

## **Cllr Whitbread Autumn Budget Statement 2022**

I rise to make this statement in the full knowledge that we are living in great financial uncertainty. So much has changed since we started our budget setting process. The war in Ukraine which has caused death and destruction to a proud nation by an aggressive invader, and has also had a major impact on the global economy.

We have a new King after the sad passing of our beloved Queen and a new Prime Minister with clear financial ambitions. The rise in the cost of living, interest rates and inflation is hitting everyone, some much harder than others.

Today, my colleague the Deputy Leader will follow me and outline how we are already helping hard pressed families and our motion later on tackles this issue head on. The only Party to raise this today in this Chamber.

So, we in our budget, like all Councils in the country, are facing very hard choices, however, this Administration is committed to delivering Everyone's Essex and we shall. Remembering always that no Council or Government has money, it has the people's money and that is why they trust us, Essex Conservatives, to run this Council efficiently and effectively.

Therefore, let me set out how we are now dealing with our budget for next year. In the past few years, we have witnessed unprecedented and unusual circumstances, which has, had a knock-on effect to how we manage the Council.

For example, throughout COVID we received a high level of grant funding from central government to support with the response effort. These grants were one off and have now dried up - but we are still dealing with the aftereffects that COVID has caused.

In order to set a comprehensive budget, we must understand a number of factors

- What happened in the year before?
- Are there any market or environment changes that mean that the next year will be different?
- And what changes are we making as a Council to how our services are being delivered?

However, when we set the budget for the current year, we couldn't have anticipated the level of change we've experienced. Indeed, we don't even need to look back more than a few months – a new King, a new Prime Minister, rising inflation and interest rates, energy caps, changes to NI, the list goes on.

The current year's budget is therefore a challenge. Our latest forecast is for a £2.9m overspend - however before the use of one-off reserves the under lying overspend is circa £14m – this is driven by over £17m of inflation pressure unforeseen when the budget for this year was set in February. Despite these challenging times we are still driving productivity and efficiency, with 60% of our planned savings either delivered or in-train. As we would expect at this time.

We believe that we can get through this year, but future years are an increasing challenge, with huge uncertainty and volatility, that makes setting an accurate budget hard, and keeping net spending within that even more difficult.

Don't forget, despite these challenges; through Everyone's Essex we still achieve remarkable things

- We're creating jobs through our social value work and supporting businesses to grow

- We're building new roads, junctions, schools and award-winning homes to high environmental standards
- We're investing in and rebuilding libraries
- We're funding arts and culture like never before, celebrating our culture and heritage all summer long and beyond
- We're rolling out digital technology and broadband into those hard to reach places and to people who need it most
- We're a leading light on climate change in local government
- We're rolling out an ambitious programme of levelling up, giving a hand up to those people ready to take it
- We have outstanding Children's services with prevention at our heart
- We are bringing forward ambitious transformation of our town centres, prioritising sustainable transport
- We're nationally recognised for how we help older people or people coming out of hospital, remaining independent and avoiding further hospital visits
- We're launching our strategy to develop key sectors and businesses across the country, including green skills and great schemes like Retrofit Academy
- We're exploring Investment Zones with the government
- We're committed to Education Excellence through the Year of Reading, and now maths with our £8m Multiply plan

So, now that we've looked back and we've considered the present, we need to look to the future. As we've previously set out, back in February we forecast a budget gap of £24m next year- we sit here today in a very different economic environment, facing a much larger gap than originally anticipated – driven by inflation. We still want to achieve remarkable things, but this is a great challenge that we face.

Without any cost savings being taken or transformative change plans, we will not be able to afford the level of expenditure that is required next year. We have historically achieved this through intelligent thinking about how we can improve services sustainably – be it innovative technologies in Adult Social Care, or shifting spend to prevention in Children's services – over the last 4 years we have delivered over £200m of savings.

We face a tremendous challenge ahead, just like the rest of local government - we will need to further push the envelope on transformation and how we deliver services, but I am confident as an organisation we can do this. Development is already well underway, and we will be seeking to gain our residents and businesses views through our annual budget consultation which commences this month. We used to talk about how we can do more for less; with everything costing so much more it is now can we do the same remarkable things for less.

The Leader always says, Councils don't have money – we have our residents' money, and we have a duty to invest that money back in our residents. This year our net spend will be over £1bn, as well as around £270m on our capital programme. Let me remind you briefly how we do that.

The vast majority of your money is spent on keeping our residents safe and healthy. Almost half of our budget is spent supporting older people, and adults with learning disabilities and physical and other impairments. We run myriad of services to help these people, as well as their family members, to live safe, meaningful, and independent lives.

I am so proud of these services and the people who run them; they are vital for so many people and you or your loved ones will need them one day. After taking account of service users' contributions, this equates to around £1.3m per day.

Another nearly 15% of our budget supports vulnerable children, children open to social care or in the care system, children in their early years, and their family members to safeguard them and to ensure they get the best chance in life in the future. Many people do not feel this day to day, but just because it is not visible does not mean it is not vital. You would absolutely know if we were not doing our job here and it is important, we continue to be outstanding in this area.

We spend another almost 20% of our budget on maintaining our roads, footways, and other transport infrastructure, as well as passenger transport, and disposing of the county's waste – these services our residents do see every day, and it is crucial to the operations of the county that they continue.

Those of you who are quick with numbers will note that leaves 20-25% for everything else including: support businesses and our economy; developing our communities; tackling climate change; education and skills; libraries; tourism; parks and outdoor centres; arts, culture, and heritage assets; as well as registrars, coroners, trading standards and many other essential services. We do get government funding for some of this, but this will not go as far as it has in previous years.

A good portion of that last quarter of our budget also funds the capital programme, which we have said many times is ambitious and transformative for our county, enabling growth, including the building of schools, infrastructure, and highways – but we are keeping this constantly under review.

I, myself, live in Essex and work in Essex – as do the majority of our staff. In our personal lives, we have all seen the cost-of-living sky-rocket – our energy bills multiply and the cost of purchases rise. That is no different from the circumstances experienced at the Council – infrastructure projects are still needed, for example building schools and roads but the cost of building is substantially more and the cost to heat our premises – such as libraries etc, has more than doubled.

This has meant we have needed to draw on our reserves in order to cover energy costs to the tune of £9.5m this year. To budget appropriately for these new challenges in the coming years, tough decisions need to be made, however we will do everything we can to protect the Essex services that the businesses and residents of Essex need.

This isn't a short-term problem. The annual budget gap keeps growing. Before rising inflation, we already forecast our budget gap would be a significant £119m by 2025/26, so we know it will have grown further because of how quickly things are changing. This long-term position also affects our large 4-year aspirational Capital Programme of £1.3bn, as forecast interest rate rises create additional borrowing cost pressures for us.

We are already well respected by central government, their recent request of us an acknowledgement that ECC has been well managed for a number of years. However, we still want to be better tomorrow. We will be setting budgets now that require us to change and transform and we endeavour to do that whilst still taking care of the community.

We are committed to being a modern, forward-thinking Council – and it will be our reaction to the current economic climate and our subsequent plans that will determine this in the future. I have just told you where we are, who would have thought ten months ago that I would be standing here, making such a distinctly different and difficult statement than the one I made last February.

One thing that I can promise is that we are working tirelessly as a team across the Council to ensure that we deliver the Essex that the residents and businesses deserve and demand. Now we know what our finances as a Council are starting to look like, perhaps we should also focus on what they look like for you – with more positive news around our involvement with the cost-of-living strategy. I hand over to the Deputy Leader.