

# Medium Term Financial Outlook and Budget Update

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SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL

Minute Item 12

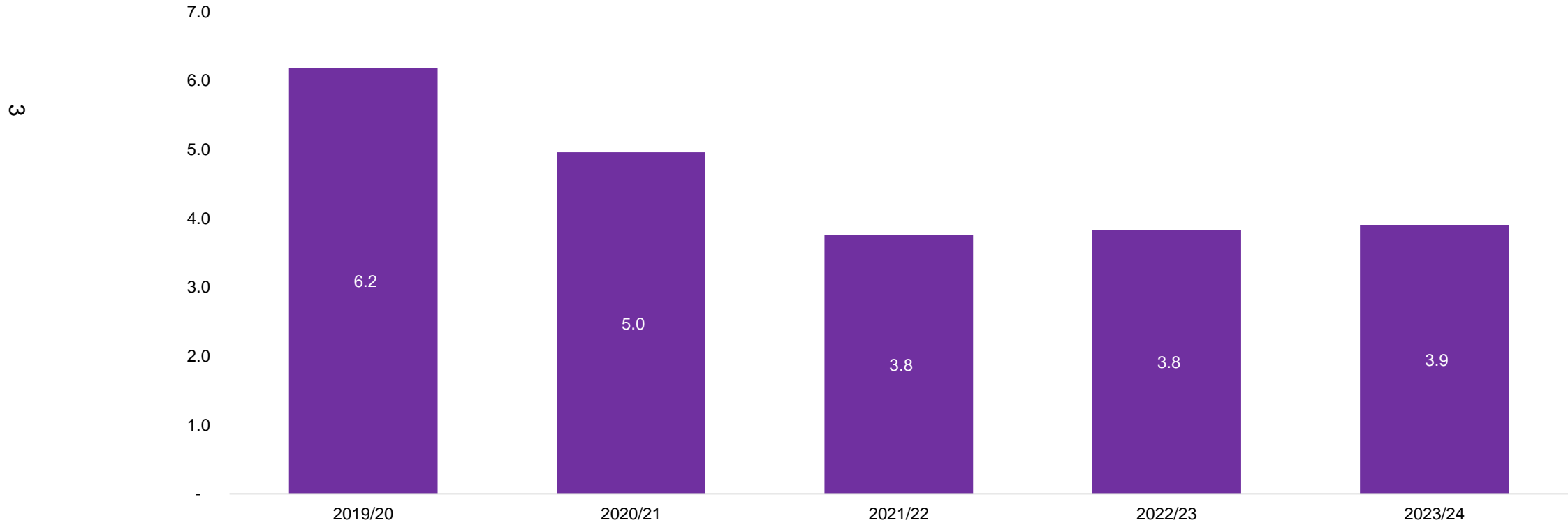
# Financial Settlement Headlines announced 20 December 2019

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- Settlement is for one year only.
- Funding will continue at 2019-20 levels for the rural services delivery grant which has been announced at £81m. The Council is expected to receive £295k for 2020/21 only.
- New Homes Bonus Funding for 2020/21 has been announced at £907m. This will be paid with the legacy payments due from previous years (2017/18 to 2019/20). As previously announced, there will be no legacy payments for the 2020-21 in-year allocations. For the Council the amount for 2020/21 is confirmed at £1.8m.
- The Council Tax referendum limits, as set out in the one-year spending round announcement remain unchanged i.e. a core council tax referendum principle of up to 2% (or £5, if greater for districts); an adult social care precept of 2% on top of the core principle; and no referendum principles for parish councils and mayoral combined authorities;
- There will be a multi-year Spending Review in 2020;
- The deferral to 2021-22 of the Fair Funding Review and Full Business Rates Reset;



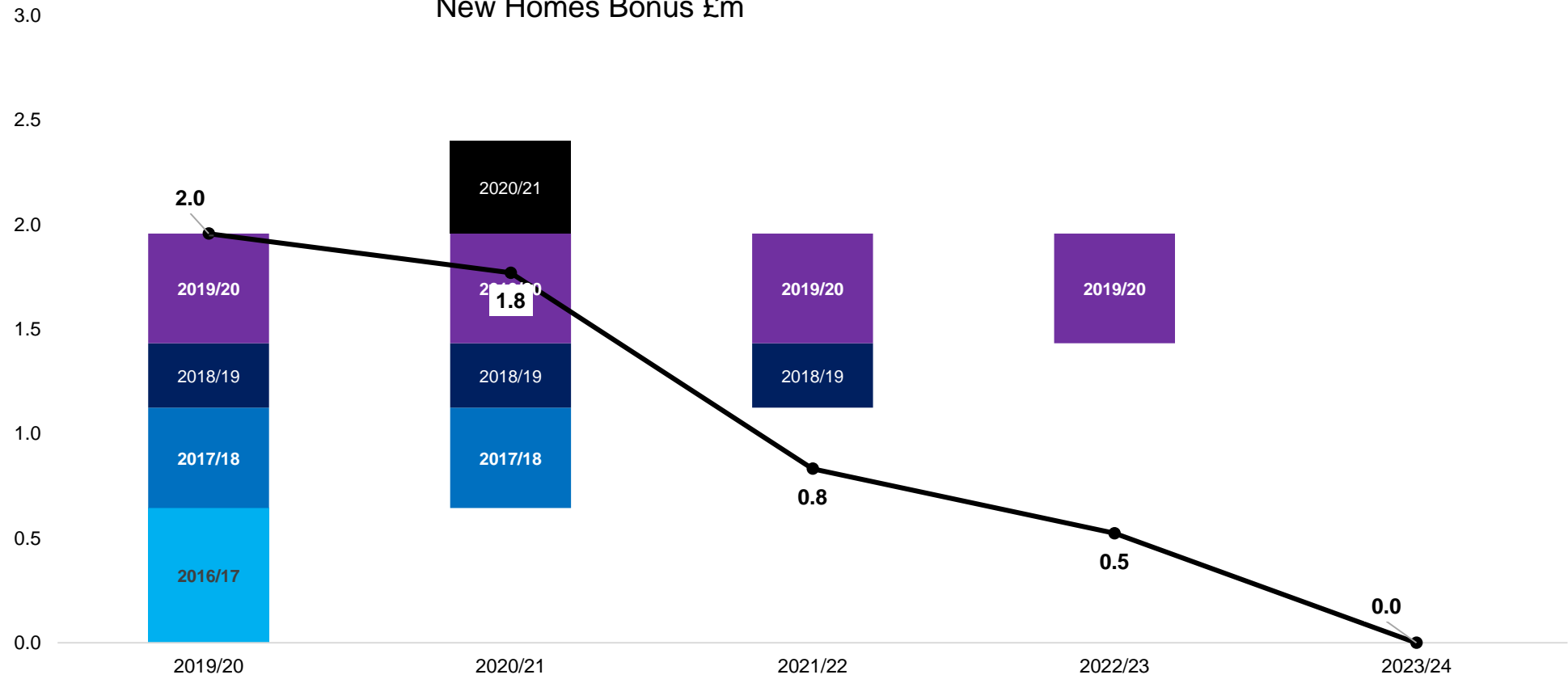
# Forecast Business Rates Retention £m



# New Homes Bonus Projection

New Homes Bonus £m

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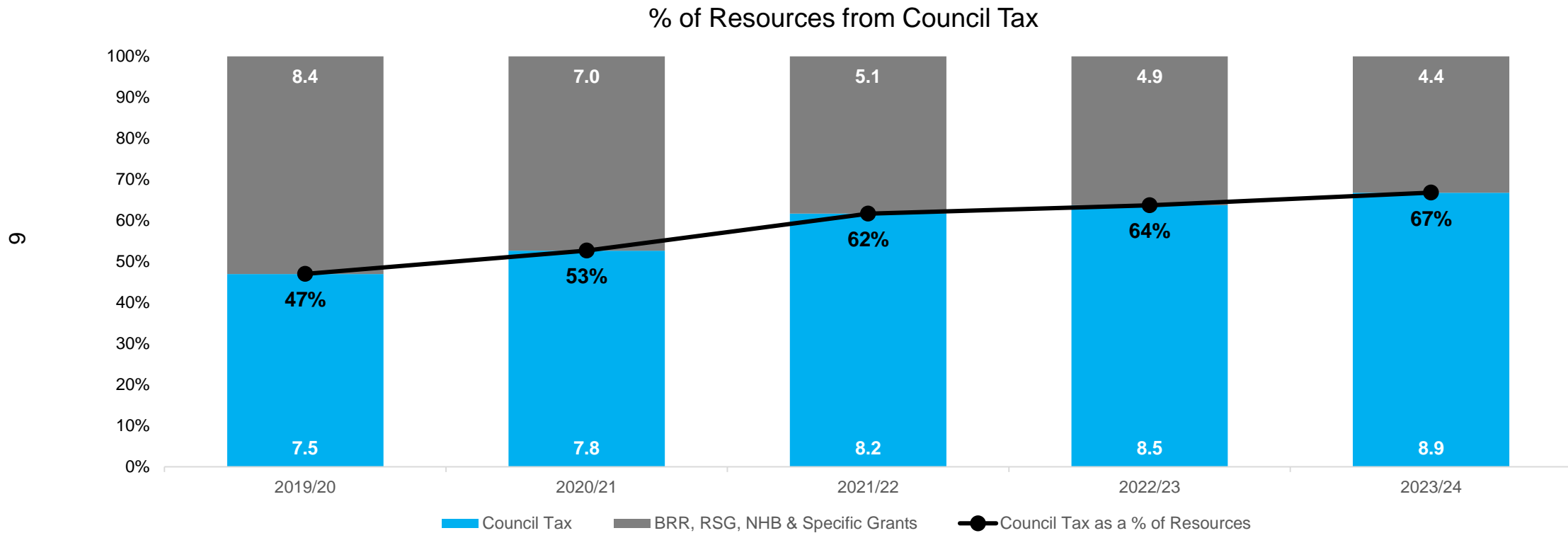
# Latest Predictions

- Confirmation that district councils can increase Council Tax by £5 for 2020/21
- Update on future projection of New Homes Bonus – reserves will reduce by £1.779m over 4 years.

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	20/21	21/22	22/23	23/24
Current forecast	£1,534K	£1,277k	£1,191k	£889k
Updated forecast	£1,756k	£832k	£524k	0

# Increasing reliance on Council Tax



SKDC Tax Base Growth Assumption: 1.5% p.a.

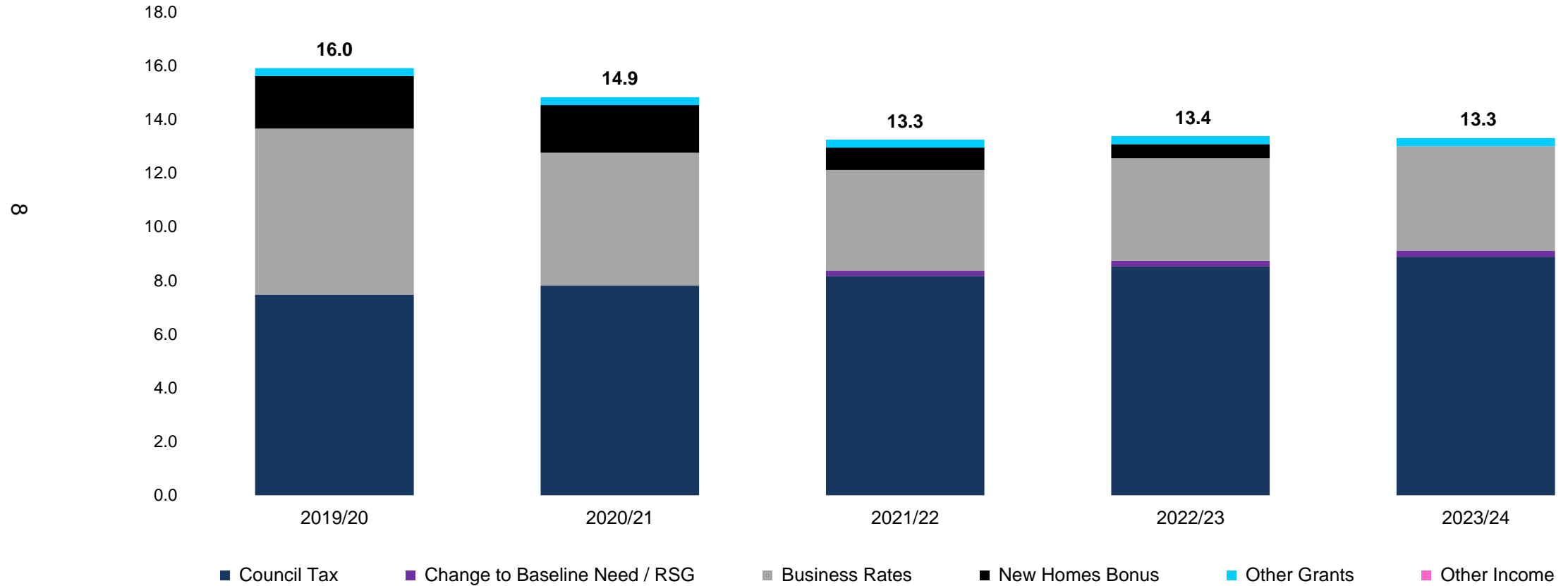
Council Tax Band D charge increase Assumption: 3% p.a.

# Summary Position – As at December 2019

	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Business Rates	6.2	5.0	3.8	3.8	3.9
Change to Baseline Need / RSG	-	-	0.2	0.2	0.2
New Homes Bonus	2.0	1.8	0.8	0.5	-
Other Core Spending Power Grants	0.3	0.3	0.3	0.3	0.3
Council Tax	7.5	7.8	8.2	8.5	8.9
<b>Total Resources</b>	<b>16.0</b>	<b>14.9</b>	<b>13.3</b>	<b>13.4</b>	<b>13.3</b>
Annual % change		-6.8%	-10.7%	1%	-0.6%

# Combined Resource Projection

Resources by Type £m





# Impact of National funding changes

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- The modelling of the national changes will create a rising deficit from April 2021 when the fair funding and Business Rates reset are due to be implemented
- The council has time now to prepare for the funding reductions by aligning its resource to the Corporate priorities
- • This work programme can begin now to ensure a managed programme focussing on reducing overheads, reducing costs, increasing income streams, identifying partnering opportunities



# Budget Approach

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- Council ambition to be financially self sustainable by 2025 but is working towards it sooner
- A need to realign finite resources against the corporate ambitions - growth, leisure, environment
- Commercialism and the need to generate income a key element of the Corporate Strategy aim
- Reserves not used to 'prop up' budgets
- Scrutiny of budget at Joint OSC on 14<sup>th</sup> January
- Cabinet presents it's draft budget for consultation on 21<sup>st</sup> January
- Consultation period 22<sup>nd</sup> January – 14 February
- Cabinet presents it final budget proposals on 18<sup>th</sup> February
- Full Council approval 27<sup>th</sup> February

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# Proposals to achieve a balanced 20/21

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- £5 Band D charge increase for District element of Council Tax
- Reduce Invest SK funding to core funding levels - £800k
- Reduction in some grounds maintenance costs offset by taking on verge grass cutting for Grantham area only
- ⇒ • Increase car parking tariffs across the District – first increase since April 2010
- Increase green waste charges to keep pace with operational costs
- Changes to the Customer Service offer – Stamford and Market Deeping
- Consolidation of grants (reduce Community fund by £50k and reduce ward member budgets to £500 per member).
- These actions, if agreed achieve a balanced 20/21 but a deficit for 21/22 to £1.0m rising to £1.3m in 22/23



# Predicted Budget Gaps – If proposals approved

