

Emergency Budget briefing and Q&A

Why is there an emergency budget?

An emergency budget is being proposed to balance the in-year budget. It is largely because of the effects of COVID-19. COVID has made a difference to both planned spend and the income we thought we would get.

Good decisions in previous years have put ECC in a much stronger position than some district councils.

However Members are legally required to deliver a balanced budget every year – unlike other public sectors – and a new budget for the year is being proposed.

What is being suggested?

Exeter City Council needs to make a substantial reduction (£1.7million) in what it spends between now and April 2021.

This will be followed by additional reductions for the following two years– as part of the medium term financial plan.

What does this mean?

Residents may notice things stop between now and April, and some permanent changes for two years after that.

Why didn't your planned income come in?

The budget sets out £8.5million of projected losses. For something like car parking, the government asked us to help keep people at home. At times our car parking income was 99%. For something like visitor attractions, we can't bring in any income from shows as our theatre is shut. The below is the best loss calculation without being able to be certain if we will face a second wave of COVID-19.

	Irrecoverable loss to June £m	Projected loss to June £m	Projected full year £m
Car Parks	1.941		4.571
Commercial Rent		0.300	1.183
Leisure	0.031		0.081
Waste		0.426	0.886
Visitor attractions	0.468		0.906
Other	0.427	0.255	0.970
Total	2.867	0.981	8.562

What is being proposed to makes things right?

To address the losses we have set out £12.7million of options:

	£m
Covid-19 Grant from Government	1.379
Remove transfer to General Fund Balance	0.839
Use of General Fund Balance	2.850
Repurposing Earmarked Reserves	2.121
Use of Furlough scheme	0.403

Stop in-year Service Spend	1.728
Additional savings offered by Strata	0.121
Convert Public toilet expenditure to be funded by CIL	0.055
Offset statutory repayment of debt against previous voluntary repayments	0.638
Convert revenue used for capital expenditure to capital receipts	0.838
Remove voluntary repayment of debt	0.162
RAMM – successful appeal against Business Rates	1.659
Total	12.793

What exactly are you planning on stopping between now and April?

Residents may notice the impact of budget reductions and vacancy freezes. The publication of The Citizen will be suspended along with most paid for marketing – even taking copies of The Express & Echo will be suspend. Planned festivals and events will not be sponsored this financial year. There will be a significant reduction in agency staff in roles along with reductions in high profile services such as graffiti removal. There are significant savings out of the eyes of the public, but will still have an eventual impact. There will be a significant impact by reducing planned asset maintenance. There will be no training for staff outside essential health and safety courses. A full list is contained in the report.

Hasn't the Government just given you the money?

No. This budget is required taking into account the money central government has already given Exeter City Council.

Didn't you just win a major court case regarding the RAMM?

Yes – This budget takes into account that payment. The proposed savings are in addition

What about jobs?

There are no direct redundancies as a result of this budget.

However, there is the potential for redundancies as a result of some of the changes to services outlined in the medium term financial plan over the following two years. And the process to make those savings may begin before April 2021.

What about the Job Retention Scheme?

The scheme is likely to have saved ECC over £400,000.

Doesn't ECC have reserves for this kind of thing?

Yes – this budget is using the council's reserves to partially offset the shortfall. There is a need to maintain a minimum level of reserves to protect against further unexpected events.

Why doesn't Council Tax pay for this?

Exeter City Council receives 8% of collected council tax.

Has Exeter City Council invested in the property market and is now in trouble because of that?

No. ECC has only invested in two properties – both of which are in our city – both of which were deemed vital to the economy.

Are there any other alternatives?

Financial projections will likely change between now and April. For instance, if a second wave of COVID returns, projections around car parking and income for the Corn Exchange will be significantly worse. Government may support district councils further.

The budget will be publicly debated by elected Members and is subject to their scrutiny and suggested amendments.