

ECC Autumn Budget Statement

Alongside the “Everyone’s Essex Plan” I am pleased to be presenting our Autumn Budget Statement and how this will facilitate the ambition and drive of the new vision.

Annually we spend in the region of £1.4bn, and our focus is to make sure that this money has a real positive impact on the lives of Essex residents and the local economy.

We also plan to spend an average of £300m a year on capital over the period of this administration right up until 2025. What do we mean by capital? This is the building of new schools, infrastructure and highways that this growing county needs.

It’s important for me to talk about National Financial Challenges and the Economic Outlook for the next 4 years

It has been an incredibly challenging 18 months since the pandemic began for everyone. We have been separated from friends and family, businesses have been placed under intense pressure and we all needed more support than ever before. The economic shock was felt throughout the country, highlighted by the 20% plus reduction in Gross Domestic Product; although from a slightly more positive perspective the GDP is forecast to recover to pre-pandemic levels by the end of this year. Despite these challenges, I am proud to say that since May 2021, we have been able to deliver over £30m directly through thousands of individual grants to support residents, businesses and community groups – helping them through the crisis. We provided over £10m of support for Essex businesses during the pandemic.

But times are still tough. The current inflation rate in the UK is 2.5%, 0.5% above the target set by the Bank of England. It is expected to rise further (potentially up to 4% in the short term). This volatility impacts our financial planning, as we try to anticipate the effect on our day to day spending, from social care to waste disposal. With such a significant capital programme, we also undertake borrowing – in fact typically between 1 and 1.5% of council tax rises go towards the capital programme each year. Evidently, we will need to watch carefully changes in borrowing rates which impact our annual running costs.

The growing and aging population of the UK continues to place considerable pressure on councils and demand for our services. Over the next 4 years the Essex population over the age of 65 is forecast to increase by over 9%, compared to an increase of 4% of the total population of Essex. We are also seeing increasing levels of complexity in the social care support we provide. This places further pressure on our resources, as we work to support those who need our help the most.

All these pressures are compounded by the level of uncertainty we currently face around future funding from government and national policy changes. We await the 3-

year Spending Review at the end of October, due to be followed by the Provisional Settlement for Local Government in December. The impact of the recently announced government Health and Social Care plan will be felt across all sectors. Although the full extent of this is not yet known, it is without doubt that this change, coupled with inflation, will mean that the cost of care will increase.

There are also a number of significant white papers on the horizon (such as Health and Social Care integration and workforce), as well as emerging government policies (like the Environment Bill) that will create new financial commitments for the Council. These societal pressures will be difficult to contain without additional funding streams, particularly as we continue to focus on the recovery from the pandemic.

In respect of Essex County Council's current financial position, in these challenging times, we continue to demonstrate strong financial control. At the half year stage of 2021/22 we are within our financial envelope. We are continuing to drive productivity and efficiency, with 75% of our £36.1m planned savings for the year already delivered.

Everyone's Essex, which is being adopted by Full Council today, sets out our exciting ambition for levelling up the county and improving lives and opportunities for all our residents. We will ensure that our budget planning over the lifetime of this Council supports the delivery of the strategy

As a new administration, we are looking forward to setting our first medium term budget in January, further enabling the resourcing of the Everyone's Essex plan. Our history of strong financial management has enabled the building of a £45m "Everyone's Essex" fund to enable investment in this administration's key priorities over the next 4 years. This investment will focus on delivering great outcomes for the Essex economy, residents, and our climate change ambitions.

The development work is well underway looking at the options open to us. The process includes our annual budget consultation with residents and businesses which commences this month to gain your views on what is important for Essex.

As I said at the top of this speech, we spend £1.4bn of revenue a year across a wide range of services. This equates to £1.7m per day on Adult Social Care, £1.3m per day on schools and over £230,000 per day on Environment and Waste. To name just a few areas.

<p>Adult Social Care</p>  <p>£1,740,728 per day</p>	<p>Schools</p>  <p>£1,313,694 per day</p>	<p>Children Services</p>  <p>£375,928 per day</p>	<p>Early Years & Child Care</p>  <p>£268,069 per day</p>	<p>Environment & Waste</p>  <p>£231,751 per day</p>	<p>Infrastructure</p>  <p>£185,206 per day</p>	<p>Public Health</p>  <p>£175,831 per day</p>
<p>Home to school transport</p>  <p>£91,208 per day</p>	<p>Concessionary fares</p>  <p>£49,280 per day</p>	<p>Library Services</p>  <p>£38,219 per day</p>	<p>Economic Development</p>  <p>£18,456 per day</p>	<p>Coroners Services</p>  <p>£9,852 per day</p>	<p>Country Parks</p>  <p>£9,608 per day</p>	<p>Registrar Services</p>  <p>£7,028 per day</p>

Alongside the revenue spend we have an incredibly ambitious, aspirational capital programme planned for the next four years, also valued in the region of £1.4bn, to support the delivery of our strategic priorities – this includes major infrastructure schemes such as; the work developing Beaulieu Park Train Station, Chelmsford North East Bypass, the A120-A133 Link Road and these are in addition to our general Road and Footway Maintenance and School expansion and maintenance programmes. We have been hugely successful in attracting external funding for over 53% of the four year capital programme, which is a major achievement. However, with such an ambitious programme this does mean around 9% of our annual revenue spending is required to fund capital financing costs for the schemes that ECC contributes to. This is something we keep a watchful eye on and seek to stabilise in future years.

Alongside this we will continue to leverage our spending power within Essex to support our social value agenda, by looking at what the collective benefit to the Essex community is when we award contracts and providing even greater opportunity for Essex residents, as well as delivering on our green agenda – we commission £1bn of supplies and services annually, of which around 60% is with businesses based in Essex.

In Conclusion,

The economic outlook and uncertainty for local government finances presents an incredibly difficult environment – we have to live to the fact that there will need to be some hard decisions ahead, not just nationally to rebalance finances in a post pandemic world, but locally to ensure we prioritise spending.

But despite this uncertainty, there are positives to take. We have the ambition and the capacity for investment to support delivery of our Everyone's Essex plan, we will continue our historical position of being a financially strong and sustainable authority,

and deliver for our Essex residents so that nobody is left behind. We are here for you.