

ESCC report to Brightling Parish Council 12th November 2025

At the cabinet meeting this morning it was discussed that we have a significant shortfall in the budget for the year 26/27. A link to the papers is below.

<http://esmodgov01v/documents/s71328/RPPR%20update%20cover%20Cabinet%2011.11.25.pdf>

The summary is that modelling based on the new government formula for funding for local authorities suggests that ESCC could lose £18 million over the period to 2029. The estimated loss in 2026/27 being £6 million.

In addition to the changes in government funding - based on levels of deprivation which penalises ESCC – inflation, increases to employers NI and the living wage along with increased demand for statutory services is having a huge impact on finances.

All factors combined results in ESCC facing a deficit of £55.8m for 2026/27, and £88.3m by the end of 2029.

The projected level of strategic reserves of £11.1m as of 1 April 2026 means that the Council will have insufficient scope to use reserves to address the budget deficit or any emergent pressure, without further action over and above current steps.

We continue to take a range of robust measures to contain costs in-year, including the ongoing application of stringent spending and recruitment controls on top of our existing robust governance and financial management systems. Whilst important in maintaining discipline, these measures will have limited impact in the context of the overall deficit and ongoing pressures on services.

However increased employers NI, increases to the living wage, inflation at

In addition to the measures already in place, further opportunities for savings will continue to be explored across all departments. This work will focus on identifying any remaining areas where efficiencies can be achieved, while recognising the limited potential for further savings and the potential impacts on service delivery. Officers will assess the feasibility and implications of additional reductions, with a view to informing future budget planning and supporting efforts to close the funding gap. Given the scale of the projected deficit and the limited scope for further savings, there is no realistic path to setting a balanced budget.

As a result, the Council needs to prepare for requesting Exceptional Financial Support (EFS) from Government. EFS is not 'free' money to the Council as it would involve either borrowing to fund revenue (day to day service) costs and/or increasing Council Tax by an additional amount.

The Ministry of Housing, Communities and Local Government (MHCLG) look to the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide assurance for any EFS requests. In anticipation of having to approach MHCLG for EFS, CIPFA was commissioned to undertake the required financial assurance review of ESCC. The review, undertaken over the summer, focused on the Council's financial management and sustainability, capital programme (including investments assets and debt levels), and internal governance.

CIPFA's report can be read at <http://esmodgov01v/documents/s71330/Appendix%202.pdf>

It presents a positive assessment of the Council's financial management, with no major failing identified. In summary, whilst acknowledging that the Council faces a serious shortfall in funding, it finds that the Council benefits from strong governance, respected financial leadership, and prudent treasury management, which provide a solid platform to address the significant financial challenge.

The report makes 10 recommendations. These are welcomed and reflect an endorsement and continuation of the ongoing work we have been undertaking in response to the financial challenge, with additional areas of focus on data and analytic capability and risk management.

In light of the current financial outlook, formal discussions will be held with MHCLG in the coming weeks to explore the options for Exceptional Financial Support available to the Council to enable a balanced budget to be set for 2026/27.

The 2025/26 balanced budget and MTFP agreed by Council in February already includes planned savings of £16.2m. Coming on top of over £140m already delivered since 2010, the impacts on our residents, staff and partners are significant. The scope to find more savings and efficiencies is very small given the high proportion of our budget directed to delivering or supporting statutory services and duties. Most discretionary areas of work have already been reduced or removed in earlier rounds of savings.

However, in light of the serious financial position the Council faces, and the very limited options remaining, Cabinet requested in June that officers explore areas of search for further savings and service reductions across all departments to help reduce the financial gap. In this context, all departments are undertaking work to identify any scope for further reductions and to understand the impacts. At this point, any further savings proposals are expected to have significant impacts on residents, partners and staff, as well as the organisation's capacity to respond to new demands and transform services. Despite this, given the current financial outlook, it is recommended that officers bring forward specific savings proposals for consideration to support the budget position.

We are doing what we can to mitigate the impacts of the savings we are having to make out of necessity rather than choice. There is some scope from the rapid development of artificial intelligence (AI) and other digital tools to increase efficiency in frontline services, helping to absorb some of the increases in demand with our current workforce. In support services, new technology can help offset the reductions in staffing capacity arising from savings to some extent.

In addition, we continue to take forward our transformation programme in Children's Services and investment in prevention where we have good evidence that it is having an impact on managing demand and reducing pressures on statutory services. We will also work with partners to ensure we make best use of resources and seek any further ways to mitigate the impact of savings.

Income generating assets and planned capital receipts are routinely incorporated into the core budget and the capital programme. We will continue to maximise returns from surplus assets and minimise the costs of office and other accommodation.

Ahead of further detailed funding announcements we will continue to take all opportunities to impress on Government the position faced by ESCC, the impacts on the people, businesses and communities of the county, and we will seek the ongoing support of local MPs in making this case.