part of budget monitoring
- Fees and Charges

- Co-operative Commercial and Insourcing activity
- Business Change activity including using digital solutions
- Star Chamber process
- Consultation with shared service partners

4.5.3 The MTFS (September 2026 Cabinet report) identified a General Fund four-year savings target of £1.2Million, based on the estimated inflation, pressures and growth allowance. However, although the actual level of proposed savings for approval are higher, recommended growth bids have also increased (see section 4.6).



4.5.4 As in 2026/27 the 2027/28 proposed savings are based on the efficiencies and commercial options and are set out in Appendix A to this report totalling £609,417 and summarised below which Members are asked to approve.



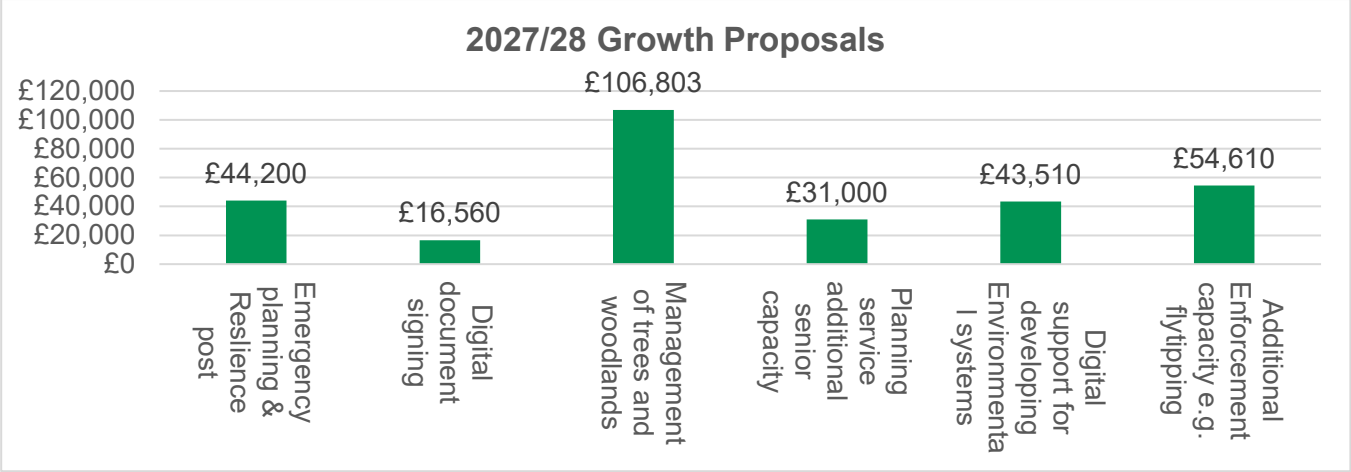
4.5.5 The total 2027/28 savings are £938,917 as summarised below.

General Fund Savings £'000	2027/28	2028/29	2029/30
Savings in Appendix A for approval	£609,417	£329,537	£274,438
Savings already approved para 3.3	£329,500	£329,500	£329,500
Total Savings	**£938,917**	**£659,037**	**£603,938**

4.5.6 Included above are additional transfer station income of £279,880, this has been assumed for one year only in the report as there is no formal contract in place and will be reviewed for 2028/29. In addition, the increase in planning fee income is dependent on the Governments planned legislation being implemented.

4.6. Growth for the General Fund 2027/28

4.6.1. The September 2026 MTFS assumed 2027/28 growth of £75,000, however growth bids total £296,683, they have been scrutinised by the Senior Leadership Team and are recommended for approval. Historic funding cuts have stifled the ability to increase budgets (see also para 3.3). The recommended growth is summarised below and in more detail in Appendix B.



4.7. Revised Balancing the Budget Savings Targets

4.7.1 The net position for savings and growth is summarised below, by 2029/30 there is only an improvement of £75,765 over that projected in the MTFS, so the additional net savings unlike the majority of the growth are not estimated to be sustained fully in the budget.

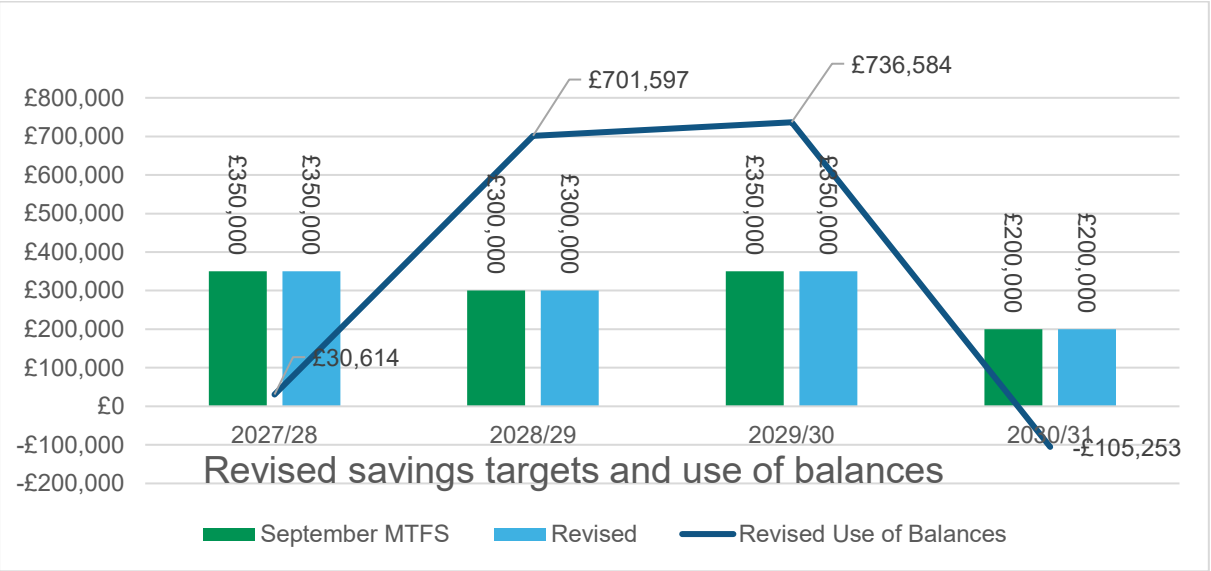
2027/28 General Fund Savings & Growth V Target	2027/28	2028/29	2029/30
Savings recommended	£938,917	£659,037	£603,938
Growth recommended	£296,683	£296,683	£253,173
Net Savings	**£642,234**	**£362,354**	**£350,765**
Savings and Growth net target	**£275,000**	**£275,000**	**£275,000**
Additional net savings above target	**£367,234**	**£87,354**	**£75,765**

4.7.2 The impact of the reprofiling LGR spend (as set out in paragraph 4.1.4) has decreased the 2027/28 use of balances* and increased 2028/29 in addition to net savings, growth, inflation and pressures as summarised below.

Movement from September MTFS	2027/28	2028/29	2029/30
Savings above the target	(£367,234)	(£87,354)	(£75,765)
Additional inflation	£380,980	£367,280	£336,722
Additional pressures	£315,582	£327,155	£221,190
LGR adjustment use of reserve	(£450,500)		
LGR funding change		£500,000	
Increased council tax surplus	(£49,805)		
Use of income equalisation reserve to reduce in year draw on balances		(£150,000)	
Remove DHP spend as grant removed		(£163,433)	(£163,433)
Net Position*	**(£170,977)**	**£793,648**	**£318,714**

Movement from September MTFS	2027/28	2028/29	2029/30	Total
Use of balances September	£201,591	(£92,051)	£417,871	£527,411
Revised draw on balances	£30,614	£701,597	£736,584	£1,468,795
(increase)/Decrease	**(£170,977)**	**£793,648**	**£318,713**	**£941,384**
LGR funding change included	(£500,000)	£500,000	£0	£0

4.7.3 The level of Government funding under the next reiteration of Fair Funding (2029/30) may be different from that modelled in the MTFS (2% increase beyond 2028/29), notwithstanding it is important not to open up a structural deficit gap that requires significant savings in any particular year and noting higher utility costs (para.4.1.2). Therefore, the CFO recommends a change to future savings targets as set out below, pending further data on higher utility costs. The draw on balances in 2028/29 includes £500K for LGR and is also the last year of the current three-year settlement.



4.7.4 In the following year (2029/30) there is still a larger use of balances (partly driven by the last year of debt set aside for repaying the Herts Futures loans, borrowed for regeneration and due to be repaid in 2029/30). For 2030/31 there is a net contribution to balances based on current assumptions about future government support and inflation.

4.7.5 The implementation date for LGR in Stevenage is likely now to be the earliest 1 April 2029, however the number of unitaries in Hertfordshire is not yet know, this may impact on the profile of LGR budget provision, see also para. 4.1.4.

4.7.6 Despite the revision to the savings targets for 2028/29 and 2029/30 these can in the main be met from annual increases in fees and charges. However, should inflation, pressures and growth increase the projected savings in future years may need to be higher to preserve the level of balances, noting that in 2030/31 there is a contribution to balances.

4.7.7 There may be additional pressures as the Draft General Fund is completed in terms of support for the Council's companies and if required this will be identified in the Draft General Fund budget report to the January Cabinet.

4.8. Level of Balances required for General Fund

4.8.1 The September 2026 MTFS assumed that the minimum level of balances required would be £3.92Million for 2027/28, this will be updated as part of the draft budget report based on the usual risk assessment of balances.

4.8.2 The General Fund reserves projected for 2027/28 are above that minimum level set out above and there is currently a £30Kdraw on General Fund balances in year.

4.9. Medium Term Financial Strategy General Fund Summary

4.9.1. 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 £296,683 as per paragraph 4.6.1 and detailed in Appendix B.
- Total 2027/28 Balancing the Budget options of £938,917 as set out in paragraph 4.7.4.
- The pressures set out in section 4.1.

General Fund balances £'000	2026/27	2027/28	2028/29	2029/30	2030/31	Total
Opening Balance	(£7,572)	(£6,801)	(£6,770)	(£6,069)	(£5,332)	
In Year (surplus)/deficit	£771	£31	£702	£737	(£105)	£2,135
Closing Balance	(£6,801)	(£6,770)	(£6,069)	(£5,332)	(£5,437)	

4.9.2 There is a larger draw on balances in the current year due to carry forward budgets from 2026/27 (July 2026 outturn report) and the use of balances for the GSK taskforce (September 2026 report). Between 2026/27 and 2030/31

there is a net £2.1Million use of balances driven to a large degree by the projected cost of LGR.

4.9.3 There a significant number of risks to the General Fund budget which include:

- Higher inflation as a result of prolonged international conflicts particularly around utilities and fuel.
- Higher inflation leading to a further cost of living crisis and impact on debt and support required for residents.
- The timing of LGR and the level of revised funding required beyond 2027/28.
- The ability to fund capital investment which the latest modelling shows there are not sufficient funding for all schemes.
- Future funding settlements.
- Future need to support the Council's companies

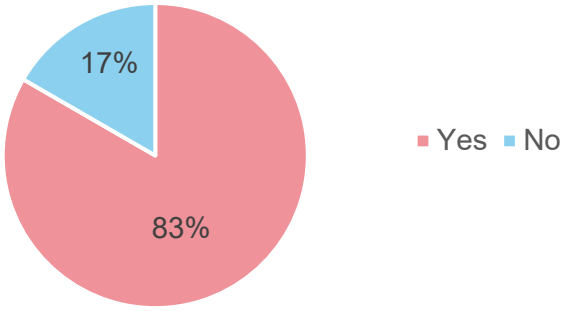
4.10 Approach to Consultation

4.10.1 The Council consulted on the 2025/26 budget via an on-line form on the SBC's website the responses were a small sample of 30 so not statistically sound. The growth for apprentices was supported and the graffiti growth was only narrowly not supported.

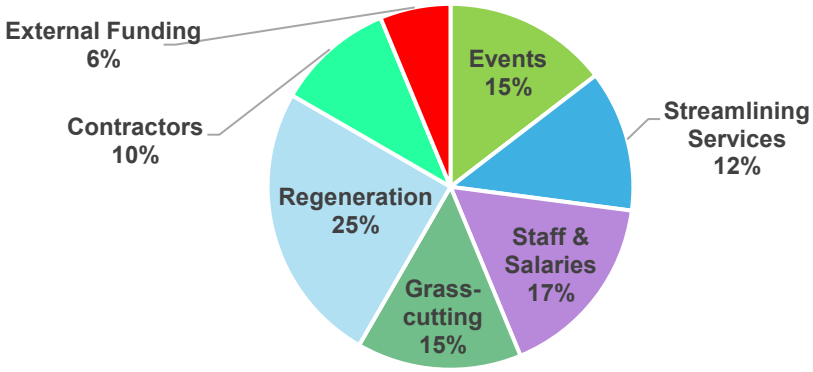
2025/26 Budget Feedback	Yes	No
Stevenage Resident	87%	13%
Stevenage business owner	3%	97%
Agree to increase council tax by 3%	63%	37%
Pay more council tax for more services	43%	57%
Support Apprentice growth	70%	30%
Support graffiti growth	47%	53%
Support savings delivered through more digital and on-line	67%	33%
savings delivered from more commercial income	40%	60%
Only cutting services if no other options available	67%	33%

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

- 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:



4.10.3 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 business change 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 £80Million of revenue and capital funding over the last few years.*

Resident Survey (2025)

4.10.4 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/modenising 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%

4.10.5 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%			
	Summary: Agree	**44%**	**52%**	**46%**	**46%**	**46%**
	Summary: Disagree	**12%**	**26%**	**24%**	**24%**	**21%**

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 no changes to staffing budgets in the 2026/27 BTB options.

5.4.2. There is also proposed growth relating to staffing as set out in Appendix B.

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 2027. An EQIA for the budget savings and growth has been included in Appendix C.

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.

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 Councils carbon footprint.

5.8 Local Government Reorganisation

5.8.1 The future timing of LGR in Hertfordshire is now projected to be 1 April 2029 and funding has been set aside for that purpose.

5.8.2 When LGR proceeds a Section 24 (of the Local Government and Public Involvement in Health Act 2007) provides the Secretary of State with powers to control financial decisions made by local authorities that are due to be abolished or reorganised under a structural changes order. Under this provision, the Secretary of State may issue a direction that prevents a relevant authority from spending over financial thresholds.

5.8.3 The direction can specify that the consent must be obtained from the Secretary of State or a designated person of an authority (e.g. a shadow executive). The timing of the direction will be determined by the Secretary of State.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2026/27-2030/31)

APPENDICES

Appendix A Balancing the Budget options

Appendix B Growth Options

Appendix C EQIA