

Leader's Half-Yearly Report (Nov 2010)

We face a very difficult 4 years of cuts imposed by the Con-Dem Government. The public sector is paying a harsh price for greed of the banks, with local government paying especially in this first year. The people of Exeter will have to pay their share for the banker incompetence.

- The difficult financial situation and the unprecedented reduction in government grant will impact significantly on our staffing resources. This is why, for the current year, many HR responsibilities are being aligned with the budget process to ensure we can make the savings we need to, while protecting services and the jobs that deliver those services wherever possible.
- However, a significant priority for next year will be a fundamental review of the structure and organization of the Council. We need to ensure that we have a streamlined, efficient and effective structure which will allow our reduced resources to be targeted towards supporting services that benefit residents and businesses.
- For the purposes of budget planning we are assuming that there will be an overall cut of 30% in Formula Grant over the next 4 years. It was previously thought that this cut would be evenly spread – it is now apparent that the cut will be front loaded and we could now expect a cut of 15% in our grant for next year.
- It is currently estimated that the Council will need to reduce its revenue budget by £2.7 million next year, a further £1.6 million in 2012/13 and a further £1.7 million by the end of 2014/15. This would amount to a cumulative reduction of £6 million over the next four years.
- A large proportion of the Council's controllable costs are the costs of employing staff and without significantly reducing these over the next four years it cannot unfortunately hope to meet the necessary budgetary savings. This is why, for the current year, many HR responsibilities are being aligned with the budget process to ensure we can make the savings we need to, while protecting services and the jobs that deliver those services wherever possible. Where we can, I want to see a phased approach to reducing staff numbers to keep down restructuring costs and that will require coordinated budget and staffing planning.
- Need to protect essential services wherever possible - this is what the public pay their council tax for. We will, therefore, be proposing to maintain basic functions while looking hard at discretionary spending.
- Looking to next year's budget there are still some significant variables:-
- Concessionary Fares

There is still uncertainty over the funding for concessionary fares - the responsibility and government funding transfers to the County Council from 1 April 2011. The details of this funding transfer are complex and a number of options are currently under consideration by the Government. The budget we are currently working on for next year has assumed that the loss resulting from the transfer will be £500,000. The eventual loss could however be as much as a £1 million. This is in addition to the significant funding gap that the Council has already had to meet since the national concessionary travel scheme was first introduced in April 2008.

- Formula Grant

Although we have made assumptions about the level of formula grant the actual detail is not expected to be available until December. This will be when Exeter and all other Councils find out exactly how much grant it will be getting from Government.