

Meeting COUNCIL
Portfolio Area Resources
Date 28 FEBRUARY 2018



FINAL GENERAL FUND AND COUNCIL TAX SETTING 2018/2019

KEY DECISION

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1. PURPOSE

- 1.1 To consider the Council's Final General Fund Budget for 2018/19 and projected 2017/18 General Fund Budget and Final proposals for the 2018/19 Council Tax.

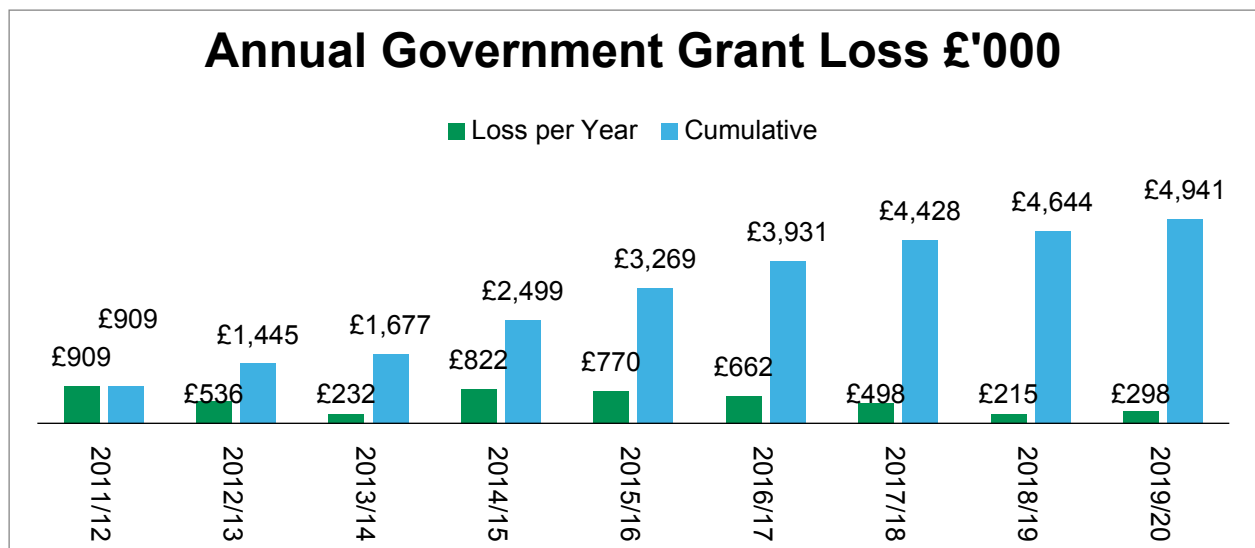
2. RECOMMENDATIONS

- 2.1 That the 2017/18 revised net expenditure on the General Fund of £10,493,720 be approved.
- 2.2 That a Final General Fund Budget Requirement for 2018/19 of £8,288,919 be agreed, with a contribution from balances of £818,821 and a Band D Council Tax of £204.46 (assuming a 2.99% increase for inclusion in the draft council tax resolution) be considered by Council.
- 2.3 That the Risk Assessments of General Fund Balances, as shown at Appendix B to this report, be approved.
- 2.4 That a minimum level of General Fund reserves of £2,760,570, in line with the 2018/19 risk assessment of balances, as shown at Appendix B to this report be approved.
- 2.5 That a contingency sum of £400,000 within which the Executive can approve supplementary estimates, be approved for 2018/19, (unchanged from 2017/18).

- 2.6 That the 2018/19 proposed Fees and Charges increase of £134,160 (Appendix C to this report) be approved for 2018/19.
- 2.7 That the 2018/19 proposed concessions (Appendix D to this report) be approved for 2018/19.
- 2.8 That the 2018/19 proposed new Financial Security Options of £342,399 (Appendix E to this report) be approved for 2018/19.
- 2.9 That the 2018/19 proposed Growth options of £470,371 (Appendix F to this report) be approved for 2018/19.
- 2.10 That the 2018/19 business rates gains of £356,610 above the baseline assessment be ring fenced for town centre regeneration (SG1), (paragraph 4.8.3 of the report refers) be approved for 2018/19.
- 2.11 That new capital receipts and unspent revenue balances (above the £350,000 transferred to the capital reserve) be earmarked for the Council's and resident's top priority, town centre regeneration be approved.
- 2.12 That the advice on of the Assistant Director (Finance and Estates) on the robustness of the draft budget and the adequacy of reserves (Appendix J) be noted.

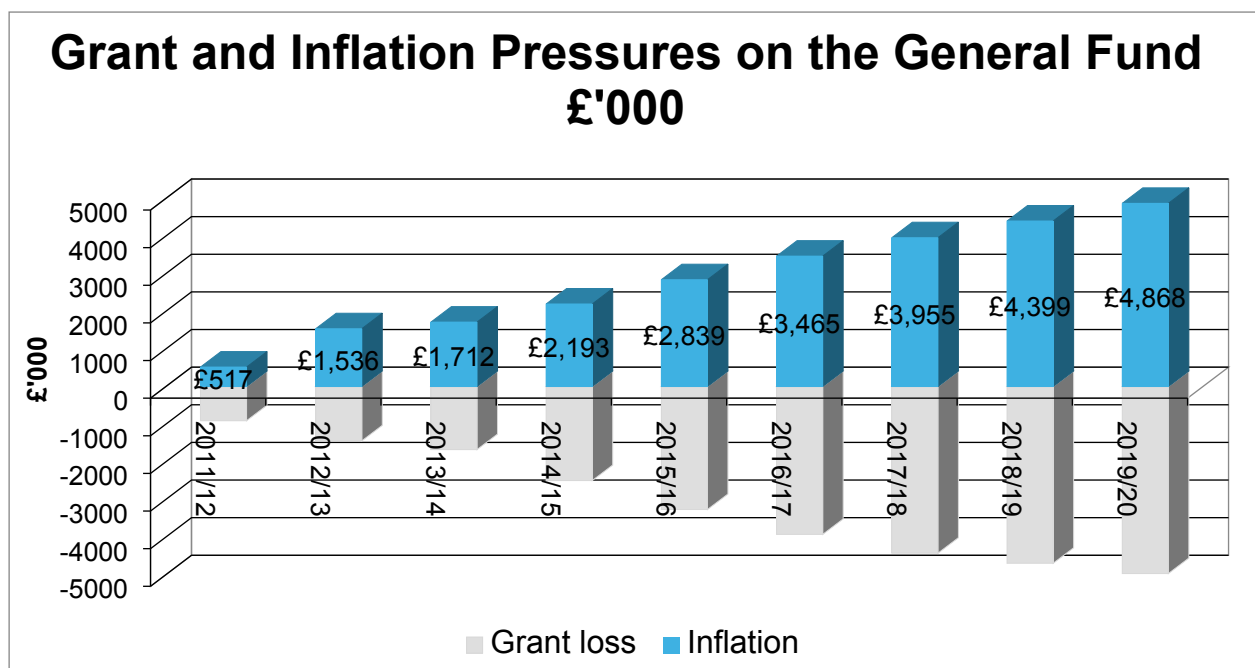
3. BACKGROUND

- 3.1 This report presents the Council's General Fund net expenditure for 2018/19 taking account of the Financial Security options, fee increases, pressures and growth items. 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's Financial Strategy (MTFS) was reported to Executive in September 2017 and updated in the November Financial Security report. Both reports highlighted the need for on-going savings to fund inflation and service pressures compounded by the loss of a further £1Million of central government funding up to 2019/20.
- 3.3 The funding reductions experienced by councils have been on-going for a number of years and has resulted in an overall loss of grant funding for Stevenage of some £5Million since 2010/11. The chart below shows the net loss of government funding (net of business rate inflation increases).

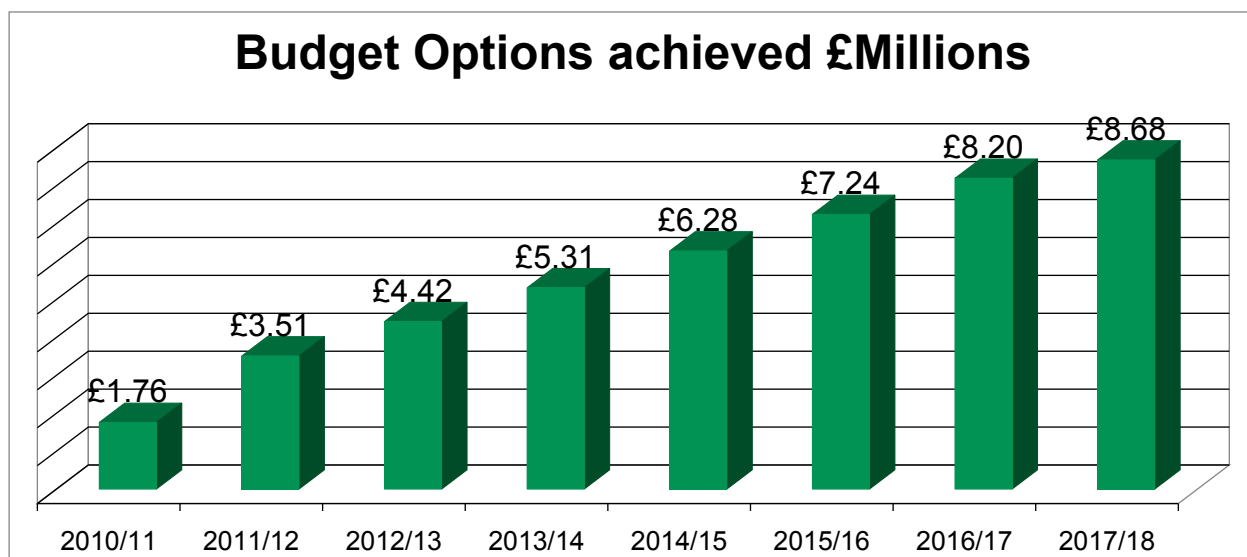


*net of NDR increases

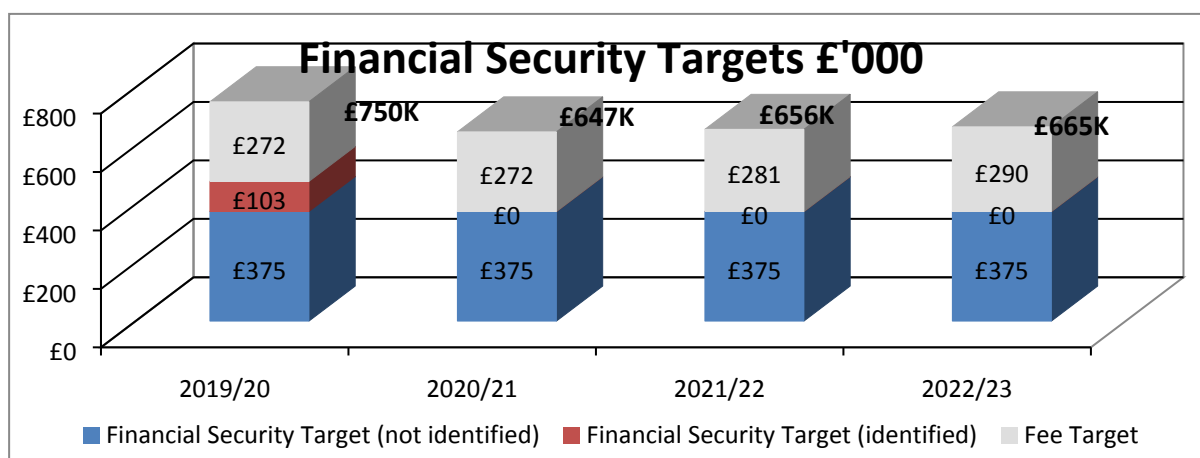
- 3.4 However in addition the General Fund has had to absorb inflationary pressures which for the same period have been estimated to be a further £4.8Million, which includes contractual and pay inflation.



- 3.5 The need to find budget reductions has been further compounded by other pressures such as apprenticeship levy and reductions in housing benefit administration grant. The total grant cuts and inflation pressures of £8.4Million (2010/11-2017/18) in addition to other pressures has been addressed by budget reductions achieved (£8.68Million 2010/11-2017/18) through the Council's priority based budgeting process and since 2017/18 via the Financial Security work stream under the Future Town Future Council programme.



- 3.6 The MTFS as approved by Members in September (2017) had a key principle: 'achieve an on-going balanced budget by 2021/22 by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure'. The Financial Security report to the November Executive recognised that based on current projections, this was estimated to be achieved later by 2022/23 and the Financial Security targets were re-profiled to reflect the need for a higher level of options than previously envisaged. These are set out below.



- 3.7 At the November 2017 meeting, the Executive approved a package of Financial Security budget options, growth and pressures and fee increases to be included in the 2018/19 Budget.
- 3.8 The Council signed up to the four year central government funding settlement deal for the period 2016/17-2019/20, next year being year three of four. Members also approved Stevenage being part of the Hertfordshire business rates pilot for 2018/19, which would mean additional business rates of £600,000 ring fenced for regeneration in addition to the previous settlement deal.
- 3.9 As part of the financial settlement, received on 19 December 2017 (see also section 4.7-4.8), Hertfordshire authorities were informed that the 2018/19 Hertfordshire business rate pool had not been approved by the government due to the number of applications received.

- 3.10 Members were advised in the September MTFS that the Government was minded to allow District Authorities to increase their council tax by £5.00 on a band D which for the Council would see an increase of 2.52%.
- 3.11 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:

Date	Meeting	Report
January 2018	Executive	Draft 2018/19 General Fund budget and Council Tax (incorporating Financial Security Options)
	Overview and Scrutiny	Draft 2018/19 General Fund budget and Council Tax (incorporating Financial Security Options)
February 2018	Executive	Final 2018/19 General Fund budget and Council Tax
	Overview and Scrutiny	Final 2018/19 General Fund budget and Council Tax
	Council	Final 2018/19 General Fund budget and Council Tax

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Overview and Scrutiny Committee

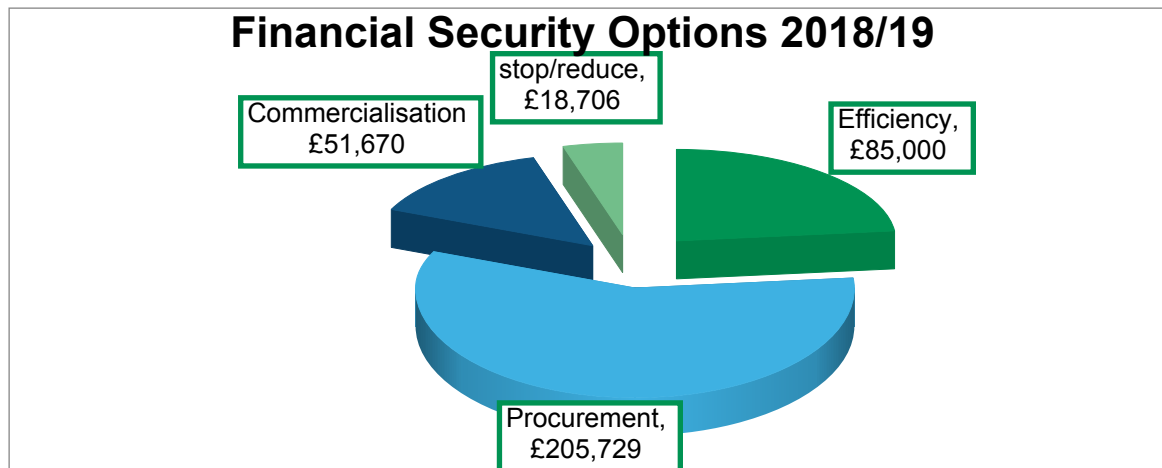
- 4.1.1 The Committee met on the 24 January 2018 and the Assistant Director (Finance and Estates) presented the draft proposals for the 2018/19 council tax setting and General Fund budget that had been approved by the Executive.
- 4.1.2 The Committee were reminded that the report was before them as a Budget and Policy framework item and any comments will be incorporated into the final budget that the Executive would consider for recommendation to Council in February. The Committee did not recommend any changes to the draft budget.

4.2 The Executive

- 4.2.1 The Executive at its meeting on 14 February 2018, having considered the comments of Overview & Scrutiny Committee and the Equality Impact assessments agreed the final proposals for recommendations to Council, as set out in the at section 2 of this report

4.3 Financial Security Options

- 4.3.1 At the November Executive, Members approved General Fund Financial Security Options of £342,399, detailed in Appendix E. Members were also reminded that there was a further option relating to a phased reduction in community centre grant funding of £18,706 approved in previous years. A summary of the options is shown in the following chart. These remain unchanged from the January Executive report.



4.3.1 (In addition to the options recommended for approval in the 2018/19 budget Appendix E), Members have also approved commercial property income Financial Security option of £200,000, (July Executive). Two sites have been identified which will achieve a minimum of £191,000 with £5.6Million still available for additional sites which should then meet the required target. At the time of writing the report one of the sites had been acquired by the Council and a further site to be completed in February/March.

4.3.2 Officers together with the Leaders Financial Security Group (LFSG) will be working towards achieving the unidentified Financial Security target as summarised in paragraph 3.6 which totals £1.5Million for the next four years, (2019/20-2022/23). Members will be aware that this is in addition to increases in fees and charges (see also paragraph 3.6) and council tax. Options are required to fund inflationary pressures while at the same time absorbing reductions in government grants.

4.4 Fees and Charges

4.4.1 2018/19 fees, charges and concessions have been reviewed as part of the work of the Corporate Fees and Charges Group, with the results scrutinised and recommended for approval by LFSG and included in Appendices C & D. The recommended Fees and Charges for the General Fund total £134,160 which is £162,434, lower than the September MTFS estimate.

4.4.2 2018/19 Fee income is lower than the MTFS target as a number of income streams are currently projected not to reach budget. Officers are reviewing this to determine whether additional action is required and will report back to the LFSG during 2018.

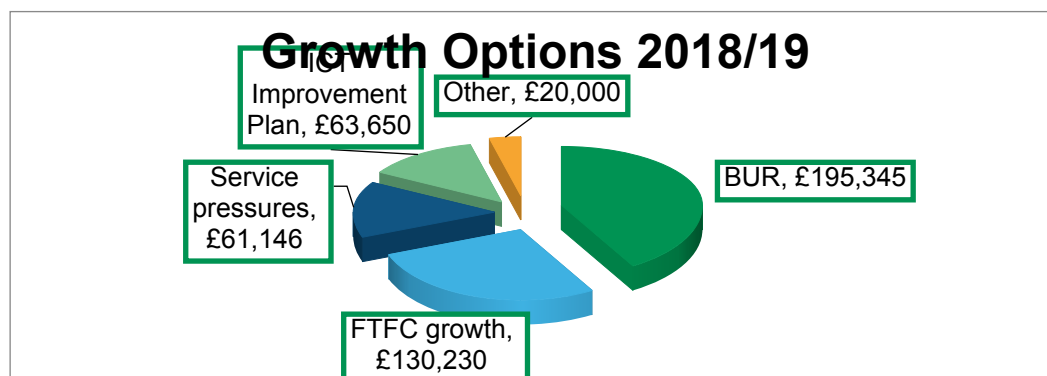
4.5 Growth options and Service Pressures

4.5.1 At the November Executive, Members approved General Fund Growth and Service Pressures of £534,871 with implementation costs of £246,443 in 2017/18. This included the financial cost of the Business Unit Reviews (BUR) and ICT Improvement Plan which were reported separately and approved by Members at the November Executive.

4.5.2 At the January Executive, service pressure (ref G20) relating to the reduction in transport subsidy of £99,000 was reported as £34,500, a reduction of £64,500. However also reported was a cost in 2017/18 of £41,000. The revised growth and

pressures are summarised in Appendix F and remain unchanged from the January Executive.

4.5.3 A summary of the options is shown in the following chart.



4.5.4 In order to implement new Financial Security options the Assistant Director (Finance and Estates) has identified the need for a pump priming 'Transformational Fund'. However based on the growth already identified and the affordability of including this type of resource in the General Fund, an amount of £100,000 has been included for the period 2018/19 and 2019/20. There is currently one bid identified against the fund for £35,000, (Growth bid G14), which Members approved at the November Executive.

4.5.5 There is a dichotomy whereby officers need to spend to meet the Council's significant ambitions while at the same time needing to shrink General Fund net expenditure. This means the role of the Financial Security priority will increase in importance to ensure that the future stability of the Council's finances is maintained.

4.5 General Fund Net Expenditure

4.5.1 The 2017/18 projected and the 2018/19 final General Fund net expenditure is summarised in Appendix A. This includes the changes from the draft December budget update. The 2018/19 budget has decreased by £18,350, (the December draft budget was £77,633 higher than the November MTFS). The variances are shown in the table below.

Summary of 2018/19 budget movements		
	£	£
Draft General Fund January budget		9,126,090
Additional section 31 grant	(359,960)	
Transfer to Reserves (for Regeneration purposes)	356,610	
Salary cost changes	14,900	
Increase in Commercial income	(15,000)	
Other	(14,900)	
Total Changes		(18,350)
Updated Final General Fund 2018/19 net budget		9,107,740

4.5.2 **Section 31 grant** is payable when the government makes changes to the business rates this includes increased business rates from RPI (3.9%) to CPI (3%) in 2018/19. The business rates projections have been completed for 2018/19 and are detailed in section 4.8 of this report. Section 31 grants have increased significantly due to the government increasing the threshold before which small businesses have to pay

business rates. The increase in section 31 grant is reflected by a reduction in retained business rates which are shown in core resources and not in the net expenditure of the General Fund, (see section 4.8). The change in S31 grants includes the additional amount of £5,160 included in the final finance settlement

4.5.3 Transfer to Reserves for business rate gains above the baseline (for regeneration purposes) was agreed at the January Executive as part of the draft budget. The £356,610 reflects the gain above the baseline need and will be transferred to a ring fenced account to be drawn down when needed for the Council's regeneration project SG1.

4.5.4 Salary inflation increased by £139,835 at the draft budget to reflect the employer offer of 2% rather than the 1.5% included in the MTFS. A further £14,900 of salary costs have been identified based on personnel changes. The General Fund and HRA have assumed a 2% pay award however the unions have yet to accept the employer's 2% offer.

4.5.5 Commercial Income is projected to be £15,000 higher based on current low void levels, there is a similar increase in income assumed for 2017/18.

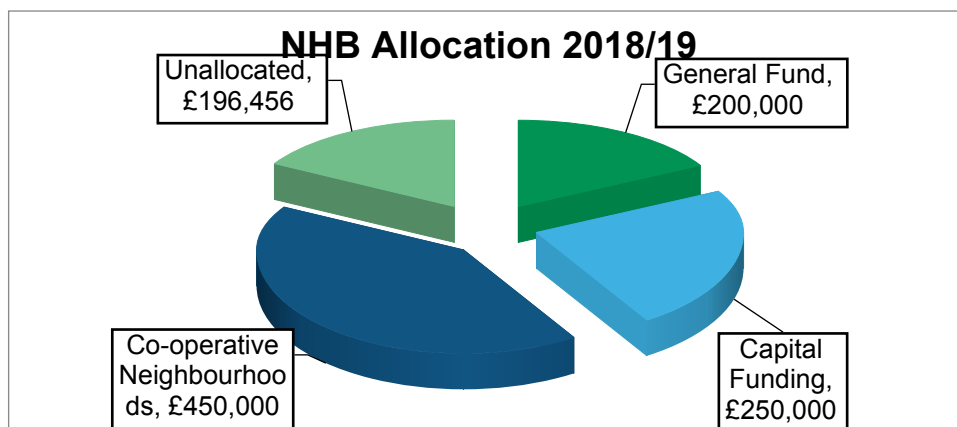
4.5.10 The 2017/18 General Fund working budget has decreased by £77,300 from the 2017/18 projection included in the draft budget report to the January Executive (reported in the draft budget report was a £84,070 increase for the year). The variances are shown in the table below.

Summary of 2017/18 budget movements		
	£	£
Draft General Fund January budget		10,571,020
Reduction in Housing Benefit Overpayment income	10,000	
Revenue & Benefits partnership in year savings	(23,690)	
Electricity underspends due to usage and price changes	(47,750)	
Increase in Commercial income	(15,000)	
On street parking income	(19,800)	
Other	18,940	
Total changes		(77,300)
Updated Final General Fund 2018/19 net budget		10,493,720

4.6 New Homes Bonus

4.6.1 The Council receives New Homes Bonus (NHB) for every additional property in its tax base (at 80% of the equivalent national average value Band D property above a 40% threshold) and receives the gain from 2018/19 for four years, (2017/18 five years, 2016/17 and earlier, six years). It has been the Council's policy to date not to rely on temporary income streams to fund permanent services, which includes the use of New Homes Bonus (NHB). To date, only £200,000 has been added to the General Fund base budget from NHB (and £250,000 for capital). Although it continues to be the view of the Assistant Director (Finance and Estates) that NHB should support one-off projects, a number of projects have received funding for the last few years. As part of the BUR priority services such as neighbourhood wardens and domestic abuse services may need to be met from the General Fund in the future. Officers will be considering this as part of their business reviews.

4.6.2 Members have previously approved to ring fence funding of £450,000 for the co-operative neighbourhood FTFC work stream, which supports initiatives such as the playground improvement programme. The chart below details the 2018/19 NHB allocation of £1.096 Million in the chart below. This remains unchanged from the draft budget report and the final settlement.



4.6.3 In addition to the £196,456 available for new schemes there is a further £67,645 that has not been allocated or returned to the NHB reserve as a result of actual costs being lower than budgeted. This means there is £264,410 that can be allocated to new schemes.

4.6.4 The amount of NHB monies has reduced under the revised scheme introduced for 2017/18, the number of years the award is retained has reduced from six years to four years and a threshold of a 40% increase in the number of homes has to be reached before any award is given.

4.7 Finance Settlement

4.7.1 The provisional finance settlement was published on the 19 December 2017. There was an increase of £46,436 for 2018/19 as a result of the increase in RPI for Business Rates. In the final finance settlement published in February 2018 there was a further £5,155 of S31 grant relating to compensation for the changes to business rates.

4.7.2 The 2017/18 four year settlement financials had assumed an increase of 3.22% instead of 3.9% for 2018/19. This means that there is an increase of £16,506 in business rates retained by SBC, plus an additional amount of £35,085 relating to 2015/16 changes. (Please note some of the retained business rates are paid in S31 grant and is included in the General Fund net expenditure see paragraph 4.5.2 above).

Original Finance Settlement (2017/18)		
	2018/19	2019/20
Revenue Support Grant	£351,230	£0
Business Rates	£2,479,606	£2,523,219
Total	£2,830,836	£2,523,219

Original Finance Settlement (2018/19)		
	2018/19	2019/20
Revenue Support Grant	£351,230	£0
Business Rates	£2,474,490	£2,502,227
	£56,707	£77,272
Total	£2,882,727	£2,579,499
Variance	£51,591	£56,280

4.7.3 The Government indicated the move from RPI to CPI for business rates from 2018/19, in the Autumn Budget (previously this was 2019/20 to coincide with localisation of business rates). Councils are to be compensated for the difference of 0.9% between RPI and CPI via S31 grants and the difference is included in the table in paragraph 4.5.1 above.

4.7.4 Stevenage Borough Council will receive no Revenue Support Grant (RSG) from 2019/20 and will be solely reliant on business rates and council tax for core resource funding.

4.7.5 There will be a consultation in the spring of 2018 on negative RSG which SBC has in the 2019/20 finance settlement. For Stevenage this totals £27,145 and effectively will reduce the amount of business rates retained, as RSG is zero from 2019/20.

4.8 Business Rates retained 2018/19

4.8.1 The Council (via the Executive) must approve the level of estimated 2018/19 business rates it will receive by 31 January each year. However the timing of the announcement of the Government settlement on the 19 December together with information on the business rates pilots meant that there was not enough time to complete a report for the January Executive and the Executive at their meeting on the 23 January 2018 delegated this decision to the Assistant Director (Finance and Estates), following consultation with the Portfolio Holder for Resources. The Executive also recommended that the 2018/19 General Fund budget only assumes the baseline funding (the amount in the settlement) and any gains projected are ring fenced for the regeneration of the town centre and SG1.

4.8.2 The share of business rates retained by Stevenage is reduced by the amount of tariff payable to the government and then a 50% levy payable is payable on any gains, (please note some S31 grants are excluded from the levy calculation).

4.8.3 Section 31 grants are payable by the government for reliefs granted by the government such as pub reliefs, small business reliefs and the change from using RPI to CPI for the annual inflation increase. The business rates and S31 grant retained by the Council are summarised in the table below.

Calc.	Stevenage Share	Final Budget Business Rates Assumption £
1	Stevenage share (40%)	17,431,681
2	Tariff	(14,944,085)
1-2	Business Rates net of tariff	2,487,596
3	S31 grant payable	647,218
1-2+3	Total Business Rates and grant before levy	3,134,814
4	Baseline Funding Level (based on need)	2,474,490

Calc.	Stevenage Share	Final Budget Business Rates Assumption £
(1-2+3)-4	Gains before the levy is applied	660,324
5	Levy that would be due (50% excl. some S31 grants)	(303,713)
6	S31 grant compensation for RPI change & 2015/16 changes	56,707
	Retained rates	2,887,808
	Assumed in General Fund budget	2,531,197
	Transfer to Regeneration Reserve*	356,611
	Retained rates	2,887,808
	<i>* amounts in the budget are rounded to the nearest £10</i>	

4.8.3 The Draft General Fund budget (January Executive) had assumed baseline funding and the S31 grant for change to CPI and 2015/16 adjustment (ref calc.6). The additional business rate gain of £356,610 is recommended for transfer to an allocated reserve and ring fenced for regeneration purposes, (see also paragraph 4.5.3).

4.8.4 The 2018/19 core funding resources also assume a transfer from the Collection Fund for Business Rates of £30,293 (surplus) which reflects the actual outturn position for 2016/17 and the projection for 2017/18. This remains unchanged from the Draft General Fund report.

4.8.5 The Government indicated in the Autumn Budget that there will be the next reset of business rates baselines in 2020/21 and a move to 75% business rates retention for 2020/21 which will see RSG and Public Health grant replaced by business rates income.

4.9 Council Tax

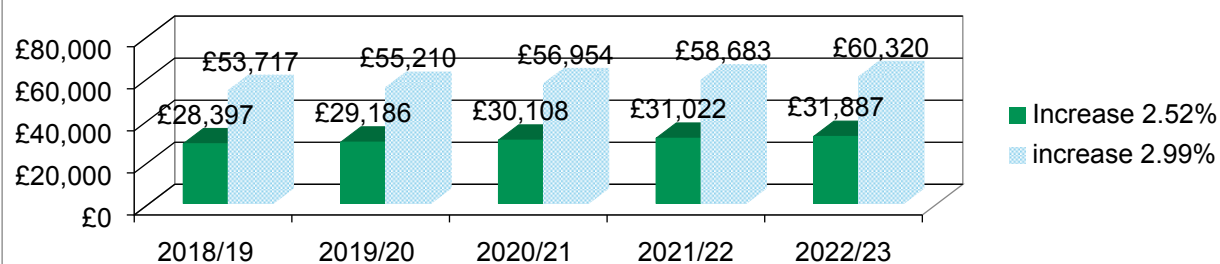
4.9.1 Part of the budget setting process includes consideration of council tax levels. The Provisional settlement allowed for an increase of 2.99% (1% higher than 2017/18), before a referendum on the level of council tax is required or £5.00 on a Band D, whichever is higher. This effectively allows for a maximum 2.99% increase (CPI 3% in September 2017) for Stevenage Borough Council.

4.9.3 The table below shows a 2.99% increase and £5.00 on a Band D (2.52%) per year and for each council tax property band.

Council Tax band	Increase per year		
	2017/18	2.52%	2.99%
A	£132.35	£3.33	£3.96
B	£154.40	£3.89	£4.62
C	£176.46	£4.44	£5.28
D	£198.52	£5.00	£5.94
E	£242.64	£6.11	£7.26
F	£286.75	£7.22	£8.58
G	£330.87	£8.33	£9.90
H	£397.04	£10.00	£11.88

4.9.4 The difference in resources from increasing Council tax by 1.99% (September MTFS assumption), 2.52% and 2.99% in 2018/19 is shown in the chart below.

Increase in council tax receipts per year compared to a 1.99% increase



4.9.5 Council tax is a key resource as locally raised taxation becomes more important to the General Fund (as central funding reduces) in sustaining services for the future. The table below shows that by 2019/20 the MTFS assumes that 63% of core resources will be generated from council tax.

	% of Net budget							
Year:	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Council Tax	51.70%	45.90%	49.50%	47.10%	58.10%	55.81%	58.11%	62.76%
RSG	46.00%	33.30%	27.00%	17.90%	13.50%	7.08%	3.60%	-0.30%
NDR	0.00%	20.90%	24.20%	40.20%	12.60%	32.67%	29.90%	28.77%
Balances	2.30%	-0.10%	-0.70%	-5.20%	15.70%	4.43%	8.39%	8.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

4.9.6 As in previous years the council tax increase will not be confirmed this meeting. Based on the increasing financial dependency the General Fund budget has on council tax the Assistant Director (Finance and Estates) recommends a 2.99% increase be included in the draft council tax resolution for consideration.

4.10 Projected General Fund Balances

4.10.1 The projected General Fund balances and council tax requirement are shown below.

	2017/18 Estimate	2017/18 Projected	2018/19 Estimate
Net Expenditure	£9,382,220	£10,493,720	£9,107,740
(Use of)/ Contribution to Balances	(£432,095)	(£1,543,595)	(£818,821)
Budget Requirement	£8,950,125	£8,950,125	£8,288,919
RSG	(£689,969)	(£689,969)	(£351,230)
Business Rates	(£2,569,654)	(£2,569,654)	(£2,539,149)
Total Government Support	(£3,259,623)	(£3,259,623)	(£2,890,379)
Estimated NDR levy	£226,243	£226,243	£303,713
(Return) /Contribution to Collection Fund (NDR)	(£478,057)	(£478,057)	(£30,293)
Collection Fund Surplus (ctax)	(£139,102)	(£139,102)	(£139,616)

	2017/18 Estimate	2017/18 Projected	2018/19 Estimate
Council Tax Requirement	£5,299,586	£5,299,586	£5,532,344
Council Tax Base	26,695	26,695	27,059
Council Tax Band D	£198.52	£198.52	£204.46
Council Tax Band C	£176.46	£176.46	£181.74

4.10.2 General Fund balances are projected to be £2.59Million, (draft budget report £2.42Million) by 2021/22. This is a reduction of £4Million from 1 April 2017. There is a projected contribution to balances by 2022/23, however this relies on the delivery of some £1.5Million Financial Security savings for the period 2019/20-2022/23.

General Fund Balances £'000	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Opening balance 1 April	(£6,427)	(£4,883)	(£4,065)	(£3,270)	(£2,726)	(£2,594)
Use of/ (Contribution to) Balances	£1,544	£818	£795	£544	£132	(£182)
Closing balance 31 March	(£4,883)	(£4,065)	(£3,270)	(£2,726)	(£2,594)	(£2,776)

4.10.3 The projected balances for 2018/19 are higher than the minimum level of risk assessed balances of £2,760,570 as summarised in Appendix B.

4.10.4 The Council will need to increase its future year's reserves to ensure that it has sufficient future resources to help facilitate the town centre regeneration, (2017 resident' survey top priority), this is why Members approved at the December Executive to ring fence of business rate gains, these are now estimated to be £356,610. In addition this risk has been included in the risk assessment of balances in Appendix B and as summarised in section 4.11 of this report.

4.11 Risk Assessment of General Fund balances

4.11.1 The General Fund balances have been risk assessed for 2018/19 and the minimum level of balances required is £2,760,570, (draft budget £2,790,089).

4.11.2 The risk assessment of balances includes amounts for general overruns in expenditure and losses of income (1.5% of the gross value) and in addition for specific risks.

4.11.3 New risks that have been added to the risk assessment of balances include:

- Commercial property net income target of £200,000 not realised (risk balance £20,000) -higher borrowing costs and unforeseen costs could impact on the net income achieved.
- Building Control company profit forecasts not met in 2018/19 (risk balance £21,485) - this relates to the risk that the company may not achieve cost reductions in line with the business plan.
- Town Centre Regeneration not budgeted for (risk £125,000) - as the council appoints the development partner there may be costs which the Council would want to expend to further its regeneration aims.

- Borrowing costs will be higher than estimated (risk £7,692)- there is a risk that inflation pressures could accelerate the increase in borrowing costs in 2018/19 and a 0.25% base rate point increase has been risk assessed.
- Business Unit reviews increase the salary bill/higher implementation costs (risk £84,009) the report to the November Executive outlined the approach to these reviews and was approved by the Executive. There is a risk that costs could be higher than expected.

4.12 Contingency Sums

4.12.1 The Executive 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 Executive can approve supplementary estimates, rather than part of the Council's Budget Requirement for the year. A sum of £400,000 is proposed for 2018/19, this remains unchanged from the current year.

4.13 Allocated Reserves

4.13.1 The allocated reserves as at 31 March 2019 are estimated to be £1.785Million, with 754K being used in 2017/18. The allocated reserves include a specific reserve for the earmarked business rate gains ring fenced for regeneration purposes as approved at the January Executive. The allocated reserves are summarised in the following table.

Movements to/from Allocated Reserves £'000					
Allocated Reserve	Balance as at 1 April 2017	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2018	Anticipated transfer to/from reserves	Forecast balance as at 31 March 2019
Revenue Reserves:					
New Homes Bonus	(1,073)	878	(195)	(196)	(391)
Future Town Future Council	(180)	(11)	(191)	191	(0)
Planning Delivery	(170)	170	0	0	0
Regeneration Assets	(749)	(21)	(770)	30	(740)
LAMS default	(54)	(14)	(68)	0	(68)
NDR safety net	(172)	0	(172)	0	(172)
Regeneration Reserve	0	(303)	(303)	(54)	(357)
Insurance Reserve	(97)	26	(71)	15	(56)
Town Centre	(54)	29	(25)	25	(0)
TOTAL REVENUE RESERVES	(2,550)	754	(1,796)	11	(1,785)
Capital Reserves:	0	0	0	0	0
Capital Reserve *	0	=+753-753	0	+720-720	0
TOTAL CAPITAL RESERVE	0	0	0	0	0
TOTAL ALLOCATED RESERVES	(2,550)	754	(1,796)	10	(1,785)

4.13.2 The reserve balances shown above are prior to any 2018/19 New Homes Bonus (NHB) schemes allocations are made, see also section 4.6 above. The main reduction in reserves is the predicted use of NHB during 2017/18 and 2018/19 as some scheme funding was for more than one year.

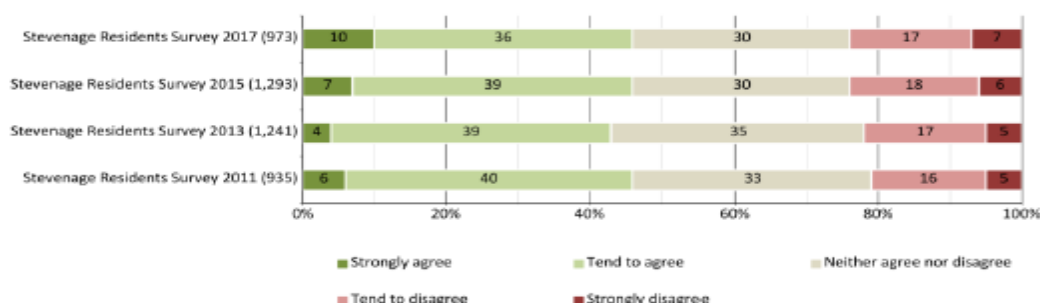
4.14 Consultation

4.14.1 The Council has recently completed the bi-annual resident's survey (2017) and asked residents a number of questions relating to how the Council conducts its financial affairs. Residents were asked whether the council tax represented value for money and only 7% strongly disagreed as shown in the chart below.

Value for money

To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?

Figure 50: Responses to whether residents agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money



4.14.2 Residents were asked how best to make the savings required by ranking the options provided from 1 to 5, with 1 being the most preferred option and 5 being the least preferred option. The results are shown in the table below

Table 13: Resident's preferences for means of making savings. Rank analysis.

Option	Overall Rank
Reduce time and money spent on paperwork by interacting with more residents and customers online	1
Spend less by reducing or cutting the services that you tell us are not a priority	2
Increase income from fees and chargeable services, to keep the council's element of Council Tax as low as possible	3
Increase our element of Council Tax (for example from 48p per day to 50p per day)	4
Make money by selling more of our services to residents and customers	5

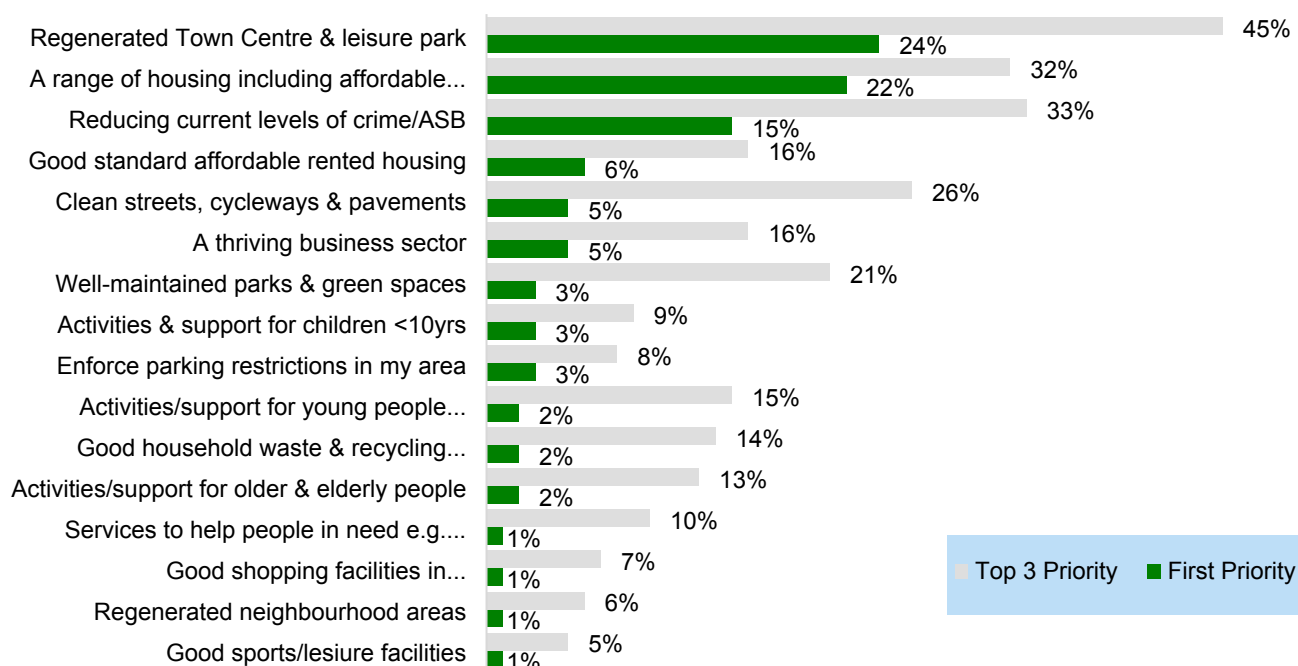
4.14.3 The top ranked option by residents was 'reducing paperwork and interacting with more residents on line'. The Council committed to investing £2.1Million (2017/18-2019/20) in digital improvements that should help unlock future financial security options. In addition the Council has sought to minimise the impact of reduced government funding on Stevenage residents by continuing to reduce net expenditure from some fee increases and efficiency options.

4.14.4 It is inevitable, with the level of funding reductions that increases in council tax are required to maintain the level of services the Council currently operates, however

the increase of 2.99% on a Band D property represents less than 2pence per day for 2018/19.

4.14.5 During 2018/19 officers will be targeting procurement, efficiency and improving processes (three of the five Financial Security work strands) to maintain the financial stability and resilience of the General Fund.

4.14.6 The top residents priority was Town Centre Regeneration, followed by affordable housing as shown in the following chart.



4.14.7 The growth of £470,371 for 2018/19 includes £102,090 relating to town centre regeneration, with a further £35,000 earmarked to improve the range of housing in Stevenage.

4.15 Leader's Financial Security Group

4.15.1 The LFSG chaired by the portfolio holder for Resources on behalf of the Leader and with cross party representation has been meeting frequently since August 2016. The group has;

1. Reviewed the GF assumptions regarding the 2018/19 onwards saving target
2. Reviewed the GF MTFS assumptions
3. Reviewed the GF 2018/19 Financial Security package
4. Reviewed the GF 2018/19 Fees and charges

4.15.2 The LFSG considered the options above and scored the Financial Security options, growth and fees and charges for inclusion in the General Fund budget.

5. IMPLICATIONS

5.1 Financial Implications

- 5.1.1 The report deals with Council policy and 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 Risk Implications

- 5.3.1 There are risk implications to setting a prudent General Fund budget if the Fees and charges (Appendix C) and Financial Security options (Appendix E) are not achieved and crucially if future options are not found to meet the targets outlined in section paragraph 3.6. The risk to financial security has also been increased as the Council's ambitions have meant significant growth bids and service pressures have been identified above the MTFS assumptions. If this trend were to continue then the General Fund balances would be substantially eroded and potentially beyond the level that would be deemed a prudent level. The Council faces considerable risks with future reductions to central government grant funding and the ever changing landscape of Local Government Finance.

- 5.3.2 Risk implications are dealt within the body of the report and specifically within section 4.11.

5.4 Equalities and Diversity Implications

- 5.4.1 In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:

- Remove discrimination, harassment, victimisation and any other conduct that is unlawful under this Act
- Promote equal opportunities between people who share a protected characteristic and those who do not
- Encourage good relations between people who share a protected characteristic and those who do not.

- 5.1.1 These duties are non-delegable and must be considered by Council when setting the Budget in February 2018.

- 5.1.2 To inform the decisions about the Budget 2018/19 officers have begun Equality Impact Assessments (EqIAs) for service-related savings proposals. These are

currently in draft form, since they must consider appropriate evidence and the findings of consultation with various stakeholders to inform the decision by Council in February 2018. Where there is a potentially negative impact, officers will collect further information and identify actions to mitigate the impact as far as possible. These EqlAs are summarised and attached in Appendix G with further information on the process to date and planned activity. EqlAs for future years' savings will be presented alongside the draft Budget for the relevant year.

5.1.3 An overarching EqlA will also be developed once individual EqlAs are finalised for Council in February 2018. This will consider the collective impact of the Budget on people with protected characteristics.

5.1.4 As well as considering the impact on service delivery and equality, an EqlA concerning all strands of potential discrimination will be required by the Head of Paid Service on proposed redundancies and restructures per savings proposal and as a whole. It is proposed that this will be produced alongside the required restructure consultation documents as it is only at this stage that the actual impact on staff will start to be known. As the proposals will be delivered over a range of different timescales, the whole, i.e. combined EqlA, will be reviewed periodically with the Council's Strategic Management Board. All staff impacts are summarised at Appendix H.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2017/18-2021/22)

http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-19-September_2107-Item6.pdf

BD2 Draft General Fund and Council Tax Setting 2018/19

<http://www.stevenage.gov.uk/content/committees/182083/182087/182091/Executive-23-January-2018-Item8.pdf>

APPENDICES

- A 2017/18 Working & 2018/19 Summary General Fund budget
- B Risk Assessment of Balances 2018/19
- C Fees and Charges 2018/19
- D Concessions 2018/19
- E Financial Security Options 2018/19
- F Growth options 2018/19
- G Equalities Impact Assessment General Fund and HRA
- H Equalities Impact Assessment staffing
- I Final Council Tax Resolution
- J Robustness of Final Budget and Adequacy of Reserves.