



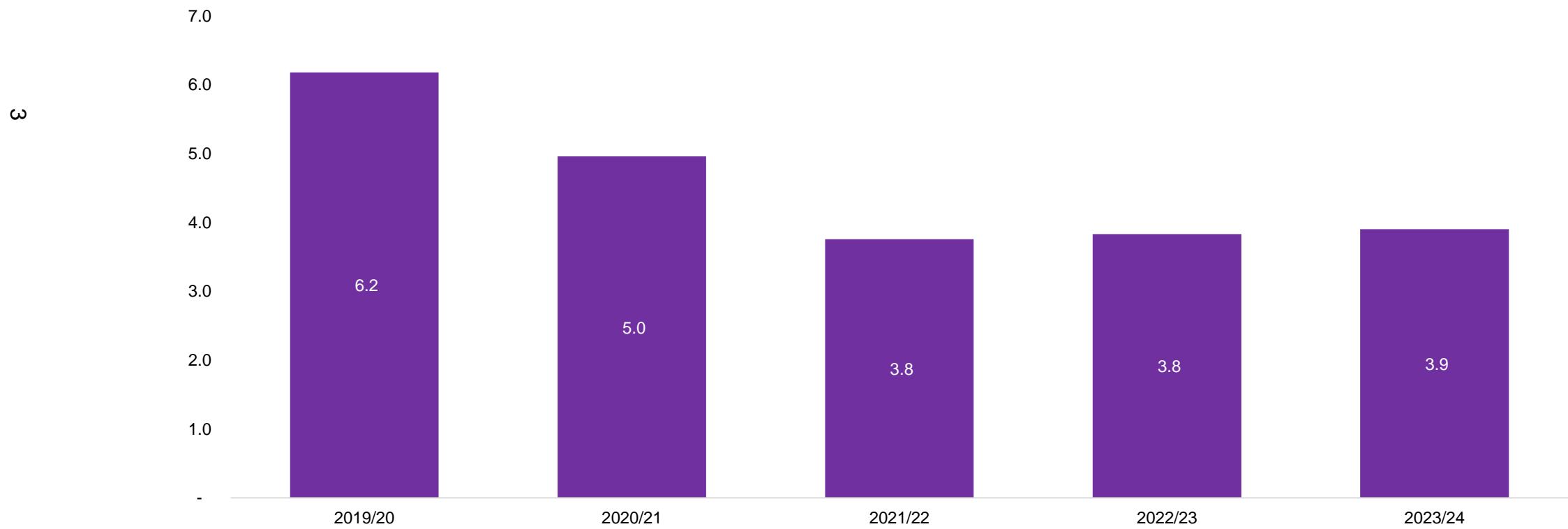
Medium Term Financial Outlook and Budget Update

Financial Settlement Headlines announced 20 December 2019

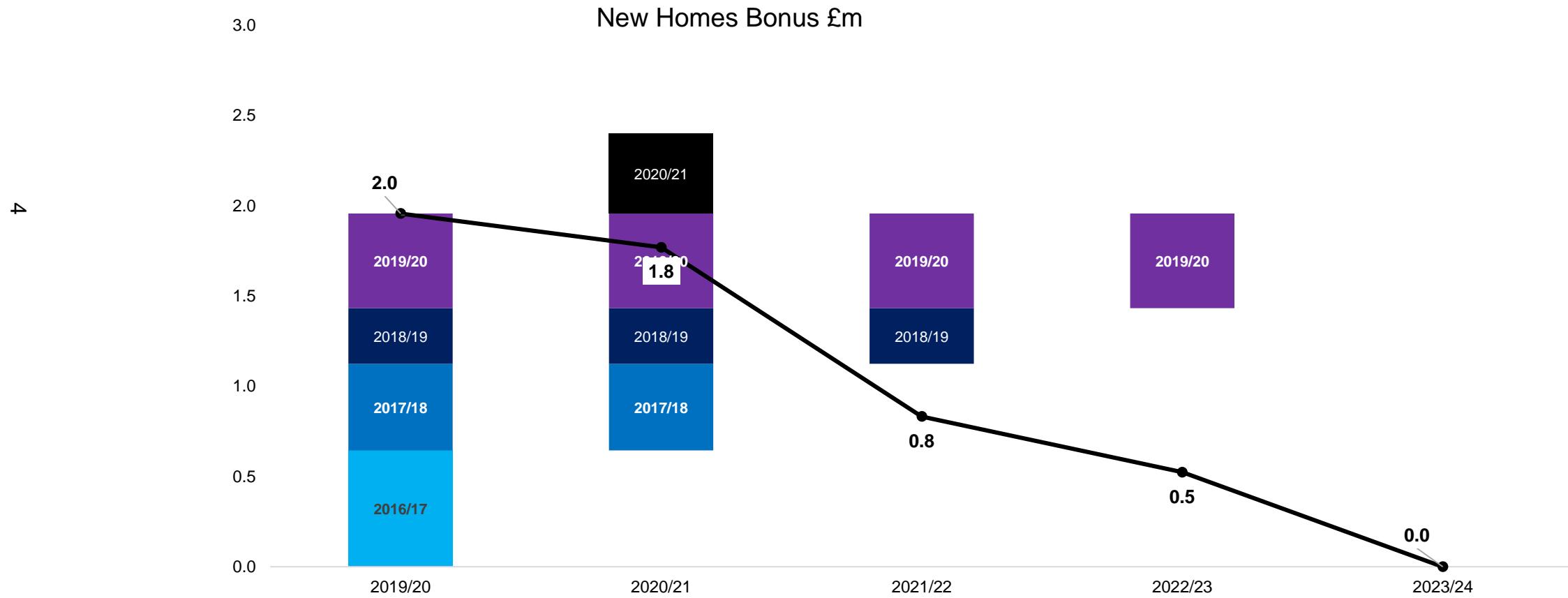
- Settlement is for one year only.
- Funding will continue at 2019-20 levels for the rural services delivery grant which has been announced at £81m. The Council is expected to receive £295k for 2020/21 only.
- New Homes Bonus Funding for 2020/21 has been announced at £907m. This will be paid with the 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

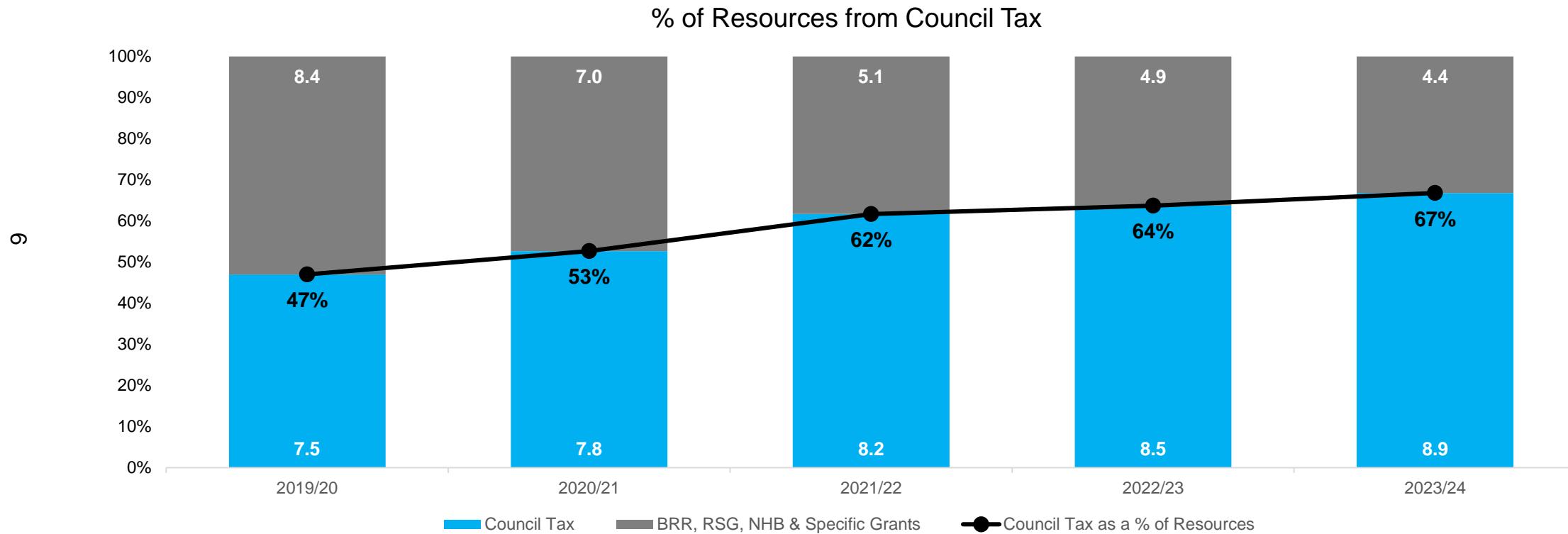


Latest Predictions

- 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.

	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.

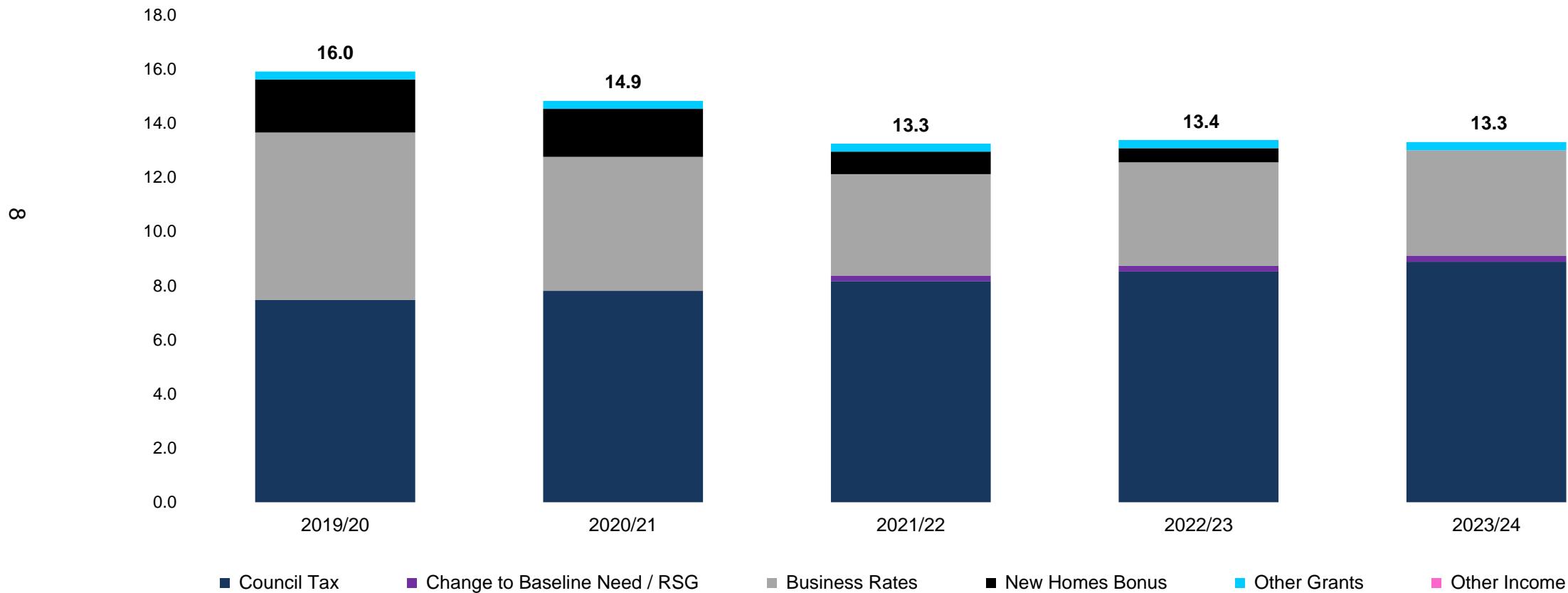
Council Tax Band D charge increase Assumption: 3% p.a.

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
Total Resources	16.0	14.9	13.3	13.4	13.3
Annual % change		-6.8%	-10.7%	1%	-0.6%

Combined Resource Projection

Resources by Type £m



Impact of National funding changes

- 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

- 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
- 10
- Scrutiny of budget at Joint OSC on 14th January
 - Cabinet presents it's draft budget for consultation on 21st January
 - Consultation period 22nd January – 14 February
 - Cabinet presents it final budget proposals on 18th February
 - Full Council approval 27th February



Proposals to achieve a balanced 20/21

- £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

12

2020/21

£0k

Includes £300k mgt
savings
£350k procurement
£200k transformation

2021/22

£1.0m

2022/23

£1.3m