

Leader's Update to Resources Scrutiny

22 January 2014

As members are aware the current financial situation facing local authorities is more challenging than it has ever been. The Council is facing a reduction of 44% in Government Grant over the next four years and will have to completely reshape itself in order to achieve this.

In spite of this, we are still an ambitious Council and are determined to ensure that the City achieves its potential and our residents receive quality services. We are facing the challenge head on and this year, we have delivered on our pledge to implement the living wage for all employees at Exeter City Council.

We are also presenting a balanced budget this year, having identified close to £1.5 million worth of savings whilst in the Medium Term we have identified another £900,000 of savings that can be delivered.

This still leaves the Council with a tremendous challenge. As you will have seen from the budget papers on tonight's agenda, in order to balance the budget over the medium term, close to £4 million worth of additional expenditure needs to be removed from the budget.

In terms of the three priorities I have given to the Senior Management Team – I believe that focusing on these areas will put us in the right place to achieve the balanced budget. The priorities are:

- To deliver growth in the City – IKEA locating in the City alone will bring 300 more jobs and 200 new homes to the City. It will also provide growth in our Business Rate, which the Council will be able to keep and invest. Alongside that we now have a viable bus & coach station proposal being developed. Again as well as jobs, this will provide much needed additional business rates income for the Council.
- To ensure that financial discipline continues to be at the heart of service delivery – the management team are monitoring income and expenditure on a monthly basis and are required to address any potential problems. As a Council, work is also ongoing to review the current grant allocation system across the council. The aim is to have a new system in operation for the 2015/16 financial year. This work is now being progressed by myself after changes to portfolio responsibilities.
- To ensure that business transformation becomes the everyday role of managers – this will ensure that our residents receive the services they want, when they want them to a high standard.

In respect of Business Rates, the Council is on track to achieve growth in its Business Rates base during the first year of operation of the new system. This means additional funding for the Council, with an element of the funds also retained and shared within the wider Devon area.

In terms of the New Homes Bonus, we are supporting projects in the wider community. In this financial year, all City Grants have now been fully allocated. Some wards have also fully committed their funds but significant sums remain in the Ward Grant pot (over £16,000).

As I have said there are tremendous challenges ahead of us, but as you can see, not only are we facing up to these challenges but we are still delivering real improvements to the City of Exeter and our residents.