



CABINET

TUESDAY, 16 DECEMBER 2025

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier, OBE (Chair), Nick Bennett (Vice Chair),
Bob Bowdler, Penny di Cara, Claire Dowling, Carl Maynard and Bob Standley

A G E N D A

1. Minutes of the meeting held on 11 November 2025 (*Pages 3 - 6*)
2. Apologies for absence
3. Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
5. East Sussex County Council's responses to Government's statutory consultation on proposals local government reorganisation (LGR) in the East Sussex and Brighton & Hove area (*Pages 7 - 18*)
Report by the Chief Executive
6. Council Monitoring Report - Quarter 2 2025/26 (*Pages 19 - 92*)
Report by the Chief Executive
7. Reconciling Policy, Performance and Resources (RPPR) - Update on planning for 2026/27 and beyond (*Pages 93 - 118*)
Report by the Chief Executive
8. Annual Looked After Children (LAC) report 2024 - 2025 (*Pages 119 - 166*)
Report by the Director of Children's Services
9. Treasury Management - Stewardship Report 2024/25 and Mid-Year Review 2025/26 (*Pages 167 - 190*)
Report by the Chief Operating Officer
10. Annual accounts for the Lewes Public Library and Museum Charitable Trust (*Pages 191 - 202*)
Report by the Director of Communities, Economy and Transport
11. Any other items considered urgent by the Chair

12. To agree which items are to be reported to the County Council

PHILIP BAKER
Deputy Chief Executive
County Hall, St Anne's Crescent
LEWES BN7 1UE

8 December 2025

Contact Hannah Matthews, Member Services Manager.
Email: hannah.matthews@eastsussex.gov.uk

NOTE: As part of the County Council's drive to increase accessibility to its public meetings, this meeting will be broadcast live on its website and the record archived. The live broadcast is accessible at: <https://www.eastsussex.gov.uk/your-council/videos-of-council-meetings/webcasts>

CABINET

MINUTES of a meeting of the Cabinet held on 11 November 2025 at Council Chamber, County Hall, Lewes

PRESENT Councillors Keith Glazier, OBE (Chair), Nick Bennett (Vice Chair), Bob Bowdler, Penny di Cara, Claire Dowling, Carl Maynard and Bob Standley

Members spoke on the items indicated:

Councillor Bennett	– item 5 (minute 33)
Councillor Collier	– item 5 (minute 33)
Councillor Denis	– item 5 (minute 33)
Councillor Tutt	– item 5 (minute 33)
Councillor Bowdler	– item 6 (minute 34)
Councillor Field	- item 6 (minute 34)

29. MINUTES OF THE MEETING HELD ON 21 OCTOBER 2025

29.1 The minutes of the Cabinet meeting held on 21 October 2025 were agreed as a correct record.

30. APOLOGIES FOR ABSENCE

30.1 There were none.

31. DISCLOSURES OF INTERESTS

31.1 There were none.

32. REPORTS

32.1 Copies of the reports referred to below are included in the minute book.

33. RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR) - UPDATE ON PLANNING FOR 2026/27 AND BEYOND

33.1 The Cabinet considered a report by the Chief Executive.

33.2 It was RESOLVED to:

- 1) note the updated policy context as set out in paragraph 2 of the report;
- 2) note the updated Medium Term Financial Plan as set out in paragraph 3 and appendix 1 of the report;

- 3) note the reserves summary set out in paragraph 3 of the report;
- 4) note the CIPFA Assurance Review report and recommendations at appendix 2 and the proposed response to recommendations at appendix 3 of the report;
- 5) note the capital programme update as set out in paragraph 6 and appendix 4 of the report;
- 6) agree that officers bring forward further savings proposals as part of work towards a balanced budget for 2026/27;
- 7) agree to receive a further update on the planning position, including proposed savings, in December; and
- 8) note recent lobbying activity and agree to continue pressing Government for sustainable funding to meet the needs of the residents of East Sussex.

Reasons

33.3 The report outlines the substantial challenges we face, including a projected funding gap which means we must seek further savings and service reductions, as well as preparing to request Exceptional Financial Support from Government in order to be in a position to set a balanced budget for the year ahead.

33.4 However, there are some key gaps in our knowledge at this point and crucial further information expected in the coming weeks. We will re-assess our position in light of the additional detail we expect to have soon, which should enable us to model the funding outlook for 2026/27 onwards with more accuracy, alongside refining our own understanding of future levels of demand and the associated costs.

33.5 The analysis will feed into our ongoing business and financial planning, and we expect to update Cabinet again in December, ahead of bringing forward final proposals for the 2026/27 budget and Council Plan to Cabinet in January for consideration, and Council in February for decision.

33.6 Members will continue to be involved in developing plans through Cabinet, County Council, Scrutiny Committees, and specific engagement sessions throughout the 2025/26 RPPR process.

34. OFSTED FOCUSED VISIT - JULY 2025

34.1 The Cabinet considered a report by the Director of Children's Services.

34.2 It was RESOLVED to:

- 1) note the findings of the Ofsted Focused Visit which were published on 1 September 2025; and
- 2) note that the areas of improvement set out in the 2023 ILACS have been addressed and recognised by Ofsted.

Reasons

34.3 East Sussex has maintained a focus on the key priority outcome of keeping vulnerable people safe. The response letter recognises the improvements made following the last ILACS in 2023, in relation to the Public Law Outline, private fostering arrangements and neglect.

34.4 Ofsted recognised the work to support many children to remain at home, through our connected families approach.

34.5 The visit and the subsequent response letter were resoundingly positive, including the encouraging recognition of leadership and of ESCC as a reflective and improvement driven local authority.

34.6 The findings of the visit will be considered when planning the next inspection which in line with the three-year cycle for this Ofsted framework, is likely to be an inspection of local authority children's services later next year.

35. TO AGREE WHICH ITEMS ARE TO BE REPORTED TO THE COUNTY COUNCIL

35.1 It was agreed that item 6 should be reported to the County Council.

[Note: The item being reported to the County Council refers to minute number 34.]

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Report to: Cabinet

Date of meeting: 16 December 2025

By: Chief Executive

Title: East Sussex County Council's responses to Government's statutory consultation on proposals for local government reorganisation (LGR) in the East Sussex and Brighton & Hove area

Purpose: To seek Cabinet approval of East Sussex County Council's responses to statutory consultation on proposals for LGR in the East Sussex and Brighton & Hove area

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) Agree East Sussex County Council's responses to Government's statutory consultation on proposals for local government reorganisation in the East Sussex and Brighton & Hove area as set out in the appendices and;**
 - 2) Approve their submission to Government by the closing date of 11 January 2026.**
-

1. Background

1.1 The English Devolution White Paper, published 16 December 2024, set out Government's ambitions in relation to devolution and announced a programme of local government reorganisation (LGR) for two-tier council areas and some existing unitary councils.

1.2 On 5 February 2025 the Minister of State for Local Government and English Devolution wrote to all district, borough and county councils in two-tier areas and some unitary councils, issuing a statutory invitation for proposals for a single tier of government within their respective areas. The area that our invitation related to was the County of East Sussex, which includes Brighton and Hove City Council (BHCC).

1.3 The East Sussex district, borough and county council Leaders and Chief Executives met regularly throughout the development of the proposal for the East Sussex and Brighton and Hove area to oversee the process, provide strategic direction, and ensure that work is co-ordinated.

1.4 LGR capacity funding from Government was used to pay for external consultants to work with the six councils to deliver an evidence-led business case which would develop to set out a proposal that follows Government criteria and guidance and takes account of the outcomes from resident and stakeholder engagement, financial analysis, and the economic case for change. The consultants were jointly appointed by the six councils. The business case recognises the importance of continuing to provide key services while the changes are being developed and implemented and clearly details how the six criteria set by Government will be met.

1.5 As part of developing the proposal very careful consideration was given to the terms of the statutory invitation that were laid down by Government. The benefits, risks, costs and feasibility of a single East Sussex unitary council were evaluated alongside other options, including those BHCC consultation proposals that had been shared at that time, which were four options to extend BHCC's boundary to include parts of the county in Lewes District. Having evaluated the potential impact, all the options moving communities in Lewes District into Brighton and Hove are strongly opposed by the councils supporting 'One East Sussex'.

1.6 'One East Sussex', the proposal for a single tier of Local Government for East Sussex as a unitary council on the current footprint of the county council, with Brighton and Hove City

Council remaining unchanged, is underpinned by a clear evidence base. It is the only option for LGR in East Sussex that:

- Aligns with existing service delivery footprints (e.g. social care, education, public health).
- Minimises disruption to statutory services and partnerships.
- Builds on established collaboration across the six councils.
- Meets the Government's population guidance and maintains a coherent geographic identity.
- Creates operational savings and avoids the substantial costs of disaggregation.
- Does not require boundary changes at county or district level, which are costly and disruptive to implement.

1.7 In September 2025 the One East Sussex proposal was agreed by East Sussex County Council (ESCC), Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council, and was submitted to government by each of the councils on 26 September. Wealden District Council (WDC) had worked with the other five councils on the proposal but at its meeting on 24 September WDC Cabinet made the decision to not submit a proposal.

1.8 The proposal BHCC submitted to Government was a five unitary model for the whole of Sussex. This model had not been consulted on by BHCC and was only made available to ESCC through publication for BHCC's Cabinet meeting on 25 September 2025.

2. Government's statutory consultation

2.1 Government has launched a statutory consultation on proposals for a single tier of local government in East Sussex and Brighton & Hove. The consultation runs until 11 January 2026 and the two proposals for the area that are being consulted on are:

- i) **One East Sussex** - East Sussex County Council, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council proposed a single unitary council covering Eastbourne, Hastings, Lewes, Rother and Wealden, with Brighton and Hove to remain unchanged.
- ii) **Representative Councils for a Devolved Sussex: A Five Unitary Proposal** - Brighton and Hove City Council proposed 5 unitary councils across the whole of the area of East Sussex, West Sussex, and Brighton and Hove. This proposal includes a request to split existing district council areas between the proposed new councils:
 - Unitary A - Brighton and Hove plus 4 wards and 1 parish from Lewes
 - Unitary B - Eastbourne, Hastings, Rother plus 5 wards from Lewes and 9 wards from Wealden
 - Unitary C - Mid-Sussex plus 34 wards from Wealden and 10 wards from Lewes
 - Unitary D - Chichester, Crawley, Horsham
 - Unitary E - Adur, Arun, and Worthing

2.2 Recommended responses to the consultation questions for both proposals for the area are attached at Appendix 1 (One East Sussex) and Appendix 2 (Representative Councils for a Devolved Sussex: A Five Unitary Proposal).

2.3 The consultation is open to a list of statutory consultees, primarily other public sector bodies, that the Government have notified directly and all those with an interest in the proposals, including local residents, town and parish councils, businesses, and the voluntary sector. East Sussex stakeholders have been contacted by the Chief Executives of the councils that submitted the One East Sussex proposal to alert them to the consultation and encourage them to respond.

2.4 The Government is expected to make a decision on the future shape of local government for the East Sussex and Brighton & Hove area in March 2026. Elections to what will become the unitary authority would follow in May 2027 to enable the transition to vesting day on 1 April 2028.

3. Conclusion and reasons for recommendations

3.1 Following submission of proposals for a single tier of local government in East Sussex and Brighton & Hove, Government is consulting on two proposals for the East Sussex and Brighton & Hove area.

3.2 For the reasons set out in this report Cabinet is recommended to consider and approve the responses set out in the appendices.

BECKY SHAW Chief Executive

Contact Officer: Philip Baker
Tel. No: 01273 481564

Local Members All

Background Documents

- Letter from Minister of State for Local Government and English Devolution to East Sussex Council Leaders 5 February 2025 - [Letter: East Sussex and Brighton - GOV.UK](#)
- Letter from Minister of State for Local Government and English Devolution 24 July 2025 - [Local government reorganisation: letter to areas invited to submit final proposals - GOV.UK](#)
- One East Sussex proposal submitted to government 26 September 2025 - [One East Sussex – East Sussex Councils](#)
- Representative Councils for a Devolved Sussex: A Five Unitary Proposal submitted to government by BHCC - [BHCC submission documents and supporting materials](#)

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East Sussex County Council's responses to questions in Government's consultation on proposals for Local Government Organisation (LGR) in the area of East Sussex and Brighton & Hove

One East Sussex: Proposal submitted by East Sussex County Council, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council for two unitary councils across the whole of the area of East Sussex and Brighton and Hove, comprising:

- A single unitary council covering the current district areas of Eastbourne, Hastings, Lewes, Rother and Wealden
- Brighton and Hove to remain unchanged

For each question, the following answers can be provided:

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

Respondents will also be invited to explain their answers to questions 1 to 8 using a free text box as question 9.

1) To what extent do you agree or disagree that the proposal [including the requested boundary change] suggests councils that are based on sensible geographies and economic areas?

Strongly agree. The communities of East Sussex have a strong shared identity built on culture, landscape, transport links, economic ties and organisational partnerships. Public engagement has told us that many people would be distressed to have their communities moved into a different organisational area, severing the connections and sense of belonging they feel in a unified county.

Many of our public services, including social care, education, highways and hospitals, are already arranged on the East Sussex footprint and are effective. It would be disruptive and costly to break those up. The economy of East Sussex has a different character from many neighbouring areas, with challenges of lower wages and few larger companies. Growth is often constrained by environmentally protected landscape and corresponding limited infrastructure. East Sussex already has a shared strategy for its economic growth, developed by the Team East Sussex partnership. A unitary authority would naturally fit with and support this approach.

2) To what extent do you agree or disagree that the proposed councils will be able to deliver the outcomes they describe in the proposal?

Agree. A single unitary council in East Sussex would be equipped to deliver the outcomes proposed for One East Sussex. It will be able to draw on long-established

collaboration and partnership working which is already very strong: from cost-of-living support to neighbourhood health and care, from joint recycling support to supporting people back into work, the six councils of East Sussex deliver public services with each other, with the voluntary sector and with the Government.

The One East Sussex proposal also includes a clear commitment to transparent decision-making and the principles for achieving this, including assurance every neighbourhood is listened to and involved in transforming and improving services.

3) To what extent do you agree or disagree that the proposed councils are the right size to be efficient, improve capacity and withstand financial shocks?

Strongly agree. The One East Sussex proposal meets these criteria. With a population of more than 550,000 it would match the Government's guidance that new unitary councils should serve populations of 500,000 or more. With six councils merged in one, the new body would achieve efficiencies from day one particularly in senior staffing and in some back-office functions. The new unitary authority would be a vital local anchor organisation as both a key employer and purchaser of goods in East Sussex and would be able to use that power to help develop economic prosperity.

4) [where relevant] To what extent do you agree or disagree that this proposal will put local government in the area as a whole on a firmer footing, particularly given that some councils in the area are in Best Value intervention and in receipt of exceptional financial support?

Agree. No reorganisation process alone will address the chronic underfunding and cost pressures facing local government. However, a single unitary authority replacing six councils will offer clear efficiencies in set-up costs and in operation for years ahead. *One East Sussex* is the only published proposal for the area which should reduce the cost of local government. There would be a net cashable benefit of £20m from the initial set-up. Once established, it would save £64m compared to the current model over the first five years, and an additional £25m each year thereafter. It also has the capacity to create more effective services by building on its existing East Sussex partnerships.

5) To what extent do you agree or disagree that the proposed councils will deliver high quality, sustainable public services?

Agree. There are already many strong examples of successful county-wide services and partnerships in East Sussex (including in place-based health and care, targeted employment support, community safety and shared services such as public procurement). It seems clear that a county unitary offers the best chance to sustain and build on those services. The *One East Sussex* proposal is rigorously researched and evidenced. Our modelling uses transparent data and methodology. The proposal was prepared over more than six months by all six tier one and two councils in East Sussex (the five district and borough councils and the county council) as partners working together with expert consultants to combine expertise and insight.

6) To what extent do you agree or disagree that the proposal has been informed by local views and will meet local needs?

Strongly agree. There has been wide public discussion and engagement in developing the One East Sussex proposal, through surveys, focus groups and discussion with service users and partners. More than 14,000 views were received in total. A county-wide survey showed almost three in four people (74%) said a single unitary for East Sussex was the only proposal that should be submitted to Government. There are naturally a range of views and some concerns that most local voices could be lost: the business case for One East Sussex is clear that neighbourhood engagement and representation will be baked in. It also sets out core principles of local service design, taking decision as the most local possible level and fully reflecting the diversity of our population and geography.

7) To what extent do you agree or disagree that establishing the councils in this proposal will support devolution arrangements, for example, the establishment of a strategic authority?

Agree. East Sussex County Council is a committed and enthusiastic constituent partner in the process of establishing a combined mayoral authority for Sussex, working with all partners including at borough and district level. A unitary authority for the county would continue this participation, with an evidenced and coherent view of the area's particular profile and the possibilities for growth and development of behalf of all its residents.

8) To what extent do you agree or disagree that the proposal enables stronger community engagement and gives the opportunity for neighbourhood empowerment?

Agree. The proposal for One East Sussex is based on a recognition that while we share an identity, we are made up of diverse communities. The proposal focusses on the need to build further effective community engagement and commits to giving everyone in East Sussex a chance to shape a new authority and its services.

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East Sussex County Council's responses to questions in Government's consultation on proposals for Local Government Organisation (LGR) in the area of East Sussex and Brighton & Hove

Representative Councils for a Devolved Sussex – A Five Unitary Proposal was submitted by Brighton and Hove City Council for five unitary councils across the whole of the area of East Sussex, West Sussex, and Brighton and Hove. This proposal includes a request to split existing district council areas between the proposed new councils. These would comprise the current areas of:

- Unitary A - Brighton and Hove plus 4 wards and 1 parish from Lewes
- Unitary B - Eastbourne, Hastings, Rother plus 5 wards from Lewes and 9 wards from Wealden
- Unitary C - Mid-Sussex plus 34 wards from Wealden and 10 wards from Lewes
- Unitary D - Chichester, Crawley, Horsham
- Unitary E - Adur, Arun, and Worthing

For each question, the following answers can be provided:

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

Respondents will also be invited to explain their answers to questions 1 to 8 using a free text box as question 9.

1) To what extent do you agree or disagree that the proposal suggests councils that are based on sensible geographies and economic areas?

Strongly disagree. Communities who are geographically close to Brighton expressed strong opposition to being combined with the City. The plan for five unitaries would involve hugely complex, confusing and costly boundary changes. It would also necessitate the complex disaggregation of public services, particularly social care, bringing both higher cost and risks to people using these services. It would not meet the guideline criteria clearly set out by the Government through the LGR process and would create authorities not of a scale or strength to be resilient. With regard to East Sussex, the proposal would create a coastal authority and an inland authority with very different demographic and economic profiles. This would have the effect of separating the area with the highest cost and demand for social care from an area with lower demand but a stronger tax base. This proposal would also damage or dissolve the strong and effective working partnerships which already exist in East Sussex, for example in health and care, emergency services, the voluntary sector and on economic growth.

2) To what extent do you agree or disagree that the proposed councils will be able to deliver the outcomes they describe in the proposal?

Disagree. Dividing East Sussex between different unitary councils would involve breaking up working partnerships which could damage services people rely on and would certainly put a brake on future transformation.

For East Sussex, this proposal does not meet its stated aim to keep communities whole and match travel to work and study areas. For example, people in Wadhurst near the county's north east border with Kent would be moved into a unitary council extending as far west as Slaugham. There are no practical transport links between these places and no shared identity between those areas beyond a vaguely 'rural' character.

Similarly, a unitary council extending along the East Sussex coast is proposed partly on the basis that it groups areas of health inequality and low wages. Separating these parts of East Sussex from the rest of the county would create a unitary authority with very high social care costs and reduced resources and would severely hamper the collective desire to transform and improve services in East Sussex.

3) To what extent do you agree or disagree that the proposed councils are the right size to be efficient, improve capacity and withstand financial shocks?

Strongly disagree. The proposed East Sussex coastal unitary ('unitary B') would have a population of 360,000. The inland 'unitary C', which merges large parts of the current Wealden and Lewes districts with parts of West Sussex would have a population of 323,000. Both these are well below the Government's 500,000 guidance and are little bigger than the slightly enlarged Brighton and Hove City council which would have a 301,000 population with the addition of some parts of Lewes district. The new proposed unitaries seem to offer the worst of both worlds: often joining together places with no shared identity while not being of a size that increases efficiency or sustainability. For example, by moving from three to five upper-tier authorities, Sussex taxpayers would have to support several new appointments at director level as well as the cost, confusion and complexity of dividing existing services into new shapes.

4) [where relevant] To what extent do you agree or disagree that this proposal will put local government in the area as a whole on a firmer footing, particularly given that some councils in the area are in Best Value intervention and in receipt of exceptional financial support?

Strongly disagree. A five unitary model will inevitably increase the financial pressure on local government in East Sussex. Modelling shows that creating two new unitary authorities in East Sussex would cost £404m by 2032/33. There is no evidence about the impact of the small increase in population on the City's efficiency and sustainability so it is not possible to assess whether it would be worth the costs of disaggregation.

5) To what extent do you agree or disagree that the proposed councils will deliver high quality, sustainable public services?

Strongly disagree. Establishing five new unitary councils would pull apart existing services and systems. For example, whole new social care departments would need to be created with extra cost and increased risk to residents. In a world of huge financial pressure on local authorities, it is almost impossible to see how newly created services could be sustainable and quickly effective.

6) To what extent do you agree or disagree that the proposal has been informed by local views and will meet local needs?

Strongly disagree. It is extremely disappointing that the proposal for five Sussex unitarities was drawn up without any engagement with those representing the residents and communities impacted by the proposal. There has therefore been no chance for local people or organisations to have a say on these proposals. As a result, there is no confidence this proposal reflects how people feel. For example, when people were surveyed about an earlier proposal to move their communities from the Lewes district of East Sussex into Brighton and Hove almost nine in 10 (86%), said they opposed the idea. No local authority in Sussex, apart from BHCC itself, has supported the plan for five unitaries.

7) To what extent do you agree or disagree that establishing the councils in this proposal will support devolution arrangements, for example, the establishment of a strategic authority?

Strongly disagree. Devolution in Sussex has proceeded effectively with three upper-tier authorities working together. One of the cornerstones of a successful Mayoral strategic authority is the health of its Constituent Authorities. The proposal put forward would fracture the current authorities, who have successfully worked in partnership to be on track to deliver devolution to the area. The proposals would result in the abolition of two of the authorities that represent 82% of the population for the area, replacing them with five authorities, all of which are below the population criteria laid down in the invitation, and some of who we do not consider would be viable and likely fail. This would create significant instability across the area of the Strategic Authority and for the Authority itself. It would inevitably become more complex, fragmented and costly. For instance, the combined authority would need to plan strategic transport and housing across five rather than three territories. Other public services, especially the emergency services, would likely need to undergo more significant re-shaping. For example, two existing fire and rescue authorities would need to significant reconfiguration.

8) To what extent do you agree or disagree that the proposal enables stronger community engagement and gives the opportunity for neighbourhood empowerment?

Disagree. It would be an enormous challenge for authorities made from broken-up districts to engage newly fractured communities and give them a voice. We disagree that the proposal for five unitary councils is likely to achieve this.

Where a proposal includes a request that the Secretary of State modifies a proposal to split a district, respondents will be asked an additional question:

This proposal is accompanied by a request that the Secretary of State considers a boundary change(s). To what extent do you agree or disagree that the proposal sets out a strong public services and financial sustainability justification for boundary change?

Strongly disagree. Explanation partially covered in answers to Q1 - Q3. In addition, given the level of disruption to existing boundaries that this proposal would entail – for East Sussex this would mean disaggregating East Sussex County Council, Lewes District Council and Wealden District Council – the justification does not appear to be commensurate, based primarily on an even spread of population across the five unitaries. This would not lead to resilient and sustainable local government for the area or increase value for money for council tax payers.

The complex and protracted process of disaggregating existing county services (across East and West Sussex County Councils) and reaggregating them on new unitary footprints is high risk in relation to service continuity and loss of economies of scale which could reduce efficiency and increase costs.

Title: Council Monitoring Report – Q2 2025/26
Report to: Cabinet
Date: 16 December 2025
Report by: Chief Executive
Purpose: To report Council monitoring for Q2 2025/26

RECOMMENDATIONS

Cabinet is recommended to:

- 1) note the latest monitoring position for the Council**
 - 2) recommend that Scrutiny consider the target for the CO2 arising from County Council operations measure set out in paragraph 2.2**
 - 3) approve the proposed Capital Programme variation to include the installation of fire suppression systems at Maresfield and Pebsham Waste Transfer Stations set out in paragraph 3.7**
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1. Introduction

1.1 This report sets out the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks at the end of September 2025.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised in paragraph 4 and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 8.

2. Overview of Council Plan 2025/26 outturns and strategic risks

2.1 The Council Plan 2025/26 and the Portfolio Plans 2025/26 – 2027/28 have been updated with available 2024/25 outturns and final performance measure targets. All plans are published on the Council's website. The Corporate Summary (Appendix 1) contains a forecast of performance against targets.

2.2 We continue to make progress on reducing our carbon emissions. However, carbon and cost reduction work is now focused on business-as-usual activity such as the planned building maintenance programme, following the reprofiling of the capital budget in 2024/25. Analysis undertaken over the summer, using the latest available data on our emissions for 2024/25, suggests that with our current resources the current target is not achievable. It is recommended that Scrutiny are recommended to consider the target and what it would take in terms of cost to meet it, as well as what impact resource constraints, local government reorganisation and the establishment of the Mayoral Combined County Authority would have on it. Further information is provided in Appendix 4.

2.3 The Strategic Risk Register, Appendix 8, was reviewed and updated to reflect the Council's risk profile. Risk 5 (RPPR) has an updated risk definition. Risk 1 (Roads) and Risk 6 (Local Economic Growth) have updated risk definitions and risk controls. Risk 9 (Workforce), Risk 15 (Climate), Risk 20 (Placements for Children and Young People in Our Care), and Risk 22 (Oracle) have updated risk controls.

3. Budget Outturn

3.1 The detailed revenue projections for each department are set out in the relevant appendices which show a projected overspend of £24.1m by 31 March 2026 (£25.8m at quarter 1).

3.2 The main headlines are:

- Children's Services (CSD) is forecasting a £14.9m overspend for 2025/26. Whilst the forecast has reduced from £16.7m at Q1, the service continues to experience significant pressures from Looked After Children (LAC) placements and Home to School Transport. The rate of LAC has seen a slight decline at Q2 to 66.5 (down from 67.1 at Q1), but the number of children in higher-cost residential care has increased as a proportion of total LAC numbers from 20% at Q1 to 21% at Q2. Mitigation measures include family support programmes, reunification strategies, and improved commissioning, alongside regional collaboration to manage placement costs. The service aims for a 3% reduction in LAC numbers, though savings may be limited as lower-cost placements are more likely to step down. Transport costs are rising by 10% due to increased Special Educational Needs and Disabilities demand and higher unit costs, although significant work has gone into implementing cost reduction measures within the service including a review of solo routes and optimisation of routes.

Not included in the revenue budget projections due to statutory accounting override, the Dedicated Schools Grant / Special Educational Needs and Disabilities deficit is projected to be £20.062m by the end of 2025/26. Demand for special school placements is rising, but local maintained schools are at capacity, forcing reliance on Independent and Non-Maintained Special Schools at significantly higher costs. Additionally, bespoke out-of-school provisions requested by parents further increase expenditure, with limited mechanisms to control these costs.

- The forecast overspend for Adult Social Care is £9.0m (no change from quarter 1) which largely relates to the Independent Sector, where the overspend is forecast to be £8.9m. This is due to an increase in demand and more people being supported, however it should be noted that support is being provided at a lower average cost than previous years, because the service is managing the market, being prudent with packages of support and reviewing more people.
- Communities, Economy and Transport is showing a forecast underspend of £0.2m (overspend of £0.1m at quarter 1). Whilst there is an overspend on Highways, where the cost of electricity for street lighting and depots has risen significantly, these costs have been offset by a range of underspends in other service areas.
- The £0.4m overspend within the Business Services Department (£0.2m at quarter 1), is largely in Property due to loss of income from a courier service contract, increased service charges and additional stamp duty costs in various properties, together with the loss of income following academy conversions.

3.3 Within Centrally Held Budgets (CHB), including Treasury Management (TM), and corporate funding there is a forecast underspend of £10.7m (10.8m at quarter 1), which includes the general contingency:

- There is currently an estimated £1.0m underspend on TM, based on a reduced in-year capital borrowing requirement and greater than anticipated returns on investments. It should be noted that there has been a fall in cash investment balances; whilst above benchmark returns are being achieved, the level of balances has fallen by 57% in one year to £71.8m at the end of September 2025.
- Within CHB the forecast underspend of £9.7m is due to the General Contingency of £5.7m, £1.5m available from not transferring a contribution to the Capital Programme and £3.3m unused provision for budgetary risk, offset by £0.7m debt impairment and other smaller variances.
- Corporate Funding budgets are underspending by £1.1m (£0.2m at quarter 1), due to the additional allocations of Social Care-related grant and New Homes Bonus, plus an increase of forecast Business Rates income offset by a reduction in forecast Council Tax income.

3.4 The net impact of the above is an unplanned draw from reserves of £12.2m in 2025/26. This is in addition to the planned £11.4m draw to present a balanced position in setting the 2025/26 budget. Use of the Capital Reserve has the potential to increase the requirement to borrow, leading into increased costs in the future; use of Collection Fund surplus and Insurance and Local Government Reorganisation Reserves will likely hinder the Council's management of future risk and transformation. Any reduction in reserves reduces the flexibility available in dealing with the challenge of addressing next year's projected deficit of £55.8m and setting a balanced budget. To address the projected in-year overspend and reduce the required draw from reserves, the Council continues with several actions introduced last year, including:

- Additional controls on spending, including the requirement for purchase orders above £1,000 to be supported by a business case and approved by a reviewing board.
- An updated recruitment protocol, including Corporate Management Team approval of non-core role recruitment.

3.5 The total savings identified to be delivered in 2025/26, including slippage from previous years, are £14.3m. Departments are reporting that £12.3m will be able to be delivered in 2025/26, with £2.0m slipping to future years, and £0.2m not being able to be achieved but being replaced by other permanent savings. The impact of the slippage has been reflected in the revenue monitoring position. The departmental appendices provide more detail.

3.6 Capital Programme net expenditure for the year is projected to be £91.6m against a budget of £107.8m. A slippage risk factor has been applied to the capital programme to reflect likely slippage based on a risk assessment of historic levels of actual expenditure and slippage at a project/programme level. The risk factor will be held at a corporate level to enable services / project managers to manage project budgets at a local level, whilst ensuring greater robustness to the planning and monitoring process at a corporate level. The net forecast expenditure after applying this risk factor is £88.9m. The Capital Programme is currently forecasting a net variation of £16.2m, with the key contributing factors outlined below.

- Total slippage of £15.2m has been identified within the Communities, Economy and Transport (CET) programme. This includes £8.6m relating to delays in the Bus Priority Bus Service Improvement Plan projects. These delays reflect a combination of factors, including resource constraints within the BBLP contractor and the complexities involved in delivering bus lane infrastructure which is subject to public consultation and scrutiny. A further £5.6m slippage has been identified across various Transport Infrastructure schemes, following a strategic review of deliverability by year end considering current resource availability and the outcomes of known inquiry decisions.
- Slippage of £4.7m has been identified within the Business Services Department (BSD) programme following a detailed review of project progress. This comprises £3.8m across Schools and Corporate building schemes, and £0.9m within Information Technology and Digital (IT&D). These figures represent the best current estimates of expenditure achievable by year-end, based on the latest assessment of individual project delivery timelines.
- Spend in advance of (£3.3m) has been reported within BSD, due to accelerated works at Acre Wood School based on the newly appointed contractor's estimates and (£270k) has been reported within CET, mainly due to higher than anticipated charges for construction framework costs on the grant funded Hastings Town Centre Public Realm and Green Connections scheme.
- A net overspend of (£486k) is currently forecast, primarily within the CET directorate. This includes a (£303k) overspend related to the Passenger Services Bus Service Improvement Plan scheme due to higher than anticipated costs on planned projects which are currently under investigation by the service. Additionally, there is a (£137k) forecast overspend for archaeology works on the Bexhill and Hastings Link Road, where no budget had been allocated.

3.7 Capital Programme variation request. The Waste Service requests approval to increase the Capital Programme by £1.215m in 2026/27 to install fire suppression systems at Maresfield and Pebsham Waste Transfer Stations. These sites operate under the Council's long term PFI contract with Veolia and are critical to county wide waste operations. While Veolia is not contractually obliged to contribute, they have agreed to fund 50% of costs at each site. This investment addresses the growing risk of fires caused by lithium batteries and other combustible materials, which have led to increasing incidents nationally and locally. A major fire could result in prolonged service disruption, tipping away costs, and significant liabilities. Installing suppression systems will safeguard infrastructure, reduce operational and environmental risk, and ensure compliance with Environment Agency guidance, providing long-term resilience. The increase will be funded from resources within the Capital Programme, should borrowing be required than the revenue costs of the funding the borrowing would be in the region of £90,000. The proposal was approved by Lead Member for Transport and Environment on 10 November 2025, subject to the revision to the Capital Programme being approved.

4. Progress against Council Priorities

Driving sustainable economic growth

4.1 The Council has spent £411m with 1,152 local suppliers over the past 12 months. This equates to 61% of our total procurement spend, which is above our target of 60%. The Procurement team continues to promote our contract opportunities to local suppliers, as well as building local supply chain opportunities into our tenders where possible. 2 contracts, with a value of £5.58m, were agreed in quarter 2 and as part of these we secured £1.07m in social value commitments. This equates to 19% of the contract value, and will include employability support, careers awareness programmes, internship and volunteering opportunities and professional development for staff and volunteers (Appendix 4).

4.2 Work on our highways has continued, with 5,274 potholes repaired in quarter 2, 3,532 of these were carriageway potholes and the remainder primarily footway potholes. We completed 33 road improvement schemes to improve the condition of the roads (Appendix 6).

4.3 The Visitor Economy Task Group helped East Sussex College Group become an approved centre for the Hospitality Skills Passport in quarter 2. The Careers Hub hosted Apprenticeship Roadshows in Hastings and Eastbourne, with over 900 young people, parents and adult job seekers attending, alongside 40 employers, apprenticeships training providers and support organisations (Appendix 6).

4.4 128 businesses in East Sussex were supported through business support programmes during quarter 2. 109 of these were supported through the Growth Hub and 19 through Rural Business Grants (Appendix 6).

4.5 6,779 children took part in The Summer Reading Challenge which encourages children to read during the summer holidays and inspires them to tap into a world of imagination through reading. 114 promotional assemblies were held in schools, and 81 volunteers supported the challenge in libraries. Celebratory certificates for children who completed the challenge will be sent to schools to present to the children (Appendix 6).

4.6 The Council's Alternative Provision service, which provides for pupils who would not otherwise receive a suitable education, was transferred to the London South East Academies Trust in quarter 2. The new service is called the East Sussex Academy and is operating from sites in Hailsham, Newhaven and Hastings. In 2025/26 the Council is commissioning 220 places at the East Sussex Academy, a 96% increase on the number of places we commissioned in 2024/25 (Appendix 5).

Keeping vulnerable people safe

4.7 Ofsted undertook a Focused Visit Inspection of East Sussex Children's Services during quarter 2, focusing on children in need and those subject to a child protection plan. The inspection does not provide an outcome grading but set out a number of key findings and makes

recommendations. The inspection letter contains a number of positive findings including that our services make a difference to local children and that the senior leadership team, with strong corporate support, continue to invest in services for vulnerable children. One recommendation for improvement was received, relating to the timeliness with which child protection strategy meetings are held, although Ofsted noted that once held, the meetings appropriately considered the level of risk and impact on the children involved (Appendix 5).

4.8 The number of children with a Child Protection Plan has reduced to 532 at the end of quarter 2, down from 579 at the end of quarter 1. The Connected Families, SWIFT and Foundations services continue to deliver specialist support to parents, enabling children to stay safely within their families. The rate of Looked After Children also decreased in quarter 2, to 66.5 per 10,000, down from 67.1 per 10,000 at quarter 1. The rate for East Sussex remains below the national average for England, which is 68.6 and the Income Deprivation Affecting Children Index (IDACI) adjusted rate (expected rates based on levels of deprivation) which is 70.0 (Appendix 5).

4.9 The Lansdowne Secure Children's Home and the Silver Birches Children's Home were both inspected by Ofsted in quarter 2, and both received a judgement of Good. The inspectors noted many positive factors at each of the homes, whilst also providing recommendations for improvements, which are being taken forwards (Appendix 5).

4.10 The Care Quality Commission (CQC) inspected the Council earlier in 2025 and have now given a positive assessment of our adult social care services, recognising our commitment to providing the best possible support for residents. Giving the Council a rating of 'good', the CQC highlighted the collaboration with those using the service as a 'real strength'. The CQC's chief inspector of adult social care and integrated care, said: "What really stood out was how people felt listened to and treated with dignity. The staff at East Sussex should be really pleased with their good rating and the services they're providing to people in the county" (Appendix 3).

4.11 We continue to commission and provide services to support adults and older people across the county. There is a greater complexity of need amongst people accessing support, along with an ongoing increase in demand for our services. Compared to the same point in 2024 there has been a 5.8% increase in contacts handled by Health and Social Care Connect, 3.1% increase in the number of people receiving residential and nursing care, 5.5% increase in the number of assessments completed, and 7.1% increase in activity overall, up 12.7% on the same period in 2023 (Appendix 3).

4.12 Trading Standards made 37 interventions during quarter 2 to protect vulnerable people who had been the target of rogue trading or financial abuse. The team dealt with a wide range of fraud and scam interventions which involved nearly £330,000 of financial risk to the vulnerable people. 151 businesses received training or advice from Trading Standards during quarter 2 (Appendix 6).

Helping people help themselves

4.13 The new Heathfield and JOFF Youth Hubs opened in quarter 2. Sessions at the new facilities are attracting high numbers of young people who are enjoying the new facilities available. The response from parents and community members to the new hubs has also been positive (Appendix 5).

4.14 The percentage of new Education, Health and Care Plans issued within 20 weeks remains off target at quarter 2 (30.5% including exceptions and 32.7% excluding exceptions) with delays due to late statutory advice from partners. There have been recent improvements in the timeliness of advice for social care elements of assessments following the recruitment of additional posts. We have also begun to see improvements in timeliness of advice from the Children's Integrated Therapy and Equipment Service within the NHS. However, the significant increase in demand for assessments coupled with demand and capacity issues among statutory partners continues to present challenges (Appendix 5).

4.15 The Council runs courses aimed at giving children and adults the skills they need for riding their bikes on the road. We delivered 92 Bikeability courses to 640 individuals in quarter 2. 137 'Wheels for All' sessions were also delivered to 1,932 attendees (Appendix 6).

4.16 The stroke rehabilitation pilot at Bexhill's Irvine Unit has been shortlisted for the Community Hospitals Association Innovation and Best Practice Awards 2025. This six-month programme supported stroke survivors to rebuild strength, confidence and independence through supervised physical activity. The pilot was supported by strong collaboration between the Council, Active Rother, Active Sussex and East Sussex Healthcare Trust (Appendix 3).

4.17 162 employers and approximately 20,000 employees are now supported by the Wellbeing at Work programme. Through up-to-date health and wellbeing guidance, tailored training, and organisational support, the programme helps workplaces adopt practices that improve staff wellbeing, such as offering training sessions focusing specifically on men's and women's health (Appendix 3).

Making best use of resources now and for the future

4.18 During quarter 2, the Leader and Chief Executive continued to raise issues and priorities for the county with our local MPs, including highlighting the stark financial position the Council faces in individual meetings with MPs and ministers. During quarter 2, the Government consulted on its proposed approach to local authority funding reform through the Fair Funding Review 2.0. The Council provided a robust response which in particular emphasised the need for updated relative needs formulae to better take account of the county's older population, the need for a more sophisticated approach to calculating local labour costs, and the negative impact on the Council of a proposed 100% Council Tax equalisation (Appendix 7).

4.19 We completed 2 energy efficiency schemes during quarter 2, with roof insulation being installed at a primary school and a nursery. The total Council carbon emissions outturn for quarter 1 saw a 22% reduction compared to quarter 1 2024/25. At this stage it is not possible to accurately forecast the annual emissions for 2025/26 as the majority of emissions occur in the second half of the financial year (Appendix 4).

4.20 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in quarter 2. This included finalising the corporate climate emergency progress report for 2024/25 and identifying corporate sites where it would be possible to install electric vehicle charge points. We also entered into discussions with UK Power Networks about what scale of solar farm could be accommodated on the closed landfill at Pebsham (Appendix 6).

4.21 The quarter 1 and quarter 2 sickness absence figure for the whole authority (excluding schools) is 4.30 days per Full Time Equivalent (FTE) role, a 4.1% decrease compared to the first 2 quarters of 2024/25. The year end estimate for 2025/26 (based on six month's data) is 8.83 days/FTE, so the target of 9.10 days/FTE is predicted to be met (Appendix 4).

4.22 The Council has continued work to ensure its office hubs are used efficiently during quarter 2, with both Sandbanks in Hailsham and the former Rangers' Workshop in Rye now under offer. Space at The Keep and Pacific House was also let out in quarter 2 (Appendix 4).

4.23 Alongside our partners in West Sussex County Council and Brighton & Hove City Council we have continued to work on the proposed establishment of a Mayoral Combined County Authority for Sussex as part of the national devolution priority programme. We continue to work towards securing the opportunities from devolution. Along with our district and borough council partners, we submitted our One East Sussex proposal for Local Government Reorganisation in East Sussex in quarter 2. One East Sussex shows that a single unitary council would be simpler for residents, would save money, and would avoid the extra complexity of splitting up existing services (Appendix 7).

Becky Shaw, Chief Executive

How to read this report

This report integrates monitoring for finance, performance and risk. Contents are as follows:

- Cover report (includes how to read this report)
- Appendix 1 Corporate Summary
- Appendix 2 Treasury Management Prudential Indicators
- Appendix 3 Adult Social Care and Health – (ASCH)
- Appendix 4 Business Services (Department) – (BSD)
- Appendix 5 Children’s Services (Department) – (CSD)
- Appendix 6 Communities, Economy and Transport – (CET)
- Appendix 7 Governance Services – (GS)
- Appendix 8 Strategic Risk Register

Cover report, Appendix 1 and Appendix 2

The cover report, Appendix 1 and Appendix 2 provide a concise corporate summary of progress against all our Council Plan Targets (full year outturns at quarter 4), Revenue Budget, Savings Targets, Capital Programme and Treasury Management Prudential Indicators.

The cover report highlights a selection of key topics from the departmental appendices, for the four Council priorities:

- driving sustainable economic growth;
- keeping vulnerable people safe;
- helping people help themselves; and
- making best use of resources now and for the future.

More information on each of these topics is provided in the relevant departmental appendix referenced in brackets, e.g. (Appendix 3). More detailed performance and finance data is also available in the departmental appendices.

Departmental Appendices 3-7

The departmental appendices provide a single commentary covering issues and progress against key topics for the department (including all those mentioned in the cover report). This is followed by data tables showing progress against Council Plan Targets, Savings Targets, Revenue Budget, and Capital Programme for the department.

For each topic, the commentary references supporting data in the tables at the end of the appendix, e.g. **(ref i)**. The tables include this reference in the ‘note ref’ column on the right hand side. Where the commentary refers to the Revenue Budget or Capital Programme, it may refer to all or part of the amount that is referenced in the table, or it may refer to several amounts added together. Performance exceptions follow these rules:

Quarter 1	All targets not expected to be achieved at year end i.e. not RAG rated Green, and any proposed amendments or deletions. Changes to targets early in Q1 should be made under delegated authority for the Council Plan refresh in June.
Quarter 2	Targets that have changed RAG rating since Q1 including changes to Green (except where target was amended at Q1), plus proposed amendments or deletions.
Quarter 3	Targets that have changed RAG rating since Q2 including changes to Green (except where target was amended at Q2), plus proposed amendments or deletions.
Quarter 4	Targets that have changed RAG rating since Q3 to Red or Green (except where target was amended at Q3). Outturns that are not available are reported as Carry Overs. All target outturns for the full year are reported in the year end summary at Appendix 1.

Strategic Risk Register Appendix 8

Appendix 8 contains commentary explaining mitigating actions for all Strategic Risks.

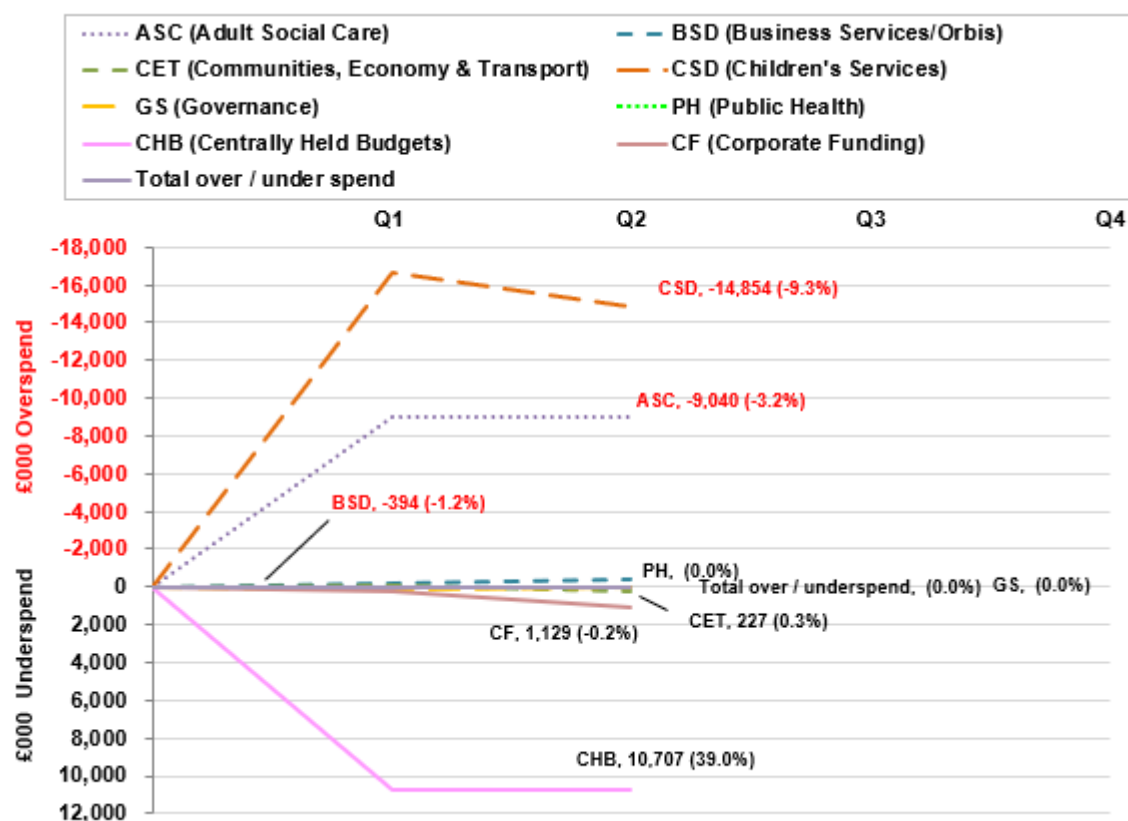
Council Monitoring Corporate Summary – Q2 2025/26

Council Plan performance targets

Priority	Red	Amber	Green
Driving sustainable economic growth	0	3	21
Keeping vulnerable people safe	1	0	15
Helping people help themselves	1	0	9
Making best use of resources now and for the future	1	0	6
Total	3	3	51

Performance overview Q2 2025/26	Measures off target by department
<p>A pie chart illustrating the performance overview for Q2 2025/26. The chart is divided into three segments: a large green segment representing 51 measures (90%), a small yellow segment representing 3 measures (5%), and a small red segment representing 3 measures (5%). Labels with leader lines point to each segment: 'Green, 51, 90%' for the green segment, 'Amber, 3, 5%' for the yellow segment, and 'Red, 3, 5%' for the red segment.</p>	<p>There are 57 measures in the Council Plan. In Q2, 3 departments had measures that were off target.</p> <p>BSD – 1 red measure CET – 1 amber measure CSD – 2 red measures and 2 amber measures</p>

Revenue budget outturn (net £000)



Revenue budget summary (£000) 2025/26

Services:

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net
Adult Social Care	451,033	(165,286)	285,747	456,528	(161,741)	294,787	(5,495)	(3,545)	(9,040)
Public Health	38,295	(38,295)	-	38,279	(38,279)	-	16	(16)	-
Business Services / Orbis	65,286	(33,403)	31,883	66,594	(34,317)	32,277	(1,308)	914	(394)
Children's Services	635,284	(475,311)	159,973	662,612	(487,785)	174,827	(27,328)	12,474	(14,854)
Communities, Economy & Transport	174,685	(98,052)	76,633	177,196	(100,790)	76,406	(2,511)	2,738	227
Governance Services	10,012	(635)	9,377	10,002	(625)	9,377	10	(10)	-
Total Services	1,374,595	(810,982)	563,613	1,411,211	(823,537)	587,674	(36,616)	12,555	(24,061)

Centrally Held Budgets (CHB):

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net
Treasury Management	21,680	(6,900)	14,780	24,342	(10,562)	13,780	(2,662)	3,662	1,000
Capital Programme	1,450	-	1,450	-	-	-	1,450	-	1,450
Pensions	4,702	-	4,702	4,763	-	4,763	(61)	-	(61)
General Contingency	5,650	-	5,650	-	-	-	5,650	-	5,650
Provision for Budgetary Risks	6,093	-	6,093	2,776	-	2,776	3,317	-	3,317
Reserves Movements	414	(6,523)	(6,109)	414	(6,523)	(6,109)	-	-	-
Apprenticeship Levy	772	-	772	859	-	859	(87)	-	(87)
Levies, Grants and Other	124	(11)	113	189	(223)	(34)	(65)	212	147
Debt Impairment	-	-	-	709	-	709	(709)	-	(709)
Total Centrally Held Budgets (CHB)	40,885	(13,434)	27,451	34,052	(17,308)	16,744	6,833	3,874	10,707

Corporate Funding (CF):

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net
Business Rates	-	(102,987)	(102,987)	-	(104,402)	(104,402)	-	1,415	1,415
Revenue Support Grant	-	(4,452)	(4,452)	-	(4,452)	(4,452)	-	0	0
Service Grant	-	-	-	-	-	-	-	-	-
Council Tax	-	(399,222)	(399,222)	-	(398,742)	(398,742)	-	(480)	(480)
Social Care Grant	-	(72,437)	(72,437)	-	(72,561)	(72,561)	-	124	124
New Homes Bonus	-	(517)	(517)	-	(587)	(587)	-	70	70
Total Corporate Funding (CF)	-	(579,615)	(579,615)	-	(580,744)	(580,744)	-	1,129	1,129

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net
TOTAL SERVICES, CHB & CF	1,415,480	(1,404,031)	11,449	1,445,263	(1,421,589)	23,674	(29,783)	17,558	(12,225)
Planned one-off Use of Reserves 2025/26	-	(11,449)	(11,449)	-	(11,449)	(11,449)	-	-	-
Use of LGR Reserve to cover operational overspend	-	-	-	-	(4,200)	(4,200)	-	4,200	4,200
Use of Capital Reserve to cover operational overspend	-	-	-	-	(4,525)	(4,525)	-	4,525	4,525
Additional use of Insurance Reserve	-	-	-	-	(2,000)	(2,000)	-	2,000	2,000
Use of Collection Fund surplus	-	-	-	-	(1,500)	(1,500)	-	1,500	1,500
FINAL TOTAL	1,415,480	(1,415,480)	0	1,445,263	(1,445,263)	0	(29,783)	29,783	0

Revenue Savings Summary 2025/26 (£'000)

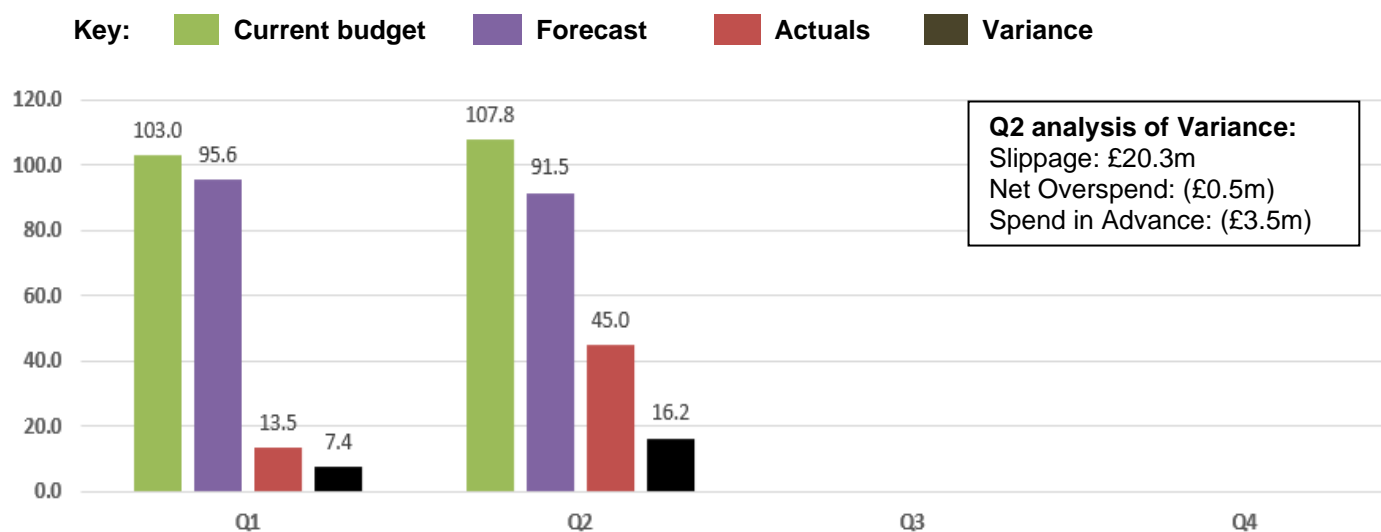
Service description	Original Target for 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved
ASCH	7,420	7,420	7,208	157	55
BSD/Orbis	1,060	1,060	980	-	80
CS	3,239	3,239	2,598	539	102
CET	1,553	2,298	1,111	1,187	-
GS	233	233	233	-	-
Total Savings	13,505	14,250	12,130	1,883	237
ASCH			55	-	(55)
BSD / Orbis			-	80	(80)
CS			102	-	(102)
CET			-	-	-
GS			-	-	-
Subtotal Permanent Changes ¹			157	80	(237)
Total Savings & Permanent Changes	13,505	14,250	12,287	1,963	0

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total
ASCH	157	-	157
BSD / Orbis	-	80	80
CS	-	539	539
CET	-	1,187	1,187
GS	-	-	0
Total	157	1,806	1,963

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Capital Programme (gross £ millions) – approved projects**Capital Programme Summary 2025/26 (£'000)**

	Budget 2025/26	Forecast 2025/26	Variation (Over) / under 2025/26 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance
Adult Social Care	1,969	1,829	140	-	140	-
Business Services	37,220	35,795	1,425	(5)	4,701	(3,271)
Children's Services	3,005	2,771	234	-	234	-
Communities, Economy & Transport	65,582	51,153	14,429	(481)	15,180	(270)
Gross Expenditure (Planned Programme)	107,776	91,548	16,228	(486)	20,255	(3,541)
<i>Corporate Slippage Risk Factor</i>	<i>(18,890)</i>	<i>(2,176)</i>	<i>(16,714)</i>	-	-	-
Net Expenditure	88,886	89,372	(486)	0	0	0
Developer Contributions	2,171	2,171	-	-	-	-
Other Specific Funding	25,648	25,648	-	-	-	-
Capital Receipts	1,288	1,288	-	-	-	-
Formula Grants	36,641	36,641	-	-	-	-
Recycled Loans	296	296	-	-	-	-
Reserves and Revenue Set Aside	8,680	1,493	7,187	-	-	-
Borrowing	14,162	21,835	(7,673)	-	-	-
Total Funding	88,886	89,372	(486)	0	0	0

Treasury Management

The Treasury Management Strategy, which provides the framework for managing the Council's cash balances and borrowing requirement, continues to reflect a policy of ensuring minimum risk, whilst aiming to deliver secure realistic investment income on the Council's cash balances. Cash investment balances as at 30 September 2025 have fallen by 57% in 1 year, from £166.9m at Q2 2024/25 to £71.8m at Q2 2025/26.

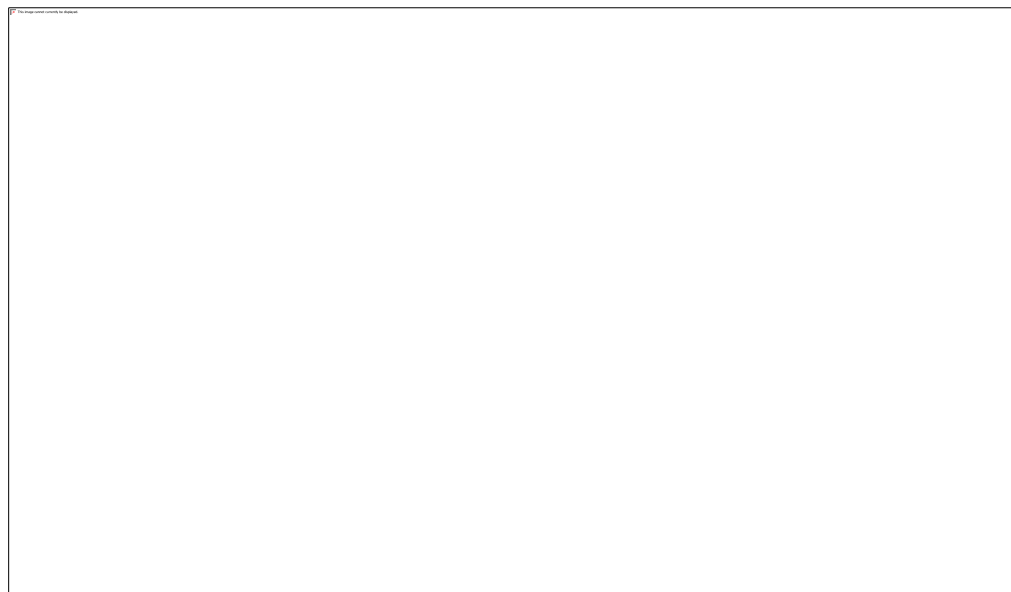
The average level of Council funds available for investment purposes during Q2 was £117.9m. The total amount received in short term interest for Q2 was £1.339m at an average rate of 4.50%, compared to £1.798m at an average rate of 4.74% for Q1 2025/26.

The Bank of England Base Rate was cut by 0.25% on the 7 August 2025, the rate at 30 September 2025 was 4.00%. The prospect for interest rates is for one further reduction in 2025/26 to a 3.75% level by 31 March 2026. Where possible a limited number of fixed term deposits with local authorities and banks were placed for periods up to 1 year in Q2, this will help secure investment returns into 2025/26.

The investment strategy approach in previous quarters to 'ladder' deposits has created a steady maturity profile, this will ensure the Council's cashflow and liquidity requirements are covered for 2025/26.

Cashflow is monitored on a rolling 18 month forecast and no short-term borrowing was required in Q2.

The Council's external debt, totalling £200.1m at Q2, is held as long-term loans and now fully with the Public Works Loan Board. No long-term borrowing was undertaken in Q2. The graph below shows that East Sussex's borrowing remains lower than the average per population for Shire counties.



The Treasury Management budget is currently forecast to underspend by £1.0m. This is based on the position outlined above with regard to balances held and investment returns. A reduced in-year capital borrowing requirement alongside an ongoing strategy to delay borrowing in a falling interest rate environment has meant that the council has delayed new external borrowing; and returns on investments in year were greater than anticipated as the Base Rate did not fall as fast as originally anticipated.

The performance of the Council's treasury management activity, against benchmarks and the key indicators set in the Treasury Management Strategy, as approved by Full Council on 11 February 2025, are set out at Appendix 2.

Reserves and Balances 2025/26 (£000)

Reserve / Balance	Balance at 1 Apr 2025	Forecast net use at Q1	Forecast Net use at Q2 *	Movement	Balance at 31 Mar 2026
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Statutorily ringfenced or held on behalf of others:

Balances held by schools	16,043	-	-	-	16,043
Public Health	3,998	(2,891)	(2,891)	-	1,107
Other	5,491	(1,414)	(1,414)	-	4,077
Subtotal	25,532	(4,305)	(4,305)	-	21,227

Service Reserves:

Corporate Waste	19,844	(5,109)	(5,109)	-	14,735
Capital Programme	9,060	(9,060)	(9,060)	-	-
Insurance	7,678	(2,000)	(4,000)	(2,000)	3,678
Local Government Re-organisation	-	4,200	-	(4,200)	-
Subtotal	36,582	(11,969)	(18,169)	(6,200)	18,413

Strategic Reserves:

Priority / Transformation	5,187	(592)	(786)	(194)	4,401
Financial Management	11,276	(5,670)	(5,226)	444	6,050
Subtotal	16,463	(6,262)	(6,012)	250	10,451
Total Reserves	78,577	(22,536)	(28,486)	(5,950)	50,091
General Fund	10,000	-	-	-	10,000
Total Reserves and Balances	88,577	(22,536)	(28,486)	(5,950)	60,091

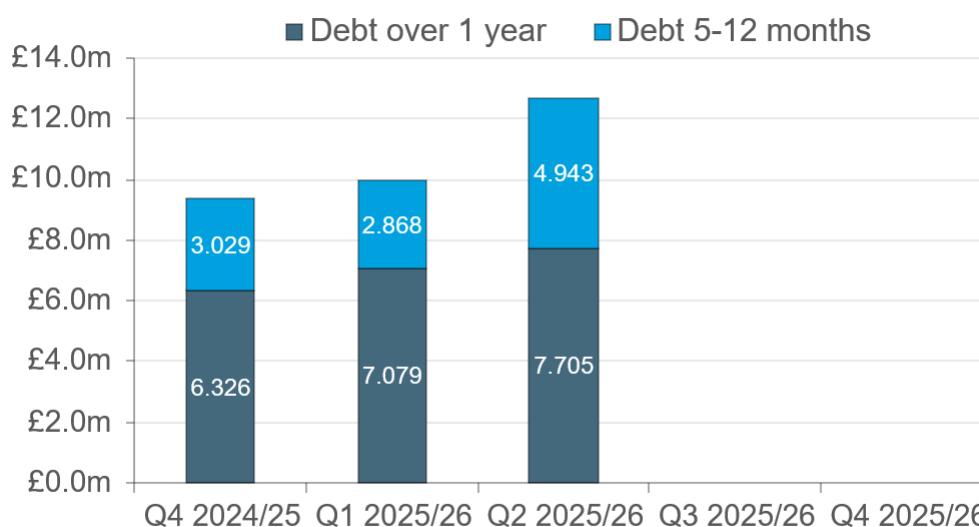
* Currently excludes any changes between Q1 and Q2 variances, so does not reflect the reduction in overspend at Q2.

Changes to Fees & Charges

Buzz Active provides outdoor activities out of three locations in East Sussex, Bushy Wood, Eastbourne and Cuckmere. They run nationally accredited courses, taught by qualified instructors, for individuals, groups and families, for children from six onwards, for schools, and groups with special needs.

During Q2 the service has a number of approved increases to its fees, see below for the details of those above 4%.

Activity	Current £	New £	Movt £	Movt %
Licence to Cuckmere Valley Canoe Club for the boat house at Exceat	1,628.00	1,700.00	72.00	4.42%
Overseas student and school groups - Activity session 2 hour 6-12	32.50	34.00	1.50	4.62%
Overseas student and school groups - Activity session 1.5 hours 12+	24.00	25.00	1.00	4.17%
School and group - Activity session 1.5 hours 6-11	23.00	24.00	1.00	4.35%
School and group - Activity session 1.5 hours 12+	21.00	22.00	1.00	4.76%
School and group - Activity day 4.5 hour 6-12	47.00	49.00	2.00	4.26%
School and group - Activity day 4.5 hour 12 +	47.00	49.00	2.00	4.26%
Eastbourne scout and guide - Catapult (3 hour)	24.00	25.00	1.00	4.17%
Eastbourne scout and guide - Bushcraft (3 Hour)	24.00	25.00	1.00	4.17%
Scout and guide standard - Nav Skills (3 Hour)	16.00	17.00	1.00	6.25%
School and youth group onsite - Nav Skills (3 Hour)	18.00	19.00	1.00	5.56%

Outstanding debt analysis (£ millions)

The value of debt aged over 5 months at Quarter 2 has increased by £3.293m, to £12.648m, compared to the 2024/25 outturn position of £9.355m.

The majority, £11.987m (94.77%), of all debt over 5 months old relates to Adult Social Care and Health (ASCH), which has increased by £3.051m compared with the 2024/25 outturn position of £8.936m. A significant factor contributing to this increase is over £2 million of income due where Discretionary or Non-Discretionary Funding was being provided and has ended during the current financial year. While the local authority was providing funding, this could not be recovered due to the absence of a legally authorised individual to settle the charges. Following the appointment of a deputy or attorney, or after the individual has sadly passed away, recovery is now being pursued. Often the amounts due are high value as they relate to charges for residential or nursing care. Additionally, £0.577m of the increase relates to income due from the NHS or another local authority.

The debt over 5 months related to income due to other departments has increased by £0.242m to £0.661m, compared with the 2024/25 outturn position of £0.419m.

Adult Social Care client contribution income accounts for the majority of the Council's debt collection activity, which can be prolonged due to the sensitive and complex nature of individual cases. Addressing the rising debt is a key priority for 2025/26. A strategic review is underway to improve income collection and recovery processes, aiming to reduce existing debt and prevent future accrual. Quarter 2 saw the introduction of formal recommendations focused on prevention and recovery, supported by digital innovation, early intervention, and clear client communication.

Two pilot projects have already been identified that are being taken forward in Quarter 3:

- **Non Payment Cases** - looking at ways to prioritise adults with debt who have not made an arrangement to pay. The pilot is planned to run for 6 weeks, starting in Quarter 3, and will be delivered by existing staff in the ASC Revenue team. They will focus on contacting different categories of adults at different stages during the pilot, i.e. most recent debt, cases with safeguarding flags, adults with highest debt balances etc, to identify where the investment of staff time can have the greatest impact in terms of debt recovery.
- **SMS pilot** – a three-stage text message pilot is being developed which intends to use simple, supportive text reminders aligned to the invoicing cycle to ensure people are clear on how and when to pay.

Treasury Management Prudential Indicators – Q2 2025/26

The Chartered Institute of Public Finance and Accountancy published the revised Treasury and Prudential codes in 2021, which now requires quarterly reporting of performance against forward looking prudential indicators. The performance of the Council's treasury management activity, against benchmarks and the key indicators in the Council's Treasury Management Strategy, as approved by Full Council at its meeting of 11 February 2025, are set out below.

Investments

Cash investment balances as at 30 September 2025 have fallen by 57% in one year, from £166.9m at Q2 2024/25 to £71.8m. The average investment return over Q2 was 4.50% performing above the benchmark rate by 43 basis points (or 0.43 percentage points). Performance has improved as a result of reinvesting maturing investments in a duration matched to a peak in the forecast Bank of England (BoE) bank interest rate.

	Average Investment Balance	Average Investment Return	Average Benchmark Rate*	Difference
Quarter 1 2025/26	151.972	4.74%	4.32%	+0.42%
Quarter 2 2025/26	117.976	4.50%	4.07%	+0.43%

**the Benchmark rate used is the Standard Overnight Index Average (SONIA); a rate administered by the Bank of England based on actual transactions of overnight borrowing by financial institutions.*

During Q2 we have monitored the security of the Council's investments, to assess the risk of those investments losing their value. These risks were assessed using the financial standing of the groups invested in, the length of each investment, and the historic default rates. Our investment strategy sets an allowable risk level of 0.050% (i.e. that there is a 99.95% probability that the Council will get its investments back). The actual indicator ranged between 0.007% and 0.008%, reflecting the high proportion of investments held in highly secure and/or very liquid investments.

Investment Risk Benchmark	0.050%
Maximum Investment Risk Experienced Q2	0.008%

Borrowing

The table below shows the Council's total external borrowing and average rate as at 30 September 2025. No further debt maturities took place in Q2.

	Balance as at 30 September 2025 £m	Average Rate
PWLB	200.142	4.38%
Market Loans	-	-
Total Borrowing	200.142	4.38%

The table below shows the Q2 forecast of the Capital Financing Requirement (CFR) compared to the estimate within the 2025/26 strategy approved in February 2025. The CFR is expected to give rise to new borrowing required of £105.737m by the end of the year, compared to the original estimate of £70.000m following an increased capital programme borrowing need in 2024/25 carried forward. The strategy currently forecasts that the level of reserves and balances in the medium term allows for internal borrowing (using internal resources such as useable reserves or temporary working capital) of at least £75.000m in 2025/26. It is therefore expected that new borrowing of £30.737 may be required to support the capital programme during

2025/26, although the timing of borrowing will be considered in the context of the wider treasury management position and economic environment.

Capital Financing Requirement (CFR) (Underlying Borrowing Need)*	Original Estimate 2025/26 £m	Revised forecast as at 30 September 2025 £m
Opening CFR	268.971	292.380
Borrowing Requirement	15.812	21.835
Minimum Revenue Provision	(8.111)	(8.336)
Closing CFR	276.672	305.879
External Borrowing as at 30 September 2025	-	200.142
Forecast Underborrowing (if no action taken)	-	105.737

*The CFR underlying borrowing need excludes PFI and lease arrangements.

The table below shows that the Council is operating within the Operational Boundary and Authorised Borrowing Limits set within the Treasury Management strategy and has sufficient headroom to cover any unforeseen borrowing need arising from the year's capital programme.

Borrowing Limits for external debt	Operational Boundary £m	Authorised Borrowing Limit £m
Limit set for 2025/26	362.000	382.000
Less: PFI & Leases	(76.000)	(76.000)
Limit for Underlying Borrowing	286.000	306.000
Actual External Borrowing at 30 September	200.142	200.142
Headroom*	85.858	105.858

*Authorised Borrowing headroom cannot be less than zero

The maturity profile of the Authority's borrowing is within the limits set within the strategy.

Maturity Structure of Borrowing	Lower Limit Set	Upper Limit Set	Actual as at 30 September 2025
Under 12 months	0%	25%	1%
12 months to 2 years	0%	40%	4%
2 years to 5 years	0%	60%	5%
5 years to 10 years	0%	70%	23%
Over 10 years	0%	90%	67%

Adult Social Care and Health – Q2 2025/26

Summary of progress on Council Priorities, issues arising, and achievements

Adult Social Care (ASC)

Care Quality Commission inspection

The Care Quality Commission (CQC) inspected the Council earlier in 2025 and have now given a positive assessment of our adult social care services, recognising our commitment to providing the best possible support for residents. Giving the Council a rating of 'good', the CQC highlighted the collaboration with those using the service as a 'real strength'. Their report was based on an inspection and feedback from residents and partners. It found our workforce to be knowledgeable and passionate, supported by a strong leadership team. The CQC recognised the efforts of staff to provide care and support that was person-centred through services that were easy to access. They found that effective systems, processes and practices are in place to ensure people are protected from abuse and neglect, strengthened by the ethos that safeguarding was "everyone's business" which inspectors found to be embedded across the local authority.

The CQC's chief inspector of adult social care and integrated care, said: "What really stood out was how people felt listened to and treated with dignity. The staff at East Sussex should be really pleased with their good rating and the services they're providing to people in the county."

Demand for care and support services

In accordance with the Care Act 2014, ASC commission and provide a range of services to support adults and older people across East Sussex. There is an increasing complexity of need amongst people accessing support, with demand for services exceeding pre-pandemic levels and continuing to increase. Some examples include:

- There has been an 7.1% increase in activity (Appearance of Need Tool, assessments, reviews, other statutory work, and safeguarding episodes) completed in 2025 (up to end of September) compared to the same period in 2024, and a 12.7% increase on the same period in 2023.
- There has been a 5.8% increase in contacts handled by Health and Social Care Connect (HSCC) Access and Assessment combined from 2024.
- There has been a 3.1% increase in the number of people receiving bedded care (residential and nursing care), Long Term Support in a community setting, Telecare or Equipment when compared to the same period in 2024.
- There has been a 5.5% increase in the number of assessments completed January to September 2025 compared to the same period in 2024 as well as increased levels of contacts at HSCC.

Health and Social Care integration

An informal Health and Wellbeing Board (HWB) session in September focused on reducing health inequalities and assessing collective impact, using measures set out in the East Sussex Shared Outcomes Framework. The briefing notes with the key messages from all of the development sessions can be found [here](#).

Published in July 2025, the national 10-Year Health Plan involves moving to a 'Neighbourhood Health Service' that brings care into local communities, convenes professionals into patient-centred teams and ends fragmentation. Our implementation of Integrated Community Teams (ICTs) is our shared ambition that will support the delivery of Neighbourhood Health in Sussex. In East Sussex this is structured around our teams working together in common footprints aligned to our 5 borough and district boundaries.

In addition to establishing the formal joint leadership arrangements in each ICT footprint, collaborative work has now started to introduce multi-disciplinary neighbourhood teams for populations of 30,000–50,000. Closer working through a 'one-team' approach across our

organisations aims to provide increased proactive and coordinated care for groups of people with complex health and care needs, to help reduce the need for unplanned admission to hospital over the winter.

East Sussex was also successful in applying to be part of the first wave of the National Neighbourhood Health Implementation Programme (NNHIP), to support the shift from hospital-based care to a community-focused 'Neighbourhood Health Service' aligned with the national 10-Year Health Plan. With an initial focus on Hastings and Rother, using existing local system resources, this national support will help us accelerate and build on our local plans for ICTs and proactive care.

NHS Sussex Integrated Care Board published draft Commissioning Intentions for 2026/27 in August which emphasised neighbourhood health and system sustainability. The Council actively engaged in the consultation to help shape these plans as a key partner, commissioner (including joint commissioner) and provider of key local social care and public health services in East Sussex.

Whole-system efforts have also continued to improve hospital discharge processes, helping reduce the number of patients remaining in hospital unnecessarily due to their complex onward care needs. As a result, the number of people classed as No Criteria to Reside (NCTR) has continued to show a sustained decrease in key parts of our system, as we move into winter.

Third Sector support

During Q2 the Community and Voluntary, Community and Social Enterprise Development Programme providers finalised delivery plans and began to strengthen their collaborative working across the different geographies of the county. In the east of the county, Rother and Hastings area providers are looking at joint activities and training to support communities, and in the west Eastbourne, Wealden and Lewes District, providers are focusing on connecting with communities. These connections will help to further drive provider collaborations going forward.

Safer Communities

Preventing Violent Extremism

The Safer East Sussex Team (SEST) submitted a successful bid for Home Office funding to improve the knowledge amongst professionals on violence-fascinated individuals, assisting them in safeguarding communities from harmful extremism. Over the summer, SEST delivered 4 Prevent awareness sessions which focussed on educational inputs for learners expressing hateful or extreme views and made visits to community groups and places of worship to provide support and reassurance in the background of anti-migrant protests taking places in other parts of the country. All of this activity aims to increase community trust and confidence in reporting harmful extremism.

Over the last 3 months SEST has collaborated with partners to develop their collective understanding of community sentiment and to develop a framework which will enable partners to proactively scan for risk, address community grievances, promote inclusivity, and disrupt extremist networks and narratives.

Serious Violence and Exploitation

SEST developed an East Sussex Preventing Serious Violence and Exploitation Strategy which will benefit the community by enabling early intervention and prevention, supporting victims, enabling behaviour change, and implementing place-based responses in areas of highest harm.

Public Health

Wellbeing at Work programme

162 employers and approximately 20,000 employees are now supported by the programme. Through up-to-date health and wellbeing guidance, tailored training, and organisational support,

the programme helps workplaces adopt practices that improve staff wellbeing, such as offering training sessions focusing specifically on men's and women's health, including overcoming overwhelm and the menopause respectively. This contributes to better health and wellbeing outcomes for employees, which also benefits their families and the wider East Sussex community.

Climate Change Health Impact Assessment

A public survey was carried out to better understand how climate-related events affect residents' lives. Over six weeks 600 responses were received. Many respondents noted an increase in high winds in recent years, linking them to climate change. While wind hasn't been a major focus in national reports, this local evidence has prompted us to include it in our project scope. By doing so, we're ensuring our work reflects what matters most to our communities to help us prepare more effectively for future challenges.

Embedding physical activity into adult social care and health

The stroke rehabilitation pilot at Bexhill's Irvine Unit has been shortlisted for the Community Hospitals Association Innovation and Best Practice Awards 2025. This six-month programme supported stroke survivors to rebuild strength, confidence and independence through supervised physical activity. Early results showed significant improvements in balance and mobility, with participants also reporting better wellbeing and social connection. The pilot was supported by strong collaboration between the Council, Active Rother, Active Sussex and East Sussex Healthcare Trust.

Baton of Hope

On Tuesday 23 September 2025 the Baton of Hope Tour came to Hastings. The Baton of Hope is a charity with a vision to inspire a society where suicide and suicide prevention are openly and widely discussed, with the tour visiting 20 locations across England to raise awareness of suicide and to offer hope through action. In Hastings, 43 people with lived experience of suicide carried the baton around Hastings and St Leonard's. The event was co-ordinated by Men's Room Hastings and St Leonard's Community Interest Company and Hastings Voluntary Action, supported by the Council.

Revenue Budget Summary

ASC and Safer Communities

The net ASC and Safer Communities budget of £285.747m for 2025/26 includes a 4% inflationary uplift of £10.724m to support the care market across the Independent Sector. This uplift is in addition to £9.626m to fund growth and demographic pressures and service demands, with the costs of the increases being partially funded by £7.515m raised through the 2% ASC Care Precept. The department has savings targets of £7.420m for 2025/26.

The net forecast ASC outturn for 2025/26 is £294.787m, which is an overspend of £9.040m. This largely relates to the Independent Sector, where the overspend is £8.862m.

This is due to an increase in demand compared to Q4 2024/25 and periods before, which informed the modelling for 2025/26 and therefore would not have captured the 7.4% growth in demand. More people are being supported but at a lower average cost compared to Q4 2024/25 (a decrease of 3.5%) because we are working closely with the market, being prudent with packages of support and reviewing more people.

There is an overspend in Directly Provided Services of £0.178m due to staffing cost pressures, increasing costs and demand for equipment services to support people in their homes. Legal costs have also increased due to an increased volume and complexity of cases and an increased need to instruct barristers to provide specialist legal advice and representation.

ASC has a savings target of £7.420m this year of which £7.365m will be achieved. The savings for Linden Court will partially be achieved following the decision to continue providing the service at a

reduced level. The remaining saving will be achieved through projects currently underway that will increase operational income.

Public Health

The Public Health (PH) budget of £38.295m comprises the PH grant allocation of £32.679m, additional grants of £3.903m and a planned draw from reserves of £1.713m. The projected outturn is an underspend of £0.016m.

Public Health Reserves: at 30 September 2025 General PH Reserve of £2.171m is projected to reduce to £0.474m by the end of the financial year. The Health Visiting reserve of £1.827m is projected to reduce to £1.277m.

Homes for Ukraine

HFU Grant Funding	Funding b/fwd £'000	Expected Funding £'000	Total Funding £'000	Planned Usage £'000	Funding c/fwd £'000
Tariff Funding	4,767	196	4,963	2,579	2,385
Thank you Payments	-	739	739	739	-
Total	4,767	935	5,702	3,318	2,385

Capital Programme Summary

The ASC Capital programme budget for 2025/26 is £1.969m, with the Supported Living Project forecast on-line and £0.140m. There is a slippage at Greenacres as the NHS are in the process of securing alternative care settings.

Construction works on the Supported Living Project are complete and the buildings have been handed back to the Council, with work now focussed on some minor improvements and getting the buildings into operational usage during Q3 at Jasmine Lodge and in January 2026 at The Meads.

Performance exceptions (see How to read this report for definition)

Priority – Keeping vulnerable people safe

Performance measure	Outturn 24/25	Target 25/26	RAG Q1 25/26	RAG Q2 25/26	RAG Q3 25/26	RAG Q4 25/26	Q2 outturn	Note ref
None								

Savings exceptions 2025/26 (£'000)

Service description	Original Target For 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	Note ref
Older People's Directly Provided Services	712	-	712	-	-	
Learning Disability Directly Provided Services	804	-	662	87	55	
Vulnerable Adults Supported Accommodation	129	-	129	-	-	
Adults with Mental Health needs Supported Accommodation	178	-	178	-	-	
Housing Related Floating Support	1,937	-	1,937	-	-	
Substance Misuse Contracts	641	-	641	-	-	
Learning Disability Commissioning	50	-	50	-	-	
Strategy	180	-	180	-	-	
Operations	770	-	700	70	-	
Community Development	500	-	500	-	-	
Planning, Performance and Engagement	425	-	425	-	-	
Public Health	1,094	-	1,094	-	-	
Total Savings	7,420	0	7,208	157	55	
			-	-	-	
Operations			55	-	(55)	
Subtotal Permanent Changes ¹			55	0	(55)	
Total Savings and Permanent Changes						

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
Learning Disability Directly Provided Services	87	-	87	
Operations	70	-	70	
	-	-	-	
Total	157	0	157	

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Revenue Budget 2025/26 (£'000)**Adult Social Care – Independent Sector:**

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note ref
Physical, Sensory and Memory and Cognition Support	203,984	(112,849)	91,135	207,027	(105,149)	101,878	(3,043)	(7,700)	(10,743)	
Learning Disability Support	102,518	(10,584)	91,934	103,092	(12,012)	91,080	(574)	1,428	854	
Mental Health Support	44,285	(19,570)	24,715	42,968	(19,280)	23,688	1,317	(290)	1,027	
Subtotal	350,787	(143,003)	207,784	353,087	(136,441)	216,646	(2,300)	(6,562)	(8,862)	

Adult Social Care – Adult Operations

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note Ref
Assessment and Care Management	37,262	(2,913)	34,349	38,271	(3,403)	34,868	(1,009)	490	(519)	
Directly Provided Services - Older People	18,502	(6,323)	12,179	17,919	(6,451)	11,468	583	128	711	
Directly Provided Services - Learning Disability	9,501	(605)	8,896	9,103	(605)	8,498	398	-	398	
Subtotal	65,265	(9,841)	55,424	65,293	(10,459)	54,834	(28)	618	590	

Adult Social Care- Strategy, Commissioning and Supply Management

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note Ref
Commissioners, Commissioned Services and Supply Management	10,587	(4,129)	6,458	10,252	(4,144)	6,108	335	15	350	
Supporting People	4,252	-	4,252	4,252	-	4,252	-	-	-	
Equipment and Assistive Technology	8,913	(4,487)	4,426	9,574	(4,742)	4,832	(661)	255	(406)	
Carers	2,387	(1,693)	694	2,378	(1,653)	725	9	(40)	(31)	
Subtotal	26,139	(10,309)	15,830	26,456	(10,539)	15,917	(317)	230	(87)	

Adult Social Care- Planning, Performance and Engagement and Other:

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note Ref
Planning, Performance and Engagement	6,122	(1,131)	4,991	6,497	(1,386)	5,111	(375)	255	(120)	
Service Strategy	741	(160)	581	1,301	(160)	1,141	(560)	-	(560)	
Safer Communities	1,979	(842)	1,137	3,894	(2,756)	1,138	(1,915)	1,914	(1)	
Subtotal	8,842	(2,133)	6,709	11,692	(4,302)	7,390	(2,850)	2,169	(681)	

APPENDIX 3

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note Ref
Total Adult Social Care	451,033	(165,286)	285,747	456,528	(161,741)	294,787	(5,495)	(3,545)	(9,040)	

Public Health – Core Services:

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note Ref
Mental Health & Best Start	3,608	-	3,608	3,614	-	3,614	(6)	-	(6)	
Health Visiting	8,556	-	8,556	8,556	-	8,556	-	-	-	
Risky Behaviours and Threats to Health	14,005	(3,903)	10,102	13,848	(3,903)	9,945	157	-	157	
Health Systems	2,994	-	2,994	2,994	-	2,994	-	-	-	
Communities	774	-	774	772	-	772	2	-	2	
Central Support and One-off funding	3,977	-	3,977	4,096	-	4,096	(119)	-	(119)	
Recovery & Renewal	12	-	12	12	-	12	-	-	-	
Funding/Savings to be released	3,055	-	3,055	3,235	-	3,235	(180)	-	(180)	
Projects - Reserve	1,314	-	1,314	1,152	-	1,152	162	-	162	
Public Health Grant Income	-	(32,679)	(32,679)	-	(32,679)	(32,679)	-	-	-	
Draw from General Reserves	-	(1,713)	(1,713)	-	(1,697)	(1,697)	-	(16)	(16)	
Total Public Health	38,295	(38,295)	0	38,279	(38,279)	0	16	(16)	0	

Capital programme 2025/26 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
Supported Living Projects	6,421	6,421	1,829	1,586	1,829	-	-	-	-	
Greenacres	2,598	2,598	140	-	-	-	-	140	-	
Total ASCH	9,019	9,019	1,969	1,586	1,829	0	0	140	0	

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Business Services – Q2 2025/26

Summary of progress on Council Priorities, issues arising, and achievements

Key cross cutting programmes

Carbon

In line with the annual delivery plan in our current Climate Emergency Action Plan 2025-2030, a further 2 energy efficiency projects were completed in Q2, bringing the total for Q1 and Q2 to 7. The 2 projects completed in Q2 were:

- 2 Insulation (roofing with insulation): West Rise Pre-School and Claverham Nursery

The Council Plan target for 2025/26 is to complete 10 energy efficiency projects, which will be achieved through planned property capital and maintenance projects.

The Property team continues to provide support about energy efficiency best practice for building managers at sites with high or unusual energy use patterns, to identify savings. In addition, contact was made with 15 sites that have relatively high water use to offer advice and signpost free support from water companies, to help combat higher water prices and reduce wastage. Following the success of the workshops held in 2024/25, planning and promotion of a further 'Ask the Expert' energy saving workshop has begun. At the workshops, a mechanical engineer provides support free of charge, as part of a social value benefit from a framework consultant.

In Q2, benefits have been identified for 19 sites and client departments where climate change funding had been invested in rooftop solar panels. Since the first PV systems came online in February 2022 (up until 31 March 2025), £262,000 has been saved on electricity bills and there have been carbon savings of 114.5 tCO₂e. This is equivalent in the carbon emissions of an average car driving round the earth 23 times. The projects that were funded by the Public Sector Decarbonisation Scheme have cut energy use and carbon emissions in those areas by 50-60%.

The total Council carbon emissions (including Scope 1 'direct emissions' and 'Scope 2' indirect emissions from purchased utilities) outturn for Q1 2025/26 (reported a quarter in arrears) saw a 22% reduction compared to Q1 2024/25. This represents a 47% reduction when compared to Q1 of the baseline year (2019/20). At this stage it is not possible to accurately forecast the annual emissions for 2025/26, as it will largely depend on whether we have a cold winter compared with previous years and, consequently, how much gas is required for heating.

In Q1 2025/26, gas consumption fell by 24%, and oil consumption by 11% compared to Q1 2024/25. This was partly due to a warmer April this year, meaning there was reduced heating demand compared to April 2024. Electricity consumption fell by 9% for buildings and 6% for street lighting.

The UK grid carbon emission factor changes from year to year to reflect the change in fuel mix in UK power stations (i.e. between renewables, nuclear, natural gas, oil and coal) and as the proportion of imported electricity also changes. The carbon emission factors used for reporting in 2025/26 are based on the fuel mix used in 2023, this is due to the time it takes to collate and analyse the data (more information can be found on the [gov.uk conversion factors 2023 website](https://www.gov.uk/government/publications/conversion-factors-2023)).

The carbon emission factor for electricity fell by 14% between 2024/25 and 2025/26, having increased in 2023/24 and remained at that level last year. The reduction in the electricity carbon emissions factor made a positive contribution to the Q1 year on year emissions reduction.

The Council's annual spend on electricity has reduced by 26% since 2019/20, saving £1,942,641 when comparing 2024/25 directly to 2019/20. This significant reduction reflects estate changes, investments made in renewable energy (e.g. solar PV), and energy efficiency measures.

Year	Spend
2019/20	£7,442,838
2024/25	£5,500,197

Note: The spend figures above have been estimated using the consumption figures from 2019/20 and 2024/25, and price-corrected against the average unit rates from 2024/25. The spend figures are based on consumption only (i.e. not including standing charges or any other non-commodity costs).

While we continue to make progress on reducing our emissions, carbon and cost reduction work is now focused on business-as-usual activity such as the planned building maintenance programme, following the reprofiling of the capital budget in 2024/25. We have consistently stated that we require Government funding to deliver the improvements needed to get to net zero, given that modelling we commissioned in 2022 showed it would cost about £200m to get to net zero by 2050 for scope 1 and 2 emissions alone. However, Government funded programmes for corporate carbon reduction have been closed, which means we are only able to deliver improvements using our own, limited resources.

Analysis has been undertaken over the summer, based on the latest available data on our emissions for 2024/25, which suggests that the current target (to reduce the amount of CO₂ arising from County Council operations by 57% compared to 2019/20) is not achievable with the limited resources available. Our current target is more challenging than that recommended by the Science Based Target Initiative, which is the most widely recognised framework for corporate target setting, for an average annual carbon reduction target of about 4.2% (see: [Ambitious corporate climate action - Science Based Targets Initiative](#)). We are aware that there are a growing number of local authorities who are also recognising that their carbon reduction targets are not achievable with available funding and that these may need to be amended.

Given the difficult financial position we face, it is important that we have a realistic estimate as to what the cost of achieving our ambitions would be. This way consideration can be given to whether or not the resource necessary to achieve the target should be prioritised over other Council services, or the target be amended to reflect what is achievable. It is also important to factor in the potential impact of local government reorganisation and that any new unitary will have a greater range of functions than the County Council currently has, which will impact on carbon emissions. It may also be advantageous to understand the potential impact of the establishment of the Mayoral Combined County Authority, which will have a specific duty in relation to climate change. To enable these to be properly and openly considered it is recommended that Scrutiny consider the target in light of these issues and the changing context (**ref i**).

Our focus on reducing emissions and energy costs will continue. It is important to note that the corporate work is one part of the wider activities undertaken by the Council to support a reduction in county-wide emissions. We also work on reducing fuel poverty, increasing access to walking, cycling and public transport, and enhancing local biodiversity, which all deliver a range of co-benefits, such as an improvement to health.

Oracle Implementation

Following the successful go-live of Phase 2 of the Oracle Implementation (covering Finance with dependent HR processes, Procurement and Recruitment) on 17 April 2025, these modules in the system have now transitioned into business as usual, with low volumes of support tickets being reported (approximately 50 a week).

Therefore, the focus of the programme is now on Phase 3 (HR and Payroll). The functional and technical requirements for this phase have been scoped and designed, and during Q2, the programme moved through a data migration cycle and into its early stages of testing. As the

programme gains confidence in the quality of the system build through testing, a testing exit time frame, and consequentially a target go-live date will be established for this phase.

Human Resources and Organisational Development (HROD)

As part of our ongoing commitment to employee health and wellbeing, a Musculoskeletal (MSK) Toolkit has recently been developed and has been piloted in Q2. The toolkit includes interactive tools, anatomy visuals, manager checklists and tailored content for high-risk groups.

We have successfully negotiated an extension to the GoodShape contract with a fixed term price reduction, achieving a saving of 3% of the value of the contract.

During Q2 we also successfully delivered the 'Mastering Difficult Conversations' course which had been extensively updated and revised based on feedback from previous attendees. The updated course has been well received with lots of positive feedback.

Attendance Management and Wellbeing

The 2025/26 Q1 and 2 sickness absence figure for the whole authority (excluding schools) is 4.30 days lost per Full Time Equivalent (FTE) role, a decrease of 4.1% since the same period last year. The year end estimate for 2025/26 (based on six month's data) is 8.83 days/FTE, so the target of 9.10 days/FTE is predicted to be met.

Compared to Q1 and 2 2024/25, overall sickness absence has decreased. Key reductions include:

- Stress decreased by 499 days (there were more spells, but shorter durations)
- Surgery decreased by 682 days
- Depression decreased by 425 days

Key increases in absence include:

- Mental health-related issues increased by 1,163 days
- Flu-like symptoms increased by 751 days

Actions underway:

- HR Review: Continued prioritisation of stress and mental health-related absences to identify root causes and support early resolution.
- Manager Guidance Access: Streamlining access to essential guidance for managers to support staff consistently and effectively.

Wellbeing Programme Enhancements:

- Targeted workshops
- Evaluation-informed proposals (e.g. Time to Talk feedback)
- Expansion of the Mental Health First Aiders network
- Ongoing Menopause Cafés

Procurement

Procurement, contract and supplier management activities

The Council has spent £411m with local suppliers over the past 12 months. This equates to 61% of our total procurement spend, which meets our target of 60%. 1,152 local suppliers were used. The Procurement team continues to promote our contract opportunities to local suppliers, as well as building local supply chain opportunities into our tenders where possible.

Social Value

In Q2, a total of 5 contracts commenced, of which 3 were out of scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of the

procurement as they accessed existing pre-approved list of suppliers (Frameworks) with predefined contractual terms. The 2 in-scope contracts had a total contract value of £5.58m and secured £1.07m in Social Value commitment, which equates to an outturn of 19% against a target of 10%.

The Social Value commitments for Q2 included:

- employability support offered to local priority groups
- career awareness programmes offered to local schools and colleges
- professional development opportunities offered to staff and volunteers
- internship and volunteering opportunities
- supporting initiatives to engage people in physical and mental health interventions
- developing environmental initiatives which reduce carbon footprint and promote sustainability

Procurement policy

The Procurement Policy Team has been focussed on the following activities during Q2:

- Finalised the annual Scope 3 greenhouse gas emissions report (emissions which come from our procurement of goods, services and works). This shows a 32% reduction in emissions from our supply chain in 2024/25 since the baseline year (2022/23). Over 45% of our emissions were reported directly by suppliers to the Council, rather than estimated against emission factors, which is an improvement compared to 32.5% the previous year.
- The Council's Modern Slavery Statement for 2024/25 has been published on Council's website and uploaded to the Central Government Modern Slavery Statement Registry.
- Development of a Social Value Model to align more closely with the Council's established priorities and with the national approach to securing and delivering social value.
- Developing Equality, Diversity and Inclusion (EDI) in Commissioning & Procurement training jointly with the Council's EDI lead.
- Finalising the requirements and process with Finance and Legal colleagues on the payment and contract performance transparency requirements under the Procurement Act.
- Incorporating carbon reduction and social value requirements into several significant Council contracts, including Exceat Bridge, School Meals, and Translation and Interpreting Framework.

Contract and Commercial Advisory

Much of the Contract and Commercial Advisory's focus in Q2 was on supporting the design of new Oracle processes to improve the requisition process and reduce the volume of non-compliant requisitions. These new processes are now in place and already the number of requisitions requiring remedial action have significantly reduced. The team has also been engaging with colleagues in Legal to design and agree processes to ensure the Council is compliant with the Contract Management obligations as prescribed in the Procurement Act 2023, specifically with regard to the publishing Contract Details Notices.

Internal Audit

Through the delivery of sufficient audit coverage in Q2, the Chief Internal Auditor continues to be able to provide assurance over the adequacy and effectiveness of governance, risk management and control for the Council.

Internal Audit have continued to focus on delivery of the Annual Internal Audit Plan and were able to complete 56.9% of the plan to draft report stage by the end of Q2, against a Q2 target of 45% (90% target for the year).

All high priority actions agreed with management as part of individual audit reviews are subject to action tracking, whereby we seek written confirmation from services that these have been implemented. As at the end of Q2, it was confirmed that 8/8 (100%) of the high-risk actions due to be implemented on a 12-month rolling basis had been actioned (against a target of 97%).

Property

In Q2, Property completed the marketing of two properties for sale – Sandbanks, in Hailsham and the former Rangers' Workshop, in Rye. Both these assets are under offer with sales progressing. Furthermore, Lead Member approval was secured for the letting out of the Phoenix Centre, Lewes and to market Tilling Green playing fields for sale.

Following a review of the Council's operational and non-operational assets completed in Q1, additional work has been undertaken to increase the occupancy of some key assets in Q2, resulting in new lettings at The Keep as well as Pacific House, Eastbourne.

Both The Joff and Heathfield Youth Hubs were officially opened in September 2025 following successful building projects funded by the central government Youth Investment Fund.

During Q2, the Schools Maintenance team completed over 35 capital and revenue projects over the school summer period. The Capital Projects team also completed a number of Special Educational Needs and school access projects by the end of the school summer holiday. Lead Member approval was secured in September 2025 to award a building contract in relation to the Council's largest capital Special Educational Needs project at Acre Wood, Crowborough. The school construction has commenced with completion due in Q3 2026/27.

Energy Accounts continued to work on supporting all clients including schools, validating around 5,800 energy invoices for errors and saving £96k in avoided or refunded charges. This also included identifying increased consumption changes, exporting corporate energy payments to Oracle for payment, managing energy suppliers and ensuring best value and efficiencies from current contracts, whilst working on reprocurring Energy contracts nearing end dates and liaising with new potential Energy clients.

IT and Digital

The Microsoft Copilot M365 discovery work concluded in Q2, assessing safe and responsible AI use to boost productivity and efficiency. Experiences from the strategic pilot, involving 127 staff and 33 use cases were consolidated into a business case that will be fed into the Reconciling, Policy, Performance and Resources process. The structured pilot explored a range of use cases, from document drafting and redaction to meeting summarisation, content generation, data analysis, and accessibility enhancements. The focus was on assessing productivity gains, output quality, and user experience. Copilot was found to consistently deliver measurable time savings, clearer outputs, and reduce mental workload. The outcome of the business case will be reported in Q3.

The Windows 11 device refresh project continued at pace during Q2. With the end of support for Windows 10 approaching in October, the project has now refreshed 99% of devices with staff experiencing the benefits of a faster device and upgraded operating system. In order to extend the use of, and get better value from devices, we will now refresh them every 5 years (this was previously every 4 years). The scale at which this is done (across 3 councils through the Orbis Partnership) has many benefits and in this case, a saving of 18% per device has been achieved through this joint procurement. Video conferencing devices were also updated in corporate meeting rooms during this period.

Schools ICT secured approved supplier status on the Crescent Purchasing Consortium Outsourced ICT Framework, endorsed by the Department for Education. This milestone strengthens our position as a trusted provider of innovative, education-focused IT services and opens opportunities to support schools and multi-academy trusts nationwide. The framework enables compliant, cost-effective procurement of ICT solutions, including managed services,

consultancy and infrastructure planning. Inclusion ensures clients benefit from streamlined procurement, strategic advice, and sustainable, future-ready IT support.

Revenue Budget Summary

The 2025/26 Business Services net revenue budget is £31.883m. There are £1.060m planned savings in BSD this financial year **(ref ii)**, of which £0.080m relating to the planned reduction in the cost of the Digital Postal Hub is not expected to be realised in this financial year, but the shortfall is planned to be covered within the directorate. The current outturn forecast is a £0.393m overspend **(ref vi)** and this position assumes that all other savings will be achieved. The £0.195m overspend forecast within Finance and Business Admin **(ref iii)** relates to loss of traded service income following academy conversions and the cost of supporting a Procurement project supporting East Sussex. IT&D are reporting an underspend of £0.061m **(ref iv)** comprising several small underspends across the service, including on the cost of Microsoft Licences. In Property there is a forecast overspend of £0.259m **(ref v)**. This is attributed to the loss of income from a courier service contract to East Sussex Fire and Rescue Service which has now ended, increased service charges and additional stamp duty costs in various properties.

Capital Programme Summary

The 2025/26 capital budget is £37.220m. At Q2 there is a net £1.425m underspend **(ref xiii)** comprising the following variances: Core Programme - IT & Digital Strategy Implementation underspend £0.950m **(ref vii)**. The movement is attributed to an alternative way of upgrading the PN software has been confirmed which enables us to delay the refresh and further exploit the assets whilst remaining safe and secure and the Mobile Phone supplier has confirmed that they will provide security patches on our existing devices until 2027, meaning the refresh can be delayed. Capital Building Improvements (Corporate) forecasts slippage of £0.566m **(ref viii)** on projects relating to Bellbrook Centre and St Mary's House. Capital Building Improvements (Schools Basic Need) - £2.109m slippage **(ref ix)** The Schools summer programme suffered delays in progressing projects to site in a timely manner. These projects rely on a specific window to arrange projects for the summer period – following these delays a number of larger projects have been placed on hold and will be progressed in the 2026-27 period. Special Educational Needs & Disabilities Provision is forecasting slippage of £1.014m **(ref x)**. There are a number of SEN projects now progressing, but it is unlikely that all of the budget will be utilised in 2025/26, thereby slipping to 2026/27. Special Educational Needs & Disabilities Provision - Grove Park forecasts £3.271m spend in advance **(ref xi)** After lengthy delays with mitigating environmental impacts on site and budgetary concerns, the Acre Wood Board gave the go-ahead and contract signed with a main contractor. Works on site are now expected to accelerate and so the spend for 2025/26 will be higher than the current budget profile. Finally, there is a small element of slippage on the Hollington Youth Centre **(ref xii)**.

Performance exceptions Q2:**Priority – Making best use of resources now and for the future**

Performance measure	Outturn 24/25	Target 25/26	RAG Q1 25/26	RAG Q2 25/26	RAG Q3 25/26	RAG Q4 25/26	Q2 2025/26 outturn	Note ref
Reduce the amount of CO2 arising from County Council operations	36%	57% reduction on baseline year (2019/20) emissions (emissions not to exceed 5,403 tonnes CO2e)	R	R			Emissions are reported a quarter in arrears Q1: 47% reduction on Q1 of baseline year (2019/20)	i

Savings exceptions 2025/26 (£'000)

Service description	Original Target For 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	Note ref
Planned savings – BSD Property	254	-	174	-	80	
Planned savings – BSD IT&D	26	-	26	-	-	
Planned savings – Finance	142	-	142	-	-	
Planned savings – BSD	638	-	638	-	-	
Total Savings	1,060	0	980	0	80	
			-	-	-	
In-year underspends to offset for 2025/26 while a permanent solution is sought for 2026/27			-	80	(80)	
Subtotal Permanent Changes ¹			-	-	-	
Total Savings and Permanent Changes	1,060	0	980	80	0	ii

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
Postal Hub	-	80	80	
	-	-	-	
	-	-	-	
Total	0	80	80	

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Revenue Budget 2025/26 (£'000)

Divisions	Planned Gross	Planned Income	Planned Net	Projected Gross	Projected Income	Projected Net	(Over)/under spend Gross	(Over)/under spend Income	(Over)/under spend Net	Note ref
Finance and Bus Admin	14,127	(7,850)	6,277	14,971	(8,499)	6,472	(844)	649	(195)	iii
HR & OD	3,633	(1,108)	2,525	3,633	(1,108)	2,525	-	-	-	
IT & Digital	14,016	(4,155)	9,861	14,015	(4,214)	9,801	1	60	61	iv
Procurement	-	-	-	-	-	-	-	-	-	
Property	29,648	(20,290)	9,358	30,113	(20,496)	9,617	(465)	206	(259)	v
Contribution to Orbis	3,862	-	3,862	3,862	-	3,862	-	-	-	
TOTAL BSD	65,286	(33,403)	31,883	66,594	(34,317)	32,277	(1,308)	915	(393)	vi

Capital programme 2025/26 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under 2025/26 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
IT&D Strategy Implementation	71,234	71,234	5,094	2,372	4,144	950	-	950	-	vii
IT&D Strategy Implementation (ORACLE)	26,513	26,513	7,710	2,656	7,710	-	-	-	-	
Capital Building Improvements (Corporate)	45,482	45,482	4,966	950	4,400	566	-	566	-	viii
Capital Building Improvements (Schools)	40,401	40,401	6,909	2,001	4,800	2,109	-	2,109	-	ix
Disabled Children's Accommodation	24	24	14	19	19	(5)	(5)	-	-	
Schools Basic Need	61,874	61,874	664	452	664	-	-	-	-	
Special Educational Needs & Disabilities Provision	3,673	3,673	3,673	121	2,659	1,014	-	1,014	-	x
Special Educational Needs & Disabilities Provision - Grove Park	17,120	17,120	3,350	933	6,621	(3,271)	-	-	(3,271)	xi
Westfield Lane	17	17	17	-	17	-	-	-	-	
Youth Investment Fund	7,003	7,003	1,745	2,222	1,745	-	-	-	-	
Hollington Youth Centre	3,037	3,037	3,054	866	2,992	62	-	62	-	xii
IT & Digital - Utilising Automation	24	24	24	-	24	-	-	-	-	
Total BSD Gross	276,402	276,402	37,220	12,592	35,795	1,425	(5)	4,701	(3,271)	xiii

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Children's Services – Q2 2025/26

Summary of progress on Council Priorities, issues arising, and achievements

Early Help and Social Care

Ofsted Focused Visit

Ofsted undertook a Focused Visit Inspection of East Sussex Children's Services at the end of July. The purpose of this inspection is to evaluate an aspect of the service, a theme or the experiences of a cohort of children. For this inspection visit, the theme was children in need or subject to a protection plan.

This inspection does not provide an outcome grading but instead sets out key findings within the area of focus, and any associated recommendations. The response letter highlighted the following key findings:

- Children in need in East Sussex, and those who are the subject of a Child Protection Plan, are receiving services that make a positive difference for them and whose effectiveness is being continually developed.
- The senior leadership team, with strong corporate support, continues to invest in services for vulnerable children. Leaders have continuously developed and refined services to ensure they have a positive impact on children's lives.
- There is a strong focus on providing integrated, multidisciplinary support to children and families. This approach ensures that children and families benefit from consistent, high-quality practice that supports their progress and improves their lives.
- There is relentless focus on supporting a stable and committed workforce, enabling staff to develop their skills and feel valued within the council. Leaders are actively creating the right conditions to strengthen social work practice and improve the quality of services for children and families.

One recommendation for improvement was received, relating to the timeliness with which child protection strategy meetings are held. Whilst it was recognised that urgent cases are prioritised, a small number of children experienced delays in convening strategy meetings. Ofsted noted that: 'Once held, child protection strategy meetings are attended by the relevant professionals, who appropriately consider the level of risk and the impact on the children involved. There is timely progression to child protection conferences when required'.

Ofsted recognised the improvements made following the last Inspection of East Sussex Local Authority Children's Services (ILACS) in 2023, in relation to the Public Law Outline, private fostering arrangements and neglect. They also saw excellent examples of the work to support many children to remain at home, through our Connected Families approach. The letter highlighted the 'life changing' and 'transformative' work undertaken with children and families in East Sussex.

Both the visit and subsequent response letter were resoundingly positive. The report recognised the real positive differences being made to the children and families of East Sussex.

Family and Youth Hubs

The new Heathfield Youth Hub opened in August 2025, with a formal opening event in September attended by local MP Nus Ghani and the Council's Lead Member for Children and Families Bob Bowdler.

The JOFF Youth Hub also opened after a formal launch in mid-September with support from the Council's Lead Member for Children and Families and local Town Councillors.

Both Hubs are now open with sessions attracting high numbers of young people enjoying the new facilities in both centres. Response from parents and community members has been very positive.

Hollington Youth Hub is currently closed for a major refurbishment and extension. The planned works should be completed by the end of March 2026. Youth Work continues to be delivered from Hollington Primary School and through the Teams new Mobile Resource Van funded by the Government's Levelling Up Fund.

Child in Need (CIN) cases and Child Protection (CP) Plans

One of the key priorities for Social Care Locality Teams is to safely reduce the volume of children subject to Child Protection (CP) Plans and Child in Need (CIN) plans over time, through ensuring effective earlier intervention, high quality assessments and plans and effective multi-agency working.

CP Plans have reduced from 579 at the end of Q1 to 532 (51.3 per 10,000 children) at the end of Q2.

At the end of Q2 the number of children with Child in Need plans was 1,124, compared to 1,023 at the end of Q1. This increase reflects continued high demand and the number of families that we are successfully stepping down from child protection.

Connected Families, SWIFT and Foundations services are major contributors to delivering specialist support for parents and enabling children to stay safely within their families and step down from statutory services.

Connected Practice Leads

Q2 marked the launch of our Practice Lead programmes in Motivational Interviewing and Heading Home (Reunification), with Attachment and Trauma to follow shortly. These initiatives strengthen our Connected Practice Model by cultivating specialist knowledge, enhancing practitioner development, and fostering a culture of peer learning. By embedding expertise across these four core areas, we are creating a sustainable and collaborative environment for continuous improvement in practice.

Residential Homes – Ofsted inspections

Lansdowne Secure Children's Home received an Assurance Inspection by Ofsted on 3 September 2025 where it maintained a judgement of Good. Inspectors noted that children had positive relationships with staff and observed a 'warm, lively atmosphere'. They also noted that 'The Registered Manager continues to demonstrate a clear understanding of the home's strengths and the areas that need further improvement and development'. There are plans in place to address these areas for improvement including monitoring has been strengthened, physical restraint is used proportionately, and multi-disciplinary working has been enhanced. The inspection recommended action to address consistency of supervision, use of 'language that cares' and taking action to improve the 'homeliness' of the environment – work is in progress to address these areas for development.

Silver Birches Children's Home was inspected by Ofsted on 4 and 5 August 2025 and maintained an outcome of Good. Inspectors noted that children receive good quality care, staff are child centred, and external professionals and family report positive relationships with the home. Children feel safe living in this home. Managers work well together as a team and are ambitious for children. Staff receive regular, good quality supervision, meaningful induction and have opportunities to have their voices heard. The Inspectors noted: 'Leaders and Managers actively promote equality, diversity and inclusion. Children can be themselves here.'

Looked After Children

The rate of Looked After Children (LAC) has seen a slight decline at Q2 to 66.5 (689 children) which is below the outturn at Q1 2025/26 of 67.1 (695 children). This rate remains below the national average rate for England of 68.6 and the IDACI (expected rates based on levels of deprivation) rate of 70.0. The rate is above our statistical neighbours (63.2, Q1 2025-26).

40 children entered care in Q2, compared with 56 in Q1.

14 children across 10 families were provided with Looked After Child status following or alongside the initiation of a pre-proceedings process that led (or is likely to lead) to the Council issuing care proceedings to safeguard the children. This pre-proceedings process is used when we believe that the risks to a child are so great that it might be necessary to ask the court to decide where the child will live and who they should live with through a court order. These children were placed with either their wider family or in foster care. Two further children entered care prior to pre-proceedings work being completed as a result of a significant escalation of concerns and issuing of proceedings.

15 separated migrant children were transferred to East Sussex via the National Transfer Scheme (NTS).

Five children entered care via an unplanned crisis led pathway, either via Police Protection or an unplanned Section 20 Children Act arrangement.

The demand for care admission for adolescents with complex needs across mental health, special educational needs and social care continues to be the most challenging area of demand, both from a practice and cost perspective.

Education

Improving Alternative Provision in East Sussex

On 1 September the transfer of Alternative Provision to the London South East Academies Trust (LSEAT) was completed. The new provision is known as the East Sussex Academy and is operating from three sites in Hailsham, Newhaven and Hastings. This is a significant step on our journey of transforming Alternative Provision. In 2025/26 the Council is commissioning 220 places at the East Sussex Academy. This is a 96% increase on the number of places we commissioned in 2024/25. The new academic year started well in September at all three sites with good pupil engagement and attendance.

During the summer terms LSEAT continued to provide an outreach offer to schools, providing flexible and bespoke support to meet the emerging needs of pupils with a focus on keeping children in mainstream schools. The Outreach team had involvement with 98 children (34 primary, 64 secondary) across 44 schools (23 primary, 21 secondary) and delivered training to 727 staff across primary and secondary schools. LSEAT continued to deliver the Alternative Provision Taskforce as part of the Change Programme. Multi-agency teams of specialists including Educational Psychologists, Speech and Language Therapists, Early Help Social Workers and Youth Workers work with individual children at mainstream secondary schools. From 1 September the Taskforce team has been co-located in East Sussex Academy, with regular meetings held across the sites.

Expanding Places for Wraparound Childcare

We are continuing to work with primary schools and early years providers to increase the number of Wraparound Childcare places, as part of the Government's ambition of supporting all families of primary aged children. The team have worked with providers to help upskill the workforce delivering training and support. 31 practitioners have been funded to complete a Level 3 qualification in Playwork. Our childminder recruitment campaign has resulted in approval for 3 new childminders supporting families in areas with little or no provision, the childminders will also be able to support families whose children attend a special school.

We launched a marketing campaign in June 2025 to promote wraparound provision and working families tax credits, aiming to fill places and support provider sustainability. This activity commenced in September 2025 and will continue until the end of the academic year. By the end of September funding has been agreed to create 1,362 new wraparound childcare places, with a further 23 places awaiting panel approval.

Special Educational Needs and Disabilities

Improving performance on the proportion of all new Education, Health and Care (EHC) Plans issued within 20 weeks continues to be a focus. During Q2, 30.5% of new EHC Plans (50 out of 164) including exceptions and 32.7% (49 out of 150) of new EHC Plans excluding exceptions were issued within statutory timescales. Cumulatively this year (Q1 and Q2 2025/26) of all new EHC Plans issued, 35.5% (102 out of 287) including exceptions and 37.7% (101 out of 271) excluding exceptions were issued within statutory timescales. For comparison, in Q1 and Q2 2024/25 the outturn was 72.2% including exceptions and 74.1% excluding exceptions.

There has been an ongoing steady decline in timescale performance due to late statutory advice from partners since Q3 2024/25. We are unable to finalise an EHC plan without health and social care advice. Where this is returned late it is not possible to finalise the 20-week process in timescales. The challenges seen in timescales is a national issue and, until this year, we had been performing well-above national and statistical neighbour averages for completion rates within 20-weeks. The level of demand for EHC Needs Assessments has increased significantly (up 63% in East Sussex in 3 years) which has placed significant pressure on statutory Special, Educational Needs and Disabilities (SEND) services and statutory partners.

As a direct consequence of the increase in referrals, the Educational Psychology Service (EPS) is under considerable pressure and are now unable to allocate new Education Health and Care Needs Assessments (EHCNA) the same week the decision is made. In some situations, there is a 2–3-week delay in being able to allocate cases and therefore EPS advice is not being returned within the usual timeframes and is causing an additional pressure on the meeting of statutory timelines.

There has been significant focus within social care to return to previous timeliness, supported by the Designated Social Care Officer. This includes the recruitment of additional posts to undertake the social care element of assessments, and we are starting to see an improvement in the timeliness of advice being received and it remains an area of focus. Advice from the Children's Integrated Therapy and Equipment Service (CITES) is not required for every EHCNA, however there has been a continued low and decreasing percentage of statutory advice from CITES being returned on time, which will continue to impact the Council's timeliness. The backlog of cases with CITES has reduced and we are starting to see earlier assessment dates being offered to new cases which should in turn lead to earlier advice being provided.

Due to the 'lag' in the system (as the statutory process is 20-weeks), it is unlikely that the mitigations we have put in place will be seen until the 2026/27 financial year. However, there is ongoing risk to this measure due to the demands and capacity pressures for statutory partners who are also seeing increases in demand for provision (e.g. direct therapies) as well as to undertake assessments.

Looked after children participating in education, training or employment

Final outcomes are expected at Q3 for both participation measures, which capture participation at academic age 16 (Year 12) and academic age 17 (Year 13). Due to the small cohort, which can mean that outturns are changeable and less predictable, these measures are highlighted as exceptions at Q2 (**ref i and ref ii**). We continue to work closely with individuals who are not currently in education, training or employment (NEET), in partnership with the Youth Employability Service (YES) to secure appropriate provision.

Revenue Budget Summary

Based on current financial modelling, the Q2 predicted outturn for the end of 2025/26 is £174.827m. This is a forecast year-end overspend of £14.854m (**ref xvi**). It is a £1.816m improvement since Q1.

In 2025/26 CSD has a net budget of £159.973m. There has been £13.301m additional budget given for growth and inflation, however £3.239m has been removed for permanent savings (**ref x**).

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This equates to a net increase of £10.062m. This year, all £3.239m of savings have been achieved.

The main financial pressure continues to come from the statutory demand-driven areas of LAC, CP, and Home to School Transport.

Not included in the figures reported above is the position of the Dedicated Schools Grant (DSG), which, in accordance with the Schools and Early Years Finance (England) Regulations 2020, is required by local authorities to be shown on their balance sheets. As of 31 March 2025, East Sussex has a cumulative surplus of £2.837m, which is very unusual, as most local authorities have significant deficits. However, there is an in-year forecast deficit of £20.062m on the DSG, which will result in an overall deficit by the end of 2025/26. £19.280m of the deficit is related to costs of provision for children with Education & Health Care Plans. The statutory override has been extended until March 2028, at which point the deficit will then be offset against any remaining useable council reserves. Recent long-term financial modelling indicates a £247.709m cumulative DSG deficit by the end of March 2032, which is unsustainable for the council. Consequently, the council is disappointed to hear that the promised SEND reforms will be postponed until 2026.

Commissioning and Transformation overspend of £11.610m (ref xiii)

Commissioning and Transformation is a new division in which all LAC placement expenditure sits. It has a budget of £69.988m and forecast expenditure of £81.598m at the end of 2025/26, based on current financial modelling.

£1.593m savings have been approved to come from the division this year and it is set to achieve them (ref iii). This is down to the early intervention workstreams Valuing Care and Connected Coaches. Both programmes have aimed to step down looked after children from high-cost placements into placements which meets their needs at a lower cost, or where possible, to reunify children with their families.

LAC placements

For 2025/26 a budget of £64.133m has been set for LAC placements. £1.000m of this budget is being transferred to pay for the Connected Families teams in Specialist Services, which are focused on prevention activity to support children to remain living with their families. A further £0.100m budget will be contributed to the South-East Regional Care Co-operative (RCC), which has been established to enhance regional commissioning, improve market shaping, and ensure there are sufficient placements to meet the needs of children in care.

LAC placements remain the largest financial pressure within Children's Services, with a Q2 forecast overspend of £11.525m for 2025/26. This is a decrease in the overspend of £0.584m since Q1.

A £15.581m overspend is forecast on agency residential and secure placements, with £0.194m underspend forecast on agency foster carers, a £2.741m underspend on agency semi-independent living, and a £0.615m underspend forecast on in-house East Sussex foster carers.

The financial picture nationally continues to be very challenging, and East Sussex is experiencing significant cost increases in agency residential placements in common with other local authorities. This has been highlighted in recent reports published by the National Audit Office and the Local Government Association. The National Audit Office report (published September 2025) outlined that spending on residential care for looked after children nearly doubled in five years, reaching £3.1bn in 2023–24 and averaging £0.318m per placement, while the number of children in residential care only increased by 10% in this same period. It concluded that a shortage of places for some looked after children, particularly those with more complex needs, has driven cost increases. The National Audit Office report also noted that 84% of children's homes are run by private providers, with profit margins averaging 22.6% in the 15 largest private providers.

The service continues to experience challenges in relation to placements for children with a high complexity of need and this includes:

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- Increase in the number of children in residential provision. In Q2 2024/25, 122 children were placed in residential children's homes (20% of all LAC), in Q2 2025/26 this has increased to 130 children (21% of all LAC). This relates to the needs of the children but also the lack of sufficiency in foster carers meaning that children who are suitable for foster care are in some cases having to be placed in residential provision
- Increase in cost and complexity of the top 20 highest-cost placements in the past 12 months. These placements are for adolescents with a high complexity of need across social care, health and education. Many children have emotional/mental health concerns, increasing numbers have a neurodiverse profile, and behaviours that challenge. A number require deprivation of liberty orders to ensure appropriate levels of safeguarding. The service has a small number of children currently placed in Care Quality Commission (CQC) registered settings due to the level of need, with no Ofsted registered provision being able to meet needs. The children in the top 20 highest cost placements are forecast to cost £12.9m this year, meaning that they make up 3% of the total looked after children numbers (excluding Separated Children), but will make up 17% of the total LAC placement spend in 2025/26 (£75.548m).
- Increase in the average price of all placements. This is particularly significant in relation to placements costing over £10,000 per week. In Q1 2024/25, 15 children were in placements over £10,000 per week and this had increased to 21 in Q1 2025/26. There were 22 children in placements costing over £10,000 per week in Q2. This is a national trend as recently highlighted in a report by the Local Government Association.

The rationale for the projected decrease in the forecast during Q2 is provided below:

- There was an increase in the cost of 62 agency placements totalling £4.859m. These increases were primarily related to a small number of children that were either new entrants to care and required high-cost placements to meet their complex needs, or where children moved to higher cost placements to better meet their needs, or where a child required additional support within their current placement.
- These cost increases were offset by a decrease in costs of £2.856m related to 43 agency placements. The bulk of these reductions were related to a small number of children living in high-cost placements where they either moved home or to lower cost placements including some significant reductions in costs.
- The in-house fostering forecast was recalculated based on spend to date which reduced it by £0.328m.
- The growth and churn figure was recalculated as at Q2 and reduced by £1.840m.
- There were additional health contributions of £0.469m agreed.
- The forecast costs at Lansdowne Secure Children's Home were reduced by £0.280m due to staff vacancies.
- The forecast costs in Children's Homes increased by £0.453m due to additional agency staffing required.
- Other small mitigations totalled a reduction in the LAC placement forecast of £0.105m.

In addition to the activity described in the sections above to try to reduce demand for statutory social care services, the following action is being undertaken to mitigate costs and reduce pressure within the looked after children budget.

- Connected Coaches – In 2025/26, Connected Coaches [edge of care] has delivered cost avoidance of £1.649m. The LAC placement forecast would be worse off over the course of a year by this figure, if these children had not been supported to remain living with their families through the work of the service.

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- Maintained delivery of successful Foundations programme (aimed at avoiding repeat care proceedings for parents/carers who have had children previously removed from their care), Family Group Conferencing and support for Kinship carers.
- Further embedding Valuing Care approach. This has achieved £3.718m of savings to date through step downs and reunifications. Further workforce development and integration into care planning and fostering assessment is underway. Valuing Care panels focus on plans for children and multi-disciplinary working to remove barriers to transition of placements.
- New 'Heading Home' strategy developed to support reunification planning and monitoring.
- A commissioning and placements service was established in 2024/25, with increased capacity. The service is focused on improved market management, challenging provider costs and working at a regional level with the Regional Care Cooperative to improve placement sufficiency and management across the South East. It is engaged in local frameworks which are being strengthened through the Regional Care Cooperative. Development work is underway with Integrated Care Boards regarding integrated commissioning models to establish consistency.
- Income from NHS Sussex has been included in the forecast to jointly fund placements that support the health needs of a small number of looked after children. Based on current joint funding agreements in place with the ICB, the service is currently forecasting receiving health contributions of £1.154m in 2025/26 towards placement costs for complex young people and is working hard to continue to increase this amount. This compares to £0.355m received from health to support placement spend in 2024/25.

The Commissioned Services budget is forecast to underspend by £0.068m this year due to a reduction in local authority contributions of £0.240m to the NHS required to meet increasing spend on therapeutic provision for cared for children. The CAMHS (Children and Adolescent Mental Health Services) adoption service will also be delivered in-house and funded from this budget at a cost of £0.100m (a reduction from £0.112m when provided externally).

Children's Disability Service (CDS) Placements will overspend by £0.154m, which is an improvement of £0.091m since Q1. This is due to several high-cost children having turned 18 and no longer receiving support from this service.

Early Help and Social Care overspend of £1.943m (ref xii)

Early Help and Social Care has a budget of £46.274m and forecast expenditure of £48.217m at the end of 2025/26.

£0.100m savings were approved to come from the division this year and it is set to achieve them (ref viii).

The Early Help service is reporting a £0.161m overspend due to Keyworker staffing. A recruitment freeze is in place in order to alleviate the pressure, which has resulted in an improvement of £0.135m since Q1.

The Locality Social Work and Family Assessment service is forecasting a £0.913m overspend. This is a reduction in spend of £0.823m since Q1. There have been increased pressures of £0.123m relating to accommodation within the No Recourse to Public Funds budget line and S17 Intentionally Homeless services, however these are mitigated by £0.964m within the following areas.

- Youth Homelessness has improved by £0.120m as the current number of cases is relatively small, through effective preventative work and mediation delivered to families.
- An increase in the Household Support Fund has created a £0.105m mitigation within the East and West Family and Youth Support Teams.
- There has been a net decrease in Special Guardianship Order allowances (through children reaching adulthood), resulting in a £0.515m reduction in spend.

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- Several children, with additional needs and high costs support packages (through s17 funding) have had changes in support packages (based on needs assessments) or transitioned to adults' services having turned 18, resulting in a £0.113m reduction in spend.
- Finally, staffing control measures such as holding vacancies, and reducing the intake of newly qualified social workers in 2025/6 have reduced the staffing overspend by £0.070m in Q2. The overspend in this area is the cost of meeting demand within the statutory area of social care. Of the forecast salary spend, only £0.012m is related to agency social workers, with the rest being permanent. The Council has one of the lowest levels of agency social workers in the country.
- There were some other small movements contributing to the remaining £0.041m forecast reduction.

The Connected Families Intervention Practitioners (CFIP) team works within Localities to safely reduce the number of children subject to CP and CIN plans. This has reduced the number of children who require care. CFIP has delivered cost avoidance of £1.018m in 2025/26 through their interventions with families. The Localities forecast spend for a year would be worse off by this figure if the service hadn't prevented these cases from escalating or being readmitted to the service.

There is a £0.703m pressure within Specialist Services. This is an increase in forecast spend of £0.253m since Q1. £0.083m of this movement is within Youth Justice with 2 new children being remanded. The Council will receive grant funding from the Ministry of Justice towards these remands 2 years in arrears. The remaining £0.170m movement is linked to the ending of project specific grants, and inflationary pay awards, which are not met by existing income sources. This service is considered essential in delivering cost avoidance and savings through preventive interventions and supporting reunification. It is also key to the Government's social care reforms through the Families First Programme.

There is £2.929m set aside within the Medium-Term Financial Plan for the Localities/Specialist Services pressures in 2026/27. If available next year, this will help towards the known pressures within the area. In the meantime, there is a plan in place to reduce staffing overspends through natural wastage and staff turnover and some reshaping.

A portion of the Looked After Children budget relating to staffing sits within Early Help & Social Care. This is currently forecast to be £0.252m overspent, which is an improvement of £0.112m since Q1.

The Separated Children forecast has reduced by £0.089m meaning there is now a £0.117m underspend. This is because of changes in staffing, plus a recalculation of the placement income forecast following feedback from the Home Office after the year's first data return.

Communication, Planning and Performance (including Home to School Transport) overspend of £1.355m (ref xv)

Communication, Planning and Performance has a budget of £33.528m and forecast expenditure of £34.883m at the end of 2025/26.

£0.957m savings were approved to come from the division this year and it is currently set to achieve £0.468m in 2025/26 and £0.489m in future years. An array of cost reduction measures is taking place within Home to School Transport (see below), which will increase the achieved savings figure throughout the year.

Outdoor Education is forecast to overspend by £0.020m. As part of the proposed transfer of Buzz Active to Bedes the saving (**ref v**) was deducted from the budget at the beginning of the year. Buzz Active will now be retained by the Council. In year mitigations are being sought including staffing structures and management of activity equipment in relation to both sales and purchasing. There has also been some additional income agreed over winter, which has led to a £0.059m reduction in the overspend since Q1.

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There were forecast reductions in spend of £0.063m in Planning and Performance, Organisational Development, and E Business. These were offset by forecast increases in spend of £0.010m within Safeguarding and Equalities and Participation.

Home to School Transport has a forecast overspend of £1.436m. This is an increase in spend of £0.002m since Q1, due to the service renewing their Independent Travel Training contract. This is an invest to save initiative which equips children and young people with the skills and freedom to use public transport, rather than the council paying to transport them privately.

The Home to School Transport forecast is calculated based on an extrapolated model of current and previous clients, with a growth figure added for recent applications, and an assumption made about unrecoverable income owed by other Local Authorities. The forecast will be refreshed in November when all the invoices relating to the cohort of children in this new academic year have been processed.

Due to conflicting Government legislation, Local Authorities can take different stances on who pays for looked after children who are placed in and have transport provided by other Authorities. The Council aligns with the Education Belongings Regulations 1996 but has now adopted a reciprocal position with the authorities it interacts with.

Of the forecast £29.607m spend, 62% relates to clients with SEND. Spend on these clients is set to increase by 10% from 2024/25. This is linked both to EHC Plan numbers and unit costs increasing. The increases have slowed since 2023/24, when there was a 19% increase in pupil numbers and 15% increase in unit costs. However, the numbers are set to increase again by 13% this year and the unit costs by 5%. The increase in unit costs is dictated by general inflation as well as the higher National Insurance contributions paid for drivers this year.

Significant work has gone into implementing cost reduction measures within the Home to School Transport service. Plans to optimise routes for the new academic year are underway, with 450 out of 663 taxi and minibus routes having been reviewed. The focus has been on the 25 schools where 75% of SEND pupils are being transported. As a result of this work, there will be 50 fewer routes across 16 optimised schools and 8 fewer taxis. The savings on taxis have been calculated at £0.200m per year (**ref vi**), and work is ongoing to quantify the results of the rest of the work which is why we anticipate increasing the amount of savings.

Solo routes have been reviewed and there was a reduction of 56 solo routes in July. Most of this is down to leavers, with some down to the optimisation work. There are 211 remaining solo routes, with SEND pupils accounting for 143 of these. There are also 23 Further Education students on solo routes and 23 Alternative Provision students.

A new Personal Transport Budget strategy has been rolled out and 184 families have been contacted with the enhanced offer. To date, a small number of families have accepted and been transferred from a solo taxi contract, resulting in £0.218m annual saving (also included in **ref viii**). This is combined with the £0.200m saving mentioned above to produce the total reported saving of £0.418m.

Education overspend of £0.123m (ref xiv)

Education has a budget of £154.299m and forecast outturn expenditure of £154.422m at the end of 2025/26.

£0.360m savings were approved to come from the division this year and it is set to achieve them (**ref iv**). This has been achieved through a review of staffing and resources across several education teams, along with a reduction in spend on external consultants.

Participation and Planning is showing an overspend of £0.094m as a result of both staffing costs and feasibility studies related to works in schools which do not go ahead and cannot then be capitalised. This has reduced by £0.032m since Q1 with a review of Dedicated Schools Grant funding.

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Inclusion and Partnerships is showing an underspend of £0.176m. This increased by £0.150m since Q1 with a delay in recruiting to 4 Attendance posts.

Central Resources underspend of £0.177m (ref xi)

Central Resources has a budget of £1.385m and forecast expenditure of £1.208m at the end of 2025/26. The underspend has reduced by £0.058m in Q2, due to an expensive legal case relating to a Separated Child.

Whilst savings of £0.229m were approved as part of budget-setting (ref vii), the division has been able to identify savings of £0.107m this year and £0.122m in future years. £0.102m of this year's savings are down to planned underspends in the new attendance function (ref ix). An additional saving related to the consolidation of back-office functions is taking place but the restructures required won't occur until after 2025/26.

Within this area, £0.177m academisation reserve funding and £0.040m Supported Families funding is being drawn down on in year.

Capital Programme Summary

The total capital budget for 2025/26 is £3.005m and the forecast spend is £2.771m, an underspend of £0.234m (ref xviii).

The underspend is within the Essential System Developments project (ref xvii). As the project started later than planned, there will be a slippage of staff and licensing costs into later years. The project is due to finish in August 2029 now, instead of 2028.

All other projects are forecast to budget.

Performance exceptions

Performance measure	Outturn 24/25	Target 25/26	RAG Q1 25/26	RAG Q2 25/26	RAG Q3 25/26	RAG Q4 25/26	Q2 outturn	Note ref
The percentage of LAC participating in education, training or employment at academic age 16 (Year 12)	85.25%	80%	G	A			Final outturn reported at Q3	i
The percentage of LAC participating in education, training or employment at academic age 17 (Year 13)	78%	70%	G	A			Final outturn reported at Q3	ii

Savings exceptions 2025/26 (£'000)

Service description	Original Target For 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	Note ref
Looked After Children	1,593	1,593	1,593	-	-	iii
Education	360	360	360	-	-	iv
Buzz Active	107	107	-	107	-	v

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Home to School Transport	728	728	418	310	-	vi
All divisions	229	229	5	122	102	vii
Supporting Families programme	100	100	100	-	-	viii
Communication, Planning and Performance	122	122	122	-	-	
Total Savings	3,239	3,239	2,598	539	102	
Attendance			102	-	(102)	ix
All divisions			-	-	-	
Subtotal Permanent Changes ¹			102	0	(102)	
Total Savings and Permanent Changes	3,239	3,239	2,700	539	0	x

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
Savings underachieved in-year		539	539	
Total	0	539	539	

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Revenue Budget 2025/26 (£'000)

Divisions	Planned Gross	Planned Income	Planned Net	2025/26 Gross	2025/26 Income	2025/26 Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note ref
Central Resources	3,544	(2,159)	1,385	3,449	(2,241)	1,208	95	82	177	xi
Early Help and Social Care	58,621	(12,347)	46,274	64,077	(15,860)	48,217	(5,456)	3,513	(1,943)	xii
Commissioning and Transformation	75,811	(5,823)	69,988	90,963	(9,365)	81,598	(15,152)	3,542	(11,610)	xiii
Education	305,308	(151,009)	154,299	309,978	(155,556)	154,422	(4,670)	4,547	(123)	xiv
Communication, Planning and Performance	37,777	(4,249)	33,528	39,922	(5,039)	34,883	(2,145)	790	(1,355)	xv
Schools	154,223	(154,223)	-	154,223	(154,223)	-	-	-	-	
DSG Non Schools	-	(145,501)	(145,501)	-	(145,501)	(145,501)	-	-	-	
Total CSD	635,284	(475,311)	159,973	662,612	(487,785)	174,827	(27,328)	12,474	(14,854)	xvi

Capital programme 2025/26 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
Housing Adaptations for Disabled Children's Carers' Homes	1,637	1,637	430	145	430	-	-	-	-	

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Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
Schools Delegated Capital	32,255	32,255	1,150	377	1,150	-	-	-	-	
Hastings & Rother Skills LUP	342	342	-	-	-	-	-	-	-	
Conquest Centre redevelopment	193	193	-	-	-	-	-	-	-	
Youth Investment Fund	1,000	1,000	93	84	93	-	-	-	-	
Youth Service Resource Bus LUP	53	53	53	-	53	-	-	-	-	
Children's Services Essential System Developments	1,507	1,507	1,279	313	1,045	234	-	-	234	xvii
Total CSD	36,987	36,987	3,005	919	2,771	234	0	0	234	xviii

Communities, Economy & Transport – Q2 2025/26

Summary of progress on Council Priorities, issues arising, and achievements

Economy and environment

Employability and Skills

The Visitor Economy Task Group worked with the East Sussex College Group to embed the UK Hospitality Skills Passport in their Hospitality Bootcamp courses in Q2. This led to the college group becoming an approved centre for the passport. Two Bootcamp courses were delivered in Q2, to help people improve their digital and marketing skills, 134 people started these courses.

227 Industry Champions were supporting schools and colleges with activities such as career talks and Open Doors workplace visits, at the end of Q2. The Careers Hub hosted Apprenticeship Roadshows in Hastings and Eastbourne in Q2, with over 900 young people, parents and adult job seekers in attendance, alongside 40 employers, apprenticeship training providers and support organisations. CXK / the Youth Employability Service, who were commissioned by the Careers Hub, have provided workshops to 1,008 Year 11 pupils who are at risk of becoming Not in Education, Employment, or Training.

The Department for Work and Pensions (DWP) has tasked the Council, alongside our partners West Sussex County Council and Brighton & Hove City Council, with creating a Get Sussex Working Plan 2025-2035. The plan will aim to ensure that 80% of working age residents are economically active by 2035. Research and stakeholder consultation has taken place and a Partnership Group, including the Integrated Care Board, the DWP, Sussex Chamber of Commerce and the 3 authorities, is overseeing the development of the plan. The draft plan was submitted to the Minister for Employment at the end of September, and is due to be considered by Members from the 3 authorities and launched in Q3.

The Council is also working alongside the Sussex Chamber of Commerce to create a new Local Skills Improvement Plan for Sussex 2026 – 2029. The plan is scheduled to be approved by the new Mayoral Combined County Authority which will oversee its delivery in partnership with the Chamber of Commerce.

We have also begun work to gather data to support the development of a Strategic Skills Plan. The Mayoral Combined County Authority will have the responsibility of preparing and delivering the skills plan, which will determine how funds received by the authority will be used to support skills priorities. The first draft of the plan will need to be completed by September 2026, with the final plan signed off by December 2026.

Apprenticeships

We have continued to maintain current numbers and spend during Q2 with 42 new apprentices enrolled and over £100K being spent on apprenticeship training each month. The bulk of apprenticeships continue to be within Children's Services, with all new frontline staff enrolled onto an apprenticeship. The curtailing of level 7 apprenticeships at the end of the year has resulted in an upsurge of applicants now, who will take up the training in Q3. Given the ceasing of the level 7 apprenticeships, we are focussing on new apprenticeships that can benefit as much of the workforce as possible. This includes Community Engagement apprenticeships which are suitable for staff across a wide range of teams within Adult Social Care. Since launching in the summer, we have seen a significant level of interest. Following the transition of the Apprenticeship Levy into the Growth and Skills Levy, a range of changes have been made, including shorter foundation apprenticeships for 18-24 year olds in areas such as Adult Care. This is designed to encourage employers to take on younger members of staff on an apprenticeship which is shorter in length (approximately 8 months) than other apprenticeships. We are currently engaging with local providers of these apprenticeships to be clear about the offer.

Cultural investment and recovery

As part of the [Experience Sussex](#) tourism digital marketing plan, campaigns in Q2 included English Wine Week which generated 2,600 clicks on links to the wineries and 1,736 people signing up to the newsletter. What's On summer, and Coastal Cultural Train campaigns were also held during Q2.

Business Support

128 businesses in East Sussex were supported through business support programmes in Q2. 109 of these were supported through the Growth Hub and 19 through Rural Business Grants.

Environment and climate change

We continue to work both across the organisation and with partners across a range of environment and climate change areas. During Q2 this included:

- finalising the corporate climate emergency progress report for 2024/25
- identifying corporate sites where it would be possible to install electric vehicle charge points
- entering into discussions with UK Power Networks about what scale of solar farm could be accommodated on the closed landfill at Pebsham, in light of constraints on the national grid
- continuing to represent East Sussex interests on the Greater South East Net Zero Hub board
- providing environmental advice to local planning authorities in East Sussex on over 700 planning applications
- continuing to host the Sussex Nature Partnership and the Sussex Air Quality Partnership
- assessing the tenders for the next Sussex Air quality data management contract, covering 2026 - 2028
- completing the mapping, and consultation with local authorities, required as part of developing the local nature recovery strategy for East Sussex and Brighton & Hove.

Planning

100% of County Matter applications were determined within the statutory determination period during Q2. 100% of County Council development applications were determined within 8 weeks or within an agreed extension of time during Q2.

Highways, transport and waste**Highways improvements and road condition**

5,274 potholes were repaired in Q2, with 3,532 of these being carriageway potholes; the remainder were primarily footway potholes. We also completed 33 road improvement schemes to improve the condition of the roads.

Road safety

6 road safety infrastructure schemes were delivered during Q2. The Council runs courses aimed at giving children and adults the skills they need for riding their bikes on the road. We delivered 92 Bikeability courses to 640 individuals in Q2 and 137 'Wheels for All' sessions to 1,932 attendees.

Transport and parking

£18.5m of capital funds were allocated to bus priority measures in East Sussex as part of the Government's Bus Service Improvement Plan (BSIP). 5 bus priority schemes across Eastbourne, Newhaven and Peacehaven were identified, and a public consultation on all schemes took place in summer 2023. Construction of the Seaside and St Anthony's Avenue schemes will follow in 2026/27, and the Eastbourne Station Area scheme will be considered

again by Planning Committee in Q3 to allow for further engagement with stakeholders on the proposed options. In Q4 2024/25, a Project Adjustment Request was approved by the Department for Transport (DfT) to transfer funds from the remaining 2 bus priority measures to the Exceat bridge project. Approval to reallocate these funds was given by Cabinet in Q1 2025/26. The Council has allocated the 2025/26 BSIP capital funding to the Newhaven bus priority scheme. To meet DfT programme targets the scheme has been split into 2 phases, the Drove phase and the Denton Corner phase. The Denton Corner phase has progressed into the detailed design phase with construction scheduled to follow in 2026/27. The Drove phase is still to be scheduled. We aim to deliver the Telscombe Cliffs to Peacehaven bus priority scheme at the earliest opportunity if future BSIP funding is available.

Following approval by the DfT and the Office for Zero Emission Vehicles, the Council has received the full £4.441 million allocation from the Government's Local Electric Vehicle Infrastructure (LEVI) Fund, which will support the delivery of on-street electric vehicle charge points across the county. The Council now published and evaluated the tenders for a ChargePoint Operator in Q2 and selected a winning bid. The proposal has been submitted to the LEVI Support Body and DfT for final approval. If approval is granted the contract is expected to be awarded in Q3.

Waste

The Q1 outturn (reported a quarter in arrears) for the amount of waste re-used, recycled or composted or used beneficially was 55%. Despite total household waste being higher than forecast, recycling levels are also higher than expected, resulting in performance remaining on target. Food waste collections will be in place across the county by April 2026. East Sussex waste facilities are being adapted to accommodate the change. A wider range of recycling materials will also be accepted from April 2026. East Sussex and third party material sorting facilities are being adapted in order to cater for the new materials.

Rights of Way (RoW) and Countryside Sites

We completed 91% of high priority maintenance work on schedule in Q2. Planned and proactive vegetation clearance has been ongoing during the summer; however recent stormy weather has increased the number of fallen trees which has increased the amount of unplanned reactive work needed.

Communities

Trading Standards

Trading Standards made 37 interventions to protect vulnerable people who had been the target of rogue trading or financial abuse in Q2. The team dealt with a wide range of fraud and scam interventions which involved nearly £330,000 of financial risk to the vulnerable people involved. Alongside this the team continued to provide advice and support to businesses, with 151 businesses benefitting from this service in Q2.

Libraries

6,779 children took part in The Summer Reading Challenge in Q2. The Summer Reading Challenge encourages children to read during the summer holidays and inspires them to tap into a world of imagination through reading. 114 promotional assemblies were held in schools, and 81 volunteers supported the challenge in libraries. Celebratory certificates for children who completed the challenge will be sent to schools to present to the children in Q3.

589 It for You sessions were attended in Q2. The Library service continues to recruit volunteers to support the areas where need is highest. There were 216 enrolments on Family Learning Programmes to help people develop their English, maths and language skills.

Revenue Budget Summary

The CET revenue budget is £76.633m and is forecast to underspend by £227k. The largest overspend is in Highways where the cost of electricity for streetlighting and depots is much higher than budgeted **(ref iv)**. The underspend in Planning and Environment is in Transport Development Planning where there are staff vacancies and additional s278/s38 income contributions **(ref v)**. The underspending in Communities **(ref iii)**, and Customer, Library and Registration **(ref ii)** is mostly due to staff vacancies. It is likely that £1.187m of the planned 2025/26 savings will not be achieved this year mostly due to a shortfall in car parking income **(ref i)**.

Capital Programme Summary

The CET capital programme has a gross budget of £65.582m and there is slippage of £15.180m, overspend of £481k and spend in advance of £270k. The largest slippage is the Bus Service Improvement Plan scheme where staff sickness has resulted in delays in the delivery of critical tasks. Action has been taken to try and accelerate spend on the project **(ref vii)**. The Eastbourne and South Wealden Walking and Cycling scheme has slipped mostly due to legal issues on the Wilmington Square project **(ref x)**. There are significant contractor and planning delays in the Hastings and Bexhill Movement and Access Package **(ref ix)**. Forecast spend on a number of Other Integrated Transport projects has been reduced due to Balfour Beatty Living Places and Council resourcing issues **(ref xi)**. The contractor has been unable to appoint a project manager for the Safer Roads A2101 Scheme and so work will not start until the new year **(ref vi)**. The overspend is mostly due to increased cost from the contractor on the BSIP Passenger Transport project **(ref viii)**. The main spend in advance is due to construction cost increases and compensation events on the Hastings Town Centre Public Realm scheme **(xii)**.

Performance exceptions (See How to read this report for definition)**Priority – Driving sustainable economic growth**

Performance measure	Outturn 24/25	Target 25/26	RAG Q1 25/26	RAG Q2 25/26	RAG Q3 25/26	RAG Q4 25/26	Q2 outturn	Note ref
None								

Savings exceptions 2025/26 (£'000)

Service description	Original Target For 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	Note ref
Trading Standards	94	94	94	-	-	
Road Safety	18	18	18	-	-	
Registration Service	119	119	119	-	-	
Library – Adult learning	92	92	92	-	-	
Library - Stock	100	100	100	-	-	
Parking – on Street	110	855	106	749	-	
Parking - Other	410	410	-	410	-	
Parking - Rother DC	28	28	-	28	-	
Waste – Booking system	50	50	50	-	-	
Waste	65	65	65	-	-	
Rights of Way and Countryside Sites	48	48	48	-	-	
Highways	50	50	50	-	-	
Economy Division (Service-Wide)	369	369	314	-	-	
Total Savings	1,553	2,298	1,111	1,187		i
Subtotal Permanent Changes ¹						
Total Savings and Permanent Changes						

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
Parking – on Street		749	749	
Parking - Other		410	410	
Parking Rother DC	-	28	28	
Total		1,187	1,187	

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

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³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Revenue Budget 2025/26 (£'000)

Divisions	Planned Gross	Planned Income	Planned Net	Projected Gross	Projected Income	Projected Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note ref
Management and Support	6,136	(3,186)	2,950	6,106	(3,175)	2,931	30	(11)	19	
Customer and Library Services	9,828	(4,115)	5,713	9,679	(4,119)	5,560	149	4	153	ii
Communities	3,316	(940)	2,376	3,344	(1,113)	2,231	(28)	173	145	iii
Transport & Operational Services	124,814	(79,780)	45,034	124,817	(79,864)	44,953	(3)	84	81	
Highways	22,129	(4,993)	17,136	24,073	(6,366)	17,707	(1,944)	1,373	(571)	iv
Economy	2,517	(550)	1,967	3,327	(1,416)	1,911	(810)	866	56	
Planning and Environment	5,945	(4,488)	1,457	5,850	(4,737)	1,113	95	249	344	v
Total CET	174,685	(98,052)	76,633	177,196	(100,790)	76,406	(2,511)	2,738	227	

Capital programme 2025/26 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
The Keep	1,096	1,096	212	-	212	-	-	-	-	
Gypsy and Traveller Site Refurbishment	700	700	137	85	137	-	-	-	-	
Peacehaven Library	-	-	-	-	-	-	-	-	-	
Alder Close Heating	188	188	188	24	188	-	-	-	-	
Libraries	5,139	5,139	489	19	442	47	-	47	-	
Broadband	33,800	33,800	338	31	338	-	-	-	-	
Bexhill and Hastings Link Road	126,247	128,347	-	35	137	(137)	(137)	-	-	
BHLR Complementary Measures	1,800	1,800	132	3	132	-	-	-	-	
Economic Intervention Fund	8,884	8,884	-	-	-	-	-	-	-	
Economic Intervention Fund - Loans	3,000	3,000	22	-	-	22	-	22	-	
Growing Places Fund	6,913	6,913	650	-	650	-	-	-	-	
Community Focused Road Safety Interventions	750	750	422	53	131	291	-	291	-	
Safer Roads Fund A2101	840	840	864	-	28	836	-	836	-	vi
Climate Emergency Works	6,154	6,195	242	80	283	(41)	(41)	-	-	
Flood and Coastal Resilience Innovation	4,891	4,891	840	(28)	910	(70)	-	-	(70)	
Flood Management SuDS	890	890	-	(52)	-	-	-	-	-	
Solar Panels	-	-	-	3	-	-	-	-	-	
Newhaven Port Access Road	23,271	23,271	28	6	28	-	-	-	-	
Local Electric Vehicle Infrastructure	4,541	4,541	500	-	-	500	-	500	-	
Real Time Passenger Information	3,181	3,181	267	(18)	199	68	-	68	-	
Bus Service Improvement Plan	11,372	11,372	9,877	315	1,231	8,646	-	8,646	-	vii
BSIP Passenger Transport	4,370	4,673	804	988	1,107	(303)	(303)	-	-	viii

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Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
PAX Software System	37	37	5	3	5	-	-	-	-	
Queensway Gateway Road	3,313	3,313	470	1,945	470	-	-	-	-	
Hastings and Bexhill Movement & Access Package	9,583	9,583	2,346	623	735	1,611	-	1,611	-	ix
Eastbourne/South Wealden Walking & Cycling Package	6,936	6,936	1,903	69	183	1,720	-	1,720	-	x
Hailsham/Polegate/Eastbourne Movement & Access Corridor	2,251	2,251	310	30	150	160	-	160	-	
Eastbourne Town Centre Movement & Access Package A	6,936	6,936	2,290	152	2,290	-	-	-	-	
Eastbourne Town Centre Movement & Access Package B	5,454	5,454	4,328	2,729	4,328	-	-	-	-	
Other Integrated Transport Schemes	66,646	66,646	4,140	1,023	2,998	1,142	-	1,142	-	xi
A22 Corridor Package	4,992	4,992	4,992	2,386	4,992	-	-	-	-	
A22 North of Hailsham	118	118	272	130	272	-	-	-	-	
Community Match Fund	780	780	451	44	451	-	-	-	-	
Emergency Active Travel - Tranche 2	438	438	403	28	403	-	-	-	-	
Area-wide traffic management scheme – Schools Streets	200	200	154	-	154	-	-	-	-	
ATF 5 School Streets	61	61	61	-	61	-	-	-	-	
ATF Eastbourne Liveable Town Centre	274	274	217	59	80	137	-	137	-	
Hastings Town Centre Public Realm and Green Connections	9,689	9,689	824	532	1,024	(200)	-	-	(200)	xii
Exceat Bridge	21,719	21,719	2,587	283	2,587	-	-	-	-	
Queensway Depot Development	1,956	1,956	1	2	1	-	-	-	-	
Urban Tree Challenge	262	262	15	6	15	-	-	-	-	
Core - Highways Structural Maintenance	499,175	499,175	16,667	15,267	16,667	-	-	-	-	
Visibly Better Roads	5,800	5,800	248	151	248	-	-	-	-	
Core Programme - Bridge Assessment Strengthening	38,785	38,785	3,480	1,519	3,480	-	-	-	-	
Core Programme - Street Lighting - Life Expired Equipment	39,248	39,248	2,596	1,050	2,596	-	-	-	-	
Core - Street Lighting - SALIX scheme	2,961	2,961	-	-	-	-	-	-	-	
Core Programme - Rights of Way Surface Repairs and Bridge Replacement	10,417	10,417	810	406	810	-	-	-	-	
Total CET Gross (Planned Programme)	986,058	988,502	65,582	29,981	51,153	14,429	(481)	15,180	(270)	

Governance Services – Q2 2025/26

Summary of progress on Council Priorities, issues arising, and achievements

Reconciling Policy, Performance and Resources (RPPR)

The Council is currently facing the most difficult financial outlook in its history. Despite our efficient and effective services and partnerships, there remains a fundamental mismatch between the needs of our residents, the cost of delivering services and the funding we currently expect to have. The projected deficit for 2025/26 will require a further draw on our already depleted reserves making it more difficult to set a balanced budget in February without additional funding to meet the needs of the population of East Sussex. We have begun work to identify further savings in 2026/27 as part of efforts to bridge the funding gap. Additional savings will have further significant impacts on local people, staff and partners and may increase the need for and cost of services in future years. With very limited options remaining we are faced with hard, short-term choices which do not reflect how we would want to approach evidence-based, longer term planning. In anticipation of a potential need to seek Exceptional Financial Support from Government, we invited CIPFA to undertake a financial governance and assurance review during Q2 to provide an independent check on the actions the Council is taking in response to the financial outlook. Cabinet considered CIPFA's report as part of RPPR planning in November and agreed with the implementation of an action plan developed to address the report's recommendations.

Devolution and Local Government Reorganisation

Alongside our partners in West Sussex County Council and Brighton & Hove City Council, we continued work in Q2 on the proposed establishment of a Mayoral Combined County Authority for Sussex as part of the national devolution priority programme. We continue to work towards securing the opportunities from devolution.

Along with our district and borough council partners, we submitted our One East Sussex proposal for Local Government Reorganisation (LGR) in East Sussex in Q2. One East Sussex shows that a single unitary council would be simpler for residents, would save money, and would avoid the extra complexity of splitting up existing services. Pending Government decisions, a public consultation on One East Sussex will follow with a decision from Government expected in March 2026.

Corporate Lobbying

Throughout Q2 the Leader and Chief Executive continued to raise issues and priorities for the county with our local MPs, including highlighting the stark financial position the Council faces in individual meetings with MPs and ministers. During Q2, the Government consulted on its proposed approach to local authority funding reform through the Fair Funding Review 2.0. The Council provided a robust response which in particular emphasised the need for updated relative needs formulae to better take account of the county's older population, the need for a more sophisticated approach to calculating local labour costs, and the negative impact on the Council of a proposed 100% Council Tax equalisation. We also wrote to our local MPs to request their support for the Council's position and received support in raising the Council's concerns with ministers directly. Further lobbying work included the Council taking the opportunity to provide a briefing to local MPs in advance of a parliamentary debate on Special Educational Needs and Disabilities provision in the South East, on the key issues for East Sussex.

We continue to draw on broader partnerships and networks at the local, regional and national level to lobby on current priorities, including through the Local Government Association, County Councils Network and South East 7. Chief Officers also continue to influence service specific national policy developments through national professional associations and networks and responses to specific Government consultations within their service areas.

Supporting democracy

During Q2 we supported 33 meetings including: 2 County Council meetings; 2 Cabinet meetings; 6 Lead Member meetings; 8 Scrutiny Committees and Review Boards and 15 other committees and panels. We also despatched agendas for a further 6 meetings and supported 1 Whole Council Forum. The webcasts of meetings were viewed 2,296 times in Q2. The most viewed meeting was the Full Council meeting on 8 July 2025, which received 210 views, either live or as a recording.

In Q2, the Member Training and Development programme continued to deliver a range of courses and briefings in support of Members and the roles they hold. Courses delivered included sessions on East Sussex Housing Partnership Strategy, Road Safety, Archaeology, Funding Reform, Adult Social Care Prevention Strategy: Wellbeing approach, Overview of Education, Food Waste, and NHS 10 Year Plan. Most training sessions continue to be delivered remotely with resources, such as slides and a recording from training sessions, being saved to the Councillors' area of the intranet for future reference.

We supported 12 Scrutiny Committee and Reference Group meetings during Q2. The Council's scrutiny committees have continued to make use of varied approaches to ensure timely scrutiny input on a range of issues. A joint Place and People Scrutiny Committee reference group on devolution and LGR met twice to consider and comment on the latest position with both programmes. Scrutiny comments on the LGR proposal for East Sussex were considered by Cabinet as part of its decision making in September. The Place Scrutiny Committee met twice in Q2 and scrutinised issues including the end of year 2 performance of the highways maintenance contract. The Committee also received a briefing on the request assessment process, a supporting document to the Local Transport Plan 4, the development of which the Committee contributed to during 2023/24. The People Scrutiny Committee met twice in Q2 and considered reports on Healthy Ageing, Special Educational Needs and Disabilities (SEND), the annual report of the Safeguarding Adults Board and the annual review of Safer Communities. The Committee also received a briefing on the East Sussex Housing Partnership ahead of considering a report on the Housing Partnership Strategy at its July meeting. Both People and Place Committees also considered the State of the County and 2024/25 year end monitoring reports in July as part of ongoing scrutiny engagement in the RPPR process. The Health Overview and Scrutiny Committee met in Q2 where it considered and commented on reports on improving access to primary care services and children's mental health services in the county.

The Health and Wellbeing Board met twice in Q2 and considered reports on the Better Care Fund, work conducted by Healthwatch, NHS reforms, the annual Director of Public Health report, the Autism Action Plan and the Pharmaceutical Needs Assessment. Health and Wellbeing Board members also attended a strategy session on reducing health inequalities as part of the Board's series of 'deep dives' on specific issues which are held 2-3 weeks before each formal meeting to inform the future Health and Wellbeing Strategy.

Q2 also saw significant work undertaken by the East Sussex School Appeals Service. 60 appeals were received during Q2 with a further 37 appeals, which had been received in Q1, also being worked on. In total 54 appeals were heard, of which 9 were successful and 45 were dismissed by an Independent Appeal Panel. This resulted in appeals being heard across 10 days. Of the remaining 43 appeals, 17 are due to be heard during Q3 and 26 were either withdrawn by the families or were not needed because a place became available at a preferred school before the hearing. 2 school exclusion review requests were also received during Q2. Of these, 1 review request was heard by an Independent Review Panel in Q2 and 1 will be heard in Q3.

Legal Services

During Q2, Legal Services assisted Trading Standards in the successful prosecution of a rogue trader who had significantly overcharged elderly homeowners for below standard work. Sentencing is due to take place in Q3. Confiscation proceedings will be commenced to recover monies owed to the victims. In Q2 the Service also assisted Income Recovery in securing the recovery and repayment of debts totalling £292,206 compared to £12,621 in Q2 2024/25.

During Q2 the Service advised in relation to 67 Court of Protection cases compared to 58 in Q2 2024/25 and 86 Community Deprivation of Liberty Safeguards applications compared to 71 in Q2 2024/25. The Service also advised on matters relating to safeguarding vulnerable adults and continuing health care, and inquest hearings. In addition, the Service gave legal advice on 51 adult social care matters compared to 46 in Q2 2024/25.

The Service continues to work closely with Children's Services, providing advice and representation, including in pre-proceedings and court applications for care proceedings. Our priority is to keep children within their family when it is safe to do so, and for public law applications to be a necessary and proportionate response to achieve the best outcome for the child. At the end of Q2 2025/26, there were 36 ongoing pre-proceedings, this is 6 more than at the end of Q2 2024/25. At the end of Q2 2025/26, there were a total of 48 ongoing care proceedings for 82 children compared to 66 for 122 children at the end of Q2 2024/25. In Q2 2025/26 concluded proceedings took on average 43 weeks to conclude per child compared to an average of 47 weeks in Q2 2024/25.

During Q2, the Service completed agreements to secure financial contributions to the Council of over £1m, together with the delivery of additions and improvements to the highway network across the county. The Service also advised on 50 new property matters compared to 57 in Q2 2024/25. In addition, the Service has completed two academy conversions in Q2. The Service also completed a complex surrender of part of a long lease, which will facilitate the release of significant central government funding for schools. During Q2 2025/26, the Service also advised on 54 new contract and procurement matters compared to 62 in Q2 2024/25.

Coroner Services

The Council provides staff and accommodation to the East Sussex Coroner in undertaking the judicial role of investigating violent, un-natural or sudden deaths of unknown cause and deaths in custody. Accommodation includes the provision of mortuary, pathology, histology, toxicology and body removal services, as well as court and office accommodation and relevant hardware, software and information technology support. In Q2, current assistant coroner, Laura Bradford, was appointed by the consent of the Chief Coroner and the Lord Chancellor as the new Senior Coroner. With the new Coroner's Office and courtrooms all under one roof at Westfield House at County Hall, the new Senior Coroner will have the opportunity to build on a service which provides key information and support to families, often at a time of significant vulnerability.

As an independent judicial officer holding office under the Crown, the Coroner operates entirely independently to the Council in making decisions about post mortems and inquests.

During Q2 2025/26, 336 deaths were reported to the Coroner compared with 524 in Q2 2024/25. Of those deaths, 59% (197) went on to have a post mortem compared to 47% (244) in Q2 2024/25. 95 Inquests were opened during Q2 compared to 105 inquests that were opened during Q2 2024/25. 72 Inquests were closed in Q2 2024/25 compared to 89 closed in Q2 2024/25. In Q2 2025/26, 1 inquest with a jury was held compared to none being held in Q2 2024/25. In Q2, 4 Inquests in writing were held, which do not require court bookings, compared to 20 in Q2 2024/25. There are currently 268 open inquests compared to 269 at the end of Q2 2024/25. At the end of Q2 64 Inquests were over 12 months old compared to 47 at the end of Q2 2024/25.

Regulation of Investigatory Powers Act (RIPA)

There were no Authorisations under RIPA during Q2.

Local Government Ombudsman complaints

The Ombudsman issued 15 decisions in Q2. 4 of these cases related to Adult Social Care (ASC) and 11 related to Children's Services (CS). 9 cases were closed before a full investigation for a variety of reasons. This included insufficient evidence of fault, complaints being out of the Ombudsman's jurisdiction, because the complaint had not been through our internal complaint process or because the Ombudsman had sufficient information to uphold the complaint.

All 6 cases that were fully investigated related to CS and were closed with the complaint partly or fully upheld as follows:

CS - The parent complained about the Council's handling of issues she had accessing her son's education, school transport, and how we communicated with her. The Ombudsman found the Council at fault for failing to ensure her son received an education and that there was school transport he could access during a six-month period and found some fault in how it communicated with the parent. The Council has agreed to apologise to the parent and pay £3,300 to acknowledge the distress and uncertainty she and her son experienced as a result of the Council's faults and to acknowledge the loss of education her son experienced from May to December 2024.

CS - The parent complained that the Council failed to secure the special educational provision set out in her daughter's Education Health and Care Plan (EHCP). She said that her daughter did not receive Cognitive behavioural therapy-informed emotional support or social skills provision during 2023 and 2024, despite this being clearly specified in Section F of the EHCP. The Ombudsman found the Council at fault for failing to deliver the emotional support provision specified in the EHCP for a prolonged period. The Council has agreed to reimburse the parent £750 for the cost of privately arranged autism support sessions delivered between November 2023 and May 2024. It has also agreed to pay the parent £1,500 in recognition of the missed provision, the impact this had on her child and for her time and trouble in pursuing the complaint.

CS - The parent complained that the Council delayed reviewing and updating his daughter's EHCP when she was struggling to attend her mainstream school and also failed to secure a suitable education for his daughter when she was out of education. The Ombudsman found the Council at fault as there was delay in the Council finding his daughter a new school place and a delay issuing a new EHCP. The Council also failed to ensure she received a suitable education while she was out of school. The Council has agreed to apologise to the parent and make a payment of £3,500 in recognition that his daughter did not receive a suitable education between February 2024 and September 2025 and the distress this caused.

CS - The parent complained that the Council failed to provide suitable alternative provision for her son, or the provision specified in Section F of his EHCP since September 2023 when his school placement broke down. She also complained about delays in the annual review process and in issuing a final EHCP. The Ombudsman found the Council was at fault for delays in the annual review process. The Council was also at fault for the failure to provide appropriate alternative provision and to ensure her son received the provision in his EHCP. The Council has agreed to apologise to the parent and pay her £3,550 in recognition of the missed education and SEN provision and the frustration, distress and uncertainty the Council's actions have caused her.

CS - The parent complained that the Council failed to provide alternative provision while her daughter was unable to attend school. She also complained that the Council failed to arrange transport when a place at a special school was agreed. The Ombudsman found the Council at fault for failing to provide alternative provision for approximately two and half terms. The Council has agreed to pay the parent £5,250 in recognition of the missed education between October 2023 and June 2024 and the frustration, distress and uncertainty the Council's actions have caused her.

CS - The parent complained that the Council delayed in providing alternative education to her daughter and that, when it was provided, it was unsuitable. The Ombudsman found that there was fault by the Council on the first complaint and a lost opportunity on the second but with limited injustice. The Council has agreed to make payments totalling £3,150 for the avoidable distress, the loss of education and opportunity. The Council has already amended its alternative education policy for pupils medically unfit to attend school and has agreed to consider further service improvements.

Web activity

There were almost 1.8 million page views of the main Council website in Q2, from just over 840,000 visits.

A searchable record of inquests has been developed and added to the coroner's section of the website. This allows families and other organisations to get information about inquests directly without needing to make an enquiry. As well as being more efficient for users, this frees up an estimated 12 hours of officers' time each month.

A new section of the website for ceremonies was completed and launched in Q2, replacing an externally-hosted site and reducing annual costs by around £5,000.

Media and information work

There were 387 media stories about the Council in Q2, including 46 on TV or radio. The press office dealt with 141 media enquiries and issued 33 press releases which generated 96 stories.

There was significant coverage of the Queensway Gateway Road project, the delays to completion and the opening of the road. There were a number of enquiries about flags being attached to lampposts and painted on roundabouts in Q2. LGR also continues to attract coverage.

Effective publicity and campaigns

A targeted campaign in July to raise awareness of alcohol support services saw referrals to One You East Sussex increase by 73%.

The annual summer reading challenge, encouraging children to read over the summer holidays, saw almost 6,800 children sign up. Our advertising increased the number of clicks on digital ads by 172% when compared to 2024/25.

There was an increase of 55% in new sign ups to the Flexibus service following our summer campaign (compared to the 10 weeks before the campaign). Investment in Google and YouTube adverts were particularly effective in increasing growth in the service.

A new approach to promoting the Life Transitions programme saw more people sign up than any previous recruitment efforts, with 11 new applicants during the initial campaign. Adverts directed people to an online feature which explained more about the service, which helps people preserve their wellbeing and mental health through significant life changes.

South East 7 (SE7)

SE7 Leaders met in Q2 and discussed opportunities and priorities for collective lobbying. The Board reflected on the Government's Fair Funding Review 2.0 consultation, noting the particular importance for SE7 councils of the approach to Council Tax equalisation, deprivation, and the pace of transition. As the proposals raised different issues and priorities for each council, Leaders agreed to lobby individually on the Review, but also to continue to identify issues of collective interest. These included ongoing reforms in the NHS, on which Leaders continued to advocate for a strong local government voice and the protection of Adult Social Care. The Board additionally shared updates on the development of LGR proposals ahead of their submission to Government. SE7 Chief Executives also continue to meet regularly, and in Q2 discussed the progress of devolution and key challenges in budget planning.

Revenue Budget Summary

Governance Services' has a net budget of £9.377m and at Q2 is forecast to be on budget. There is an overspend in Legal Services, mostly due to the cost of locum cover for maternity leave. This is offset by staff vacancies across other services.

Performance exceptions (See How to read this report for definition)

Performance measure	Outturn 24/25	Target 25/26	RAG Q1 25/26	RAG Q2 25/26	RAG Q3 25/26	RAG Q4 25/26	Q2 outturn	Note ref
None								

Savings exceptions 2025/26 (£'000)

Service description	Original Target For 2025/26	Target including items c/f from previous year(s)	Achieved in-year	Will be achieved, but in future years	Cannot be achieved	Note ref
Member Services	32	32	32			
Performance, Research and Intelligence	99	99	99			
Communications	62	62	62			
Coroners Offices	40	40	40			
Total Savings	233	233	233	0	0	
Subtotal Permanent Changes ¹						
Total Savings and Permanent Changes	233	233	233	0	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
	-	-	-	
	-	-	-	
	-	-	-	
Total	0	0	0	

¹ Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

² Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

³ The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

Revenue Budget 2025/26 (£'000)

Divisions	Planned Gross	Planned Income	Planned Net	Projected Gross	Projected Income	Projected Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note ref
Corporate Governance	5,985	(248)	5,737	5,848	(253)	5,595	137	5	142	
Corporate Support	4,027	(387)	3,640	4,154	(372)	3,782	(127)	(15)	(142)	
Total Governance	10,012	(635)	9,377	10,002	(625)	9,377	10	(10)	0	

Capital programme 2025/26 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
No current programme for Governance	-	-	-	-	-	-	-	-	-	
Total GS Gross (Planned Programme)	-	-	-	-	-	-	-	-	-	

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Strategic Risk Register – Q2 2025/26

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
5	<p>RECONCILING POLICY, PERFORMANCE & RESOURCE</p> <p>There is ongoing uncertainty in relation to future funding allocations and the impact of national reforms, particularly across Children's Services and Adult Social Care. Ongoing high inflation/cost of living is leading to higher demand for Council services and has increased the direct cost of providing services. Together with increased need related to demographic changes these factors create a risk of insufficient resources being available to sustain service delivery to meet the changing needs of the local community.</p> <p>Our revenue budget for 2025/26 includes a draw from reserves to provide a balanced budget alongside implementing savings. Total strategic reserves are projected to be £4.5m by 2029, which excludes any additional draws required to balance budgets in 2025/26 or beyond. This compares with a cumulative deficit of £70.8m by 2028/29. We are reliant on the multi-year settlement in 2026/27, fair funding review and business rates review delivering sufficient funding to meet the needs of our residents.</p> <p>Additionally, there are risks and uncertainties regarding the capital programme over the current Medium Term Financial Plan period and beyond, which could impact on the ability to deliver the Council's priorities and set a balanced budget. Funding uncertainty (including capital grants, receipts and developer contributions), inflation, supply chain issues and high interest rates could all constrain our ability to implement our Capital Strategy and increase the pressure on the revenue budget via increased borrowing costs.</p>	<p>We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning, which ensures a strategic corporate response to resource reductions, demographic change, and regional and national economic challenges; and directs resources to priority areas. We take a commissioning approach to evaluating need and we consider all methods of service delivery. We work with partner organisations to deliver services and manage demand, making best use of our collective resources. We take a 'One Council' approach to delivering our priorities and set out our targets and objectives in the Council Plan. We monitor our progress and report it quarterly.</p> <p>The Council reviews and updates its 20-year Capital Strategy annually as part of the RPPR process, which sets the framework in which the capital programme is planned and allows the Council to prioritise investment to support its objectives. The development and delivery of the capital programme is overseen by a Capital Strategic Asset Board (CSAB), which is a cross departmental group, who also hear from Departmental Capital Board/Sub Boards who oversee priority areas.</p> <p>Our plans take account of known risks and pressures, including social, economic, policy and demographic changes and financial risks. However, we continue to operate in changing and uncertain contexts. Current and forecast economic conditions continue to shape a very challenging financial outlook both for the Council itself and many of the county's residents and businesses. Alongside this we continue to face ongoing challenges as a result of the persistent legacy of Covid, the increased cost of living and other national and international factors. We will continue to use the latest information available on these challenges to inform our business planning. On 10 June 2025, the Lead member for Resources and Climate Change approved the commissioning of CIPFA to undertake a resilience and governance review in relation to the financial challenge faced by the Council. Officers will consider the recommendations in the report and take forward actions accordingly.</p> <p>We will also continually review our performance targets, priorities, service offers and financial plans, and will update these as required. As part of this we will continue to take action wherever we can to mitigate financial and service delivery pressures – making best use of new technology, investing in our workforce, seeking efficiencies, and checking that our services are effective and provide value for money.</p> <p>We lobby, individually and in conjunction with our networks and partners, for a sustainable funding regime for local government in general and for children's social care and adult social care specifically, to meet the needs of the residents of East Sussex. If the funding reforms do not lead to an increase in funding for our services, we will need to consider further options, including seeking Exceptional Financial Support.</p>	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
12	<p>CYBER ATTACK</p> <p>The National Cyber Security Centre (NCSC) has highlighted the enduring and significant threat to UK infrastructure. From ransomware attacks to AI-enabled intrusion, malicious actors are looking to maximise their disruptive and destructive efforts in an increasingly connected world.</p> <p>Cyber-attacks are growing more frequent, sophisticated, and damaging when they succeed. Ransomware remains the most significant cyberthreat to the UK, primarily driven by financially motivated organised crime groups.</p> <p>The UK's Strategic Defence Review acknowledges daily cyber-attacks as a persistent threat and emphasises a shift towards digital warfare capabilities. Amid a rise of state aligned groups, whilst the UK is not disproportionately targeted, there is an increase in aggressive cyber activity and ongoing geopolitical challenges. There is an accelerated need to keep pace with the dynamic threat landscape.</p> <p>Furthermore, while AI presents huge opportunities, it is also transforming the threat landscape. Cyber criminals are adapting their business models to embrace this rapidly developing technology - using AI to increase the volume and impact of cyber attacks against citizens and organisations. Meanwhile the proliferation of advanced cyber intrusion tools is lowering the barrier for entry to criminals and states alike.</p>	<p>Most attacks leverage software flaws, gaps in boundary defences or social engineering-based insertion methods (such as legitimate looking emails which trigger viral payloads or impersonation of Service Desk support). These are becoming harder to identify and filter and rely on user security vigilance in tandem with technical controls.</p> <p>IT&D use modern security tools to assure our security posture: Monitoring network activity and identifying security threats; Keeping software up to date with regular patching regimes; Continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence against them; Ongoing communication with the security industry to find the most suitable tools and systems to secure our infrastructure. IT&D continues to invest in new tools, which use pre-emptive technology to identify threats and patterns of abnormal behaviour.</p> <p>Services hosted in ISO 27001 accredited Orbis Data Centres.</p> <p>As well as mitigations against attack, the following measures are currently in place to minimise the impact should there be a successful attack:</p> <ul style="list-style-type: none"> • Behavioural analysis systems defend against hostile activity • Resilient systems enhanced with immutable backups enable quick recovery • Robust protocols for response escalation and communication 	Red
22	<p>DELIVERY OF ORACLE IMPLEMENTATION</p> <p>There is a risk that the overall implementation of Oracle (across phases 1 to 3) may not achieve the outcomes planned which results in:</p> <ul style="list-style-type: none"> • higher delivery costs • longer timescales 	<p>Phases 1 and 2 of the implementation, covering Enterprise Performance Management, Finance, Procurement, Oracle Helpdesk and Recruitment, are now live and have successfully exited the period of 'hypercare' (effectively the warranty period for the build quality of the system). These areas of Oracle functionality are now in BAU and the operational risks are therefore being managed on a day to day basis through the functional areas and through the Oracle system support team, with the support from the Oracle programme where required. This includes keeping documentation and training materials up to date, managing the Oracle quarterly updates and resolving any queries or issues that may arise, as for any other BAU type activity.</p>	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
	<ul style="list-style-type: none"> a reduced quality of back-office services from a substandard technical implementation risk of not meeting statutory or contractual requirements such as payments of Pay as You Earn (PAYE) / National Insurance (NI), pensions, suppliers and employees general organisational issues an inadequate control environment lack of user buy-in and adoption due to a lack of organisational readiness impacting on core business processes additional pressure on business as usual capacity from high resource demands during delivery risk to employee wellbeing from high workloads and delivery timescale <p>Failure to implement would result in the use of an unsupported and unlicensed system (or subject to ransom charges on some level of support) as the SAP system passes its expiry date and would miss out on efficiencies that can be gained through the new system.</p>	<p>Phase 3 (payroll, and employee and manager self-service) is currently in its testing and planning stage. An earliest realistically achievable go-live date for this phase is currently being considered, the delivery of which will include appropriate governance (including risk identification and mitigation, as well as audit), technical implementation, organisational readiness and plans for post go-live support.</p> <p>To complete the phase 3 implementation, it is necessary to ensure that sufficient programme resource is in place, and this is therefore kept under constant review. In addition, a positive ongoing working relationship with our implementation partner, Infosys, needs to be in place. The project lead and other key stakeholders therefore have regular conversations with Infosys senior staff and escalate issues where necessary.</p> <p>It is also necessary for the organisation to prioritise programme activity at key points in time and this is also therefore kept under constant review.</p>	
15	<p>CLIMATE</p> <p>Mitigation: the Council needs to play its part in meeting both the international agreement to keep the average global temperature increase under 1.5°C above pre-industrialisation levels, as well as the legally binding national target to reach 'net zero' by 2050.</p> <p>Adaptation: the Council needs to adapt relevant services to the predicted impacts of climate change in East Sussex, including more frequent and intense flooding, drought, episodes of extreme heat, and accelerated coastal erosion. If services are not sufficiently adapted to climate change this will lead to an increase in heat related deaths (particularly amongst the elderly), damage to essential</p>	<p>Climate change mitigation: the Council has a science-based target to reduce scope 1 and 2 carbon emissions. The focus is on buildings, as they contributed 79% of carbon emissions in 2020/21. Currently, there is not sufficient funding available for the Council to be able to keep pace with the science-based target.</p> <p>The target for 2025/26 is for the delivery of a further 10 capital schemes, as part of business-as-usual asset management work. In Q1 a total of 5 schemes were completed. A pipeline of additional projects is being developed. The estimated outturn is for 10 capital schemes to be completed this year.</p> <p>Climate change adaptation: the Council is working to ensure that all relevant Council service areas will integrate adaptation into their service planning by 2030 (within the constraint of the resources available). In addition, the Council has some direct responsibilities for county-wide climate change adaptation, for example as the Lead Local Flood Authority.</p> <p>The target for 2025/26 is to develop service-based guidance and tools on integrating climate adaptation and trial these with 3 services. The 3 service areas are currently being identified.</p>	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
	infrastructure, property damage from flooding, and disruption to supply chains.	<p>The corporate Climate Emergency Board oversees progress for both mitigation and adaptation.</p> <p>Ultimately there is not sufficient funding available for the Council to be able to keep pace with the science-based target to halve emissions every five years. Although grant funding will be sought to mitigate against this, it is unlikely to be sufficient. The Council will continue to work on what it can to reduce emissions with the funding it has available, including working with its supply chain on Scope 3 emissions.</p>	
20	<p>PLACEMENTS FOR CHILDREN AND YOUNG PEOPLE IN OUR CARE</p> <p>Inability to secure sufficient high quality placements for children in our care, suitable accommodation for care experienced young people and respite provision, leading to significant financial pressure and poorer outcomes for children/young people.</p> <p>The risk of the failure of one or more key providers in the independent sector is an increasing concern, set against necessary regulatory tightening of profit which might further impact the market.</p>	<p>A number of strategies have been put in place to manage demand. Work being undertaken includes:</p> <ul style="list-style-type: none"> • Delivery of the Family Hub programme - providing earlier support and intervention, Information, Advice and Guidance, Start for Life • Comprehensive Early Help offer in place - helping to manage demand at Level 3, reducing escalation. • Robust caseload management • Focus on reduction in Child Protection Plans, through delivery of Connected Coaches/Connected Families Intervention Practitioners (CFIP) interventions • Transformation - increasing partnership engagement in delivering Level 2 earlier support, Implementation of 'Families First' national reforms 2025/26, 'Family Help' teams, Multi-agency Child Protection Teams, Family Network and Kinship support. Careful consideration of transfer of Care Proceedings to Looked After Children Service after initial hearing. • Further embedding valuing care approach to ensure the right children receiving right care, maximising opportunities for step down/reunification. • Enhancing Family Network approach - Family Group Conference offered to all families pre proceedings, full exploration of kinship carers opportunities/Special Guardianship Orders. • Placement and Commissioning team - holding providers to account, utilise frameworks, scrutiny, and challenge re of all provider process. • Participation in South East Regional Commission Cooperative - aims to improve quality/efficiency for children in care through increasing collaboration, enhancing regional commissioning, improved market shaping-building in some protections re market failure. • Strengthening marketing of foster care, increase in rates for East Sussex foster carers, partnership with Brighton & Hove and West Sussex County Council. Delivery of Mockingbird programme - improving retention of carers. • Focus on securing health contributions to Looked After Children placements - challenging 'continuing care' (CC) outcomes where appropriate and development of frameworks for integrated commissioning beyond CC. 	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
19	<p>SCHOOLS AND INCLUSION, SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (ISEND)</p> <p>For Children with Special Educational Needs. Inability to secure statutory provision due to lack of availability of specialist placement within the county and increasing demand for placements in this sector. This would put the Council at risk of judicial review and/or negative Local Government Ombudsman judgements for failing to meet our duties within the Children and Families Act 2014, with associated financial penalties and reputational damage.</p>	<p>A number of strategies have been put in place to mitigate this risk. Work being undertaken includes:</p> <ul style="list-style-type: none"> • Effective use of forecasting data to pre-empt issues. • Work with statutory partners to develop contingency plans. • Work with the market to increase provision where needed. • Expanding internal interim offer for children. 	Red
1	<p>ROADS</p> <p>Extreme weather events over recent years, including the last winter, have caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan: and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition</p>	<p>The changing climate is now influencing the rate of road deterioration, with more extreme events such as warmer wetter winters; and drier summers punctuated by unseasonal heavy downpours (drying and shrinking the substructure of roads). Additional funding over the last few years has helped maintain road condition, however, the latest condition and funding modelling showed the potential for continued deterioration over the next 10 years.</p> <p>The highway's maintenance budget for 2025/26 only includes government grant. In previous years we have increased spend through borrowing. We no longer have the flexibility to borrow because of the broader revenue pressure on Council services. This means the level of funding available is below the £25 million needed each year to keep our roads in a steady condition. This funding shortfall, alongside rising costs, presents a considerable challenge in maintaining current standards across the whole network. As a result, we are now taking a more targeted approach to managing network condition - prioritising routes of highest importance to ensure we maintain a safe and resilient core network.</p> <p>This means making difficult decisions about where limited resources can have the greatest impact. In East Sussex, we are focusing on A and B roads and key non-principal routes that form part of our resilient network, because they are vital for emergency services, public transport, and the local economy. Mitigations include encouraging road users to report potholes so we can intervene as soon as possible in accordance with our policies; closely managing the operational performance of the highway contractor; and lobbying Government for additional investment as, without it, it will be increasingly difficult to manage the risks of further decline.</p> <p>New technologies and materials are being trialled to improve efficiency and resilience. Our new Asset Management System, introduced in September 2025, is enhancing how we plan and prioritise maintenance, using better data to model funding needs and target investment for greatest impact. It also strengthens transparency and accountability in decision-making. We are also future-</p>	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
		proofing assets, such as street lighting, to adapt to changing technologies and deliver long-term value.	
4	<p>HEALTH</p> <p>Failure to secure maximum value from partnership working with the National Health Service (NHS). If not achieved, there will be impact on social care, public health and health outcomes and increased social care operational and cost pressures, as well as shared Integrated Care System objectives for jointly managing patient flow through our System.</p> <p>An increase in activity and complexity in the presentation of patients through our acute hospital sites, has resulted in an increase in the NCTR (No Criteria to Reside) numbers and presents a system risk in respect of adequate patient flow.</p> <p>Integrated Care Board (ICB) operating costs and programme funding will need to reduce by 50% by Q3 2025/26 as per a national mandate. For NHS Sussex this means a reduction of 53% which presents a risk to the way ESCC works with the NHS to jointly commission services locally and get the best value out of the collective resources available for our population, including potential transfers of current Continuing Healthcare, SEND and safeguarding functions, all of which would need primary legislation to enact (and would therefore be post cost reductions). It could also have implications for the Sussex Integrated Care System (ICS) which would impact on alignment with the Mayoral County Combined Authority Devolution plans.</p>	<p>The system is working collaboratively to improve hospital discharge and reduce delayed stays for patients with complex care needs. Funded until Quarter 2 of 2025/26 (with reduced funding after March 2025), initiatives include keeping patients active in hospital, creating care coordination hubs, deploying two Social Work Teams for 'discharge to recover and assess' beds, and commissioning a scheme to support self-funded care. These efforts have led to a sustained decrease in the number of patients with no clinical need to remain in hospital (NCTR), though continued success depends on adequate community bed capacity and suitable post-hospital support for increasingly complex needs. The Additional Discharge Funding is now fully integrated into the Better Care Fund pooled budget (no longer ring-fenced). It covers Home First pathways and Discharge to Assess beds, with capacity balanced through a multi-agency approach. A small portion of the fund is reserved to maintain flexibility and support patient flow, especially over winter.</p> <p>Collaborative work is underway to create multi-disciplinary neighbourhood teams serving populations of 30,000–50,000, building on joint leadership in each Integrated Community Team (ICT) area. These 'one-team' approaches aim to deliver more proactive, coordinated care for people with complex needs and reduce unplanned hospital admissions, especially over winter. Participation in the National Neighbourhood Health Implementation Programme (NNHIP) — starting in Hastings and Rother — will accelerate local ICT and proactive care plans, supporting the shift from hospital-based to community-focused care and more sustainable use of existing resources overall.</p> <p>NHS England has now agreed that NHS Sussex will merge with NHS Surrey to form a single Integrated Care Board (ICB) from 1 April 2026, reducing operational costs by 50% in line with national NHS reforms. The new ICB will serve 3 million people (including 1.7 million in Sussex). To prepare, the two ICBs will begin formally clustering on 1 October 2025, sharing a Chair and Chief Executive from 15 October, with a single Board to be appointed later. The four upper tier Local Authorities across Surrey and Sussex have agreed to be represented collectively on the new single clustered ICB Board through four senior roles (Chief Executive, DASC, DCS, and DPH). ESCC also continues to work with ICB and local NHS partners to adapt joint planning and commissioning, aiming to preserve collaboration and integration despite changes and capacity pressures in the NHS system, and to deliver the best outcomes within available resources.</p> <p>In a further reform the Government's 10-Year Health Plan (July 2025) announced proposals to abolish Integrated Care Partnerships (ICPs) required under the current Health and Care Act 2022 - in Sussex this is the Sussex Health and Care Assembly. To maintain local focus amid a move to a larger Surrey and Sussex planning area, the four LAs have proposed keeping the Sussex Assembly on an informal, non-statutory basis to support population health and align with the future Sussex CMA footprint.</p>	Red

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
23	<p>LOCAL GOVERNMENT REORGANISATION AND DEVOLUTION</p> <p>Both the proposed creation of a new Mayoral County Combined Authority for Sussex and the proposed transition from a two tier local authority arrangement to a unitary government model for East Sussex will have a significant effect on our workforce. These are likely to lead to additional workloads for staff over the next few years. The timescales for implementation are challenging and will place considerable additional pressures on teams. This could have result in resources being diverted from the ongoing delivery of services and a consequential deterioration in service delivery.</p>	<p>Through our RPPR process we will continue to review the resources required to support Devolution and Local Government Reorganisation and will lobby Government for additional funding to help support the significant additional workload this will place on the Council. We will also continue our work on supporting staff through change and will ensure all staff are aware of the full range of support available to them.</p> <p>Additional mitigations will be implemented as the potential impact on both the Council and our local area becomes clearer.</p>	Amber
9	<p>WORKFORCE</p> <p>An inability to attract and retain the high calibre staff needed in key services and roles could lead to a reduction in the expertise and capacity required to deliver statutory services to our residents, including to prevent harm to children, young people and vulnerable adults at the required level and standards, impacting on the achievement of the Council's strategic objectives.</p>	<p>A number of strategies have been put in place to support our recruitment and retention aims. Work being undertaken includes:</p> <ul style="list-style-type: none"> • ongoing use of apprenticeships, traineeships, intern arrangements and more flexible work arrangements etc as a way of bringing in new talent to the Council. • working with Children's residential and community services to support their use of apprenticeships to gain the Ofsted required qualification • ongoing review of our new recruitment website 'East Sussex County Council Careers' to ensure the content remains engaging and interesting and attracts individuals to apply for our jobs. • continued delivery of mentoring to young people in care by Adecco (the Councils Agency supplier) as part of their social value offer. • engagement with employees at ESCC who are under 25 to get feedback on what attracted them to the Council as an employer; and to begin establishing a forum for young people to highlight any issues, and to attract candidates from a younger demographic to the Council. • continued delivery of inclusive recruitment training to managers • ongoing promotion of guidance to managers on making reasonable adjustments for disabled candidates. • guidance on the use of volunteers as a route into the workplace is being developed. The intention is for such opportunities to support people who are out of work to come back into the workplace through gaining confidence and experience of work • a review of the current leadership development offer following the delivery of our two leadership development programmes: 'Ladder to Leadership' and 'Head of Service Masterclasses'. 	Amber

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
18	<p>DATA BREACH</p> <p>A breach of security/confidentiality leading to destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. A personal data breach is a security incident that has affected the confidentiality, integrity or availability of personal data regardless of whether information has been accessed, altered or disclosed via electronic or manual means. While AI presents huge opportunities, if used inappropriately the risk of data breach is heightened.</p> <p>Risks to individuals, reputational damage, fines from the Information Commissioner's Officer (ICO), compensation claims.</p>	<p>Policy and guidance procedures in place to support practice.</p> <p>Data Protection Officer (DPO), Caldicott Guardians and Information Governance Officers monitor breach reporting and put in place mechanisms to minimise recurrence.</p> <p>Staff training to develop awareness. E-learning and policy delivery mechanism expanded to enhance skills and increase awareness of responsibilities under General Data Protection Regulation legislation.</p> <p>Technical security measures operated by Information Technology and Digital (IT&D), including access control and segregation of duties.</p>	Amber

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
6	<p>LOCAL ECONOMIC GROWTH</p> <p>The devolution of powers, responsibilities, functions and funding through a Mayoral Combined County Authority (MCCA) for Sussex will lead to significant changes, impacts and opportunities for East Sussex County Council (ESCC) in enabling and supporting the local economic growth for our residents, businesses and visitors.</p> <p>Possible consequences if the devolution is not managed successfully include:</p> <ul style="list-style-type: none"> • Ineffective structures and mechanisms to position and make the case for local economic growth in East Sussex • The county unable to access future investment opportunities if East Sussex does not influence strategy development and adoption to determine strategic priorities at MCCA level • Lack of development of a credible pipeline of investments that will seek to maximise the levels of funding • Lack of funding secured from MCCA for major programmes, which then limits our ability to raise GVA and productivity in the area • Loss of an effective 'business voice' through the current local economic growth board (Team East Sussex) and its various subgroups able to provide intelligence and set the strategic direction for the county. 	<p>In July 2025 the Government approved the Sussex and Brighton MCCA, to cover East Sussex, West Sussex and Brighton and Hove, to be established in 2026.</p> <p>At this stage the details are unclear as to how the devolved functions will operate between the new MCCA and existing upper tier authorities (and then subsequently the unitary authorities, as a result of Local Government Reorganisation from May 2027). Our risk control/response will be adjusted as information becomes available to consider the wider impact / opportunity this will have on the local economy through the development at a Sussex wide level of jointly agreed strategies and the resulting funded and commissioned programmes.</p> <p>As part of our initial response to mitigate these risks we are undertaking the following:</p> <ul style="list-style-type: none"> • New Local Transport Plan 4 to 2050 is in place and we are developing a series of accompanying transport modal strategies, alongside investment plans to support the implementation of the devolved MCCA transport powers. • We and strategic partners are developing an investment plan in 2025 to accompany the 'East Sussex Prosperity to 2050' economic growth strategy to articulate our investment propositions and asks to the new devolved MCCA and Government, whilst also addressing the Governments emerging Industrial Strategy and Sector Plans. • We run the East Sussex Growth Hub services and Government have confirmed funding 2025/26 and in future years will provide a multi-year funding settlement for 2026-28. • We ensure the business voice continues to be heard through Team East Sussex, our local strategic advisory economic growth board for the county, which continues to meet on a quarterly basis. <p>The Council is in a good position to mitigate risks on employment support and skills as it will be contributing to the development of the Get Sussex Working Plan by September 2025 and the Local Skills Improvement Plan by March 2026, alongside delivering major Government funded programmes for Connect to Work, Skills Bootcamps and Careers hub to name a few.</p>	Amber
21	<p>Annual Care Act reviews and Deprivation of Liberty Safeguarding (DoLS) assessments</p> <p>Demand exceeding capacity for annual Care Act reviews and Deprivation of Liberty Safeguarding (DoLS) assessments</p>	<p>These are known issues for virtually all local authorities with social care responsibilities as this activity falls within our duties under the Care Act 2014 and Mental Capacity Act 2005.</p> <p>As of Q2 2025/26:</p> <p>We are meeting our target for adult reviews (outturn is 5 days against a target of 6 or fewer days) and carer reviews (outturn is -1 day against a target of 6 or fewer days, meaning reviews started on average one day before their proposed start date). We are also meeting our target for the number</p>	Amber

Ref	Strategic Risks	Risk Control / Response and Post Mitigation RAG score	RAG
		<p>of people with a Deprivation of Liberty Safeguards (DoLS) episode awaiting allocation of a Best Interest Assessor (outturn is 200 people against a target for 650 or fewer people).</p> <p>Mitigations and actions:</p> <p>We are continuing to increase the number of reviews completed year-on-year to help meet increasing demand, and to prioritise reviews according to people's needs. As of July 2025, 69/7% of adult Care Act reviews were completed against a target of 66.6%.</p> <p>We have oversight of performance at all levels of the Council to ensure visibility, accountability and grip. Weekly and monthly reporting is sent to Operational Managers at all levels, and then scrutinised by the Waiting Times Steering Group and the Improvement and Assurance Board on a regular basis.</p> <p>Since October, we have piloted the delegation portal with our strategic partner Care for the Carers, making it easier and quicker for them to process carer reviews. This pilot is now BAU and will be monitored by commissioners and operational services.</p> <p>Young carers reviews are undertaken by Imago Community, ensuring a timely assessment and review for this cohort.</p>	

Report to:	Cabinet
Date:	16 December 2025
By:	Chief Executive
Title of report:	Reconciling Policy, Performance and Resources (RPPR) – update on planning for 2026/27 and beyond
Purpose of report:	To update Members on the latest policy context and Medium Term Financial Plan.

RECOMMENDATIONS:

Cabinet is recommended to:

- i. note the updated policy context as set out in paragraph 2;**
 - ii. note the updated Medium Term Financial Plan as set out in paragraph 3 and Appendix 1;**
 - iii. note the further savings proposals set out in Appendix 2;**
 - iv. note the reserves summary set out in paragraph 3;**
 - v. note ongoing engagement with MHCLG in relation to Exceptional Financial Support as set out in paragraph 4; and**
 - vi. agree to undertake further lobbying of Government for sustainable funding to meet the needs of the residents of East Sussex.**
-

1. Background

1.1 In November, Cabinet considered an update on budget and service planning for 2026/27 and beyond, through our integrated Reconciling Policy, Performance and Resources (RPPR) process. The report set out the considerable uncertainty at that time, particularly the significant further information awaited on Government funding intentions. In light of the detail expected during November from the local government finance policy statement and the national Budget, Cabinet agreed to receive an additional report on our planning outlook in December. This report provides Members with the latest position, taking account of the new information now available, as we move towards final budget and Council Plan proposals for consideration in the new year.

1.2 As well as the updated national context, we also have greater insight into how the wide range of national and local challenges impacting on the Council's services are translating into actual demand and cost pressures in year. The Quarter 2 2025/26 monitoring report earlier on this agenda illustrates the vital support our services provide to East Sussex residents, businesses and communities and the significant achievements in the first half of the current year. It reinforces how the County Council's annual budget of almost £580m net (over £1.1bn gross) has a wide ranging impact on lives and livelihoods in the county and is focused, through evidence based RPPR planning, on delivering both local and national priorities. It is also clear that we continue to experience sustained higher demand for services, more complex needs amongst those seeking support, and increased costs,

particularly in children's services and adult social care, beyond our best estimates at the time of planning for the current year. Although we have made progress in managing demand and costs, and reducing the projected year-end overspend, these pressures mean that the expenditure needed to deliver services continues to outstrip the resources available.

1.3 We know that the make-up of the population and economy in East Sussex result in national pressures being felt especially acutely here. Recently updated national analysis of deprivation across a range of indicators starkly illustrates the economic and social challenges in significant parts of the county which contribute to a heightened demand for support. Combined with an older population at levels which won't be seen in England for 20 years, and limitations on the local economy, the level of need in East Sussex is significantly different from the wider south east region. This is a context which needs to be properly reflected in both the quantum and the allocation of national funding if vital services are to be sustained for the county's residents now and in the future.

1.4 Despite the clear evidence of increasing need for support from statutory services, recent funding announcements from Government offered no positive news for East Sussex. The national Budget Statement provided no new funding for local government and confirmed additional pressures which will add to our costs. The outcome of the Fair Funding Review 2.0 set out a revised approach to allocating national funding which largely fails to recognise the key factors which are impacting on the demand for and cost of services in the county, or our limited ability to raise income locally to fund the essential support our communities need. Our clear asks of Government have not been responded to and as a result we currently expect to lose funding in future years, worsening the already significant budget gap we face, with further implications for local people.

1.5 We also still await much needed reforms in key areas such as Special Educational Needs and Disabilities (SEND) and Adult Social Care. Until there is sustainable reform in these and other key areas where the demand for support is outpacing the resources available, or substantial additional national funding, we will continue to see a gap between what we need to support residents and the resources available to us.

1.6 Through our ongoing cycle of RPPR planning, we continue to take account of the evolving policy and financial context. The updated Council Plan for 2026/27 and beyond will ensure we direct the resources we have as effectively as possible on delivery of our evidence-based priorities for the county:

- Driving sustainable economic growth;
- Keeping vulnerable people safe;
- Helping people help themselves; and
- Making best use of resources, now and for the future - the test applied to all activities to ensure sustainability of our resources, both in terms of money and the environment.

1.7 This report provides our updated assessment of the financial position, the significant additional information now received on final funding reform plans and the national Budget announcements, and the next steps in work towards a balanced budget for the coming year. As requested by Cabinet in November, this includes outlining further savings proposals and the impacts we expect these would have, both financially and on residents, staff and communities. It also provides an overview of further significant national and local developments since the November report which we need to take into account in our planning, and our proposed approach to further lobbying of Government.

2. Policy context update

2.1 The key areas in which there have been developments since the last report to Cabinet in November are detailed below.

2.2 **National economic context** – The latest national economic forecasts continue to paint a challenging picture. Inflation, as measured by the Consumer Prices Index (CPI), remains above the Bank of England's 2% target, standing at 3.6% in the 12 months to October 2025, a slight fall from the 3.8% rate reported in the previous three months. Latest figures from the Office for Budget Responsibility (OBR), published in November alongside the Budget, increased next year's forecast rate from 2.1% to 2.5% but maintained its 2% estimate for 2027 and the following two years. Taking account of inflation remaining above target, and in anticipation of the national Budget, the Bank of England held interest rates steady again in November, the rate now standing at 4% since August 2025. Analysts have predicted a potential reduction in December or early next year. The OBR has increased its 1% economic growth forecast for this year to 1.5% and expects Gross Domestic Product (GDP) to grow by 1.5 per cent on average over the five year forecast due to lower underlying productivity growth, 0.3 percentage points slower than projected in March.

2.3 **National Budget** – On 26 November the Chancellor delivered the Autumn Budget Statement which focused on reducing NHS waiting times, the cost of living and the national debt, including through a continued focus on the Government's overarching aim of driving economic growth. The Budget contained a range of changes to taxation to raise additional revenue for the Treasury in light of ongoing economic challenges, notably the introduction of a high value property Council Tax surcharge and a new mileage-based charge on electric and plug-in hybrid cars from 2028, together with an extension to the freezing of tax thresholds. For public services, the Budget set out a further £4.9bn of efficiencies by 2031 including through an ongoing focus on value for money and reducing fraud and waste. £250m is expected to be saved through the abolition of Police and Crime Commissioners and a potential reduction in the number of councillors through local government reorganisation.

2.4 The Budget also confirmed that the National Living Wage will increase by 4.1% from April 2026 for people aged over 21, with a larger increase of 8.5% for those aged 18-20 as part of movement towards a single adult rate. This level of increase will have impacts in the care sector. Further detail on the measures within the Budget is set out in section 3.

2.5 **Local government funding** – A Finance Policy Statement published by the Ministry of Housing, Communities and Local Government (MHCLG) on 20 November set out Government's overall funding intentions for local government for the next three years through the first multi-year settlement in a decade. This included final planned reforms to the formulae used to allocate national funding to individual councils through its Fair Funding Review 2.0, following consultation with the sector earlier in the year. Detailed allocations for individual councils will not be published until the provisional Local Government Financial Settlement later in December, but modelling indicates that the reforms will see significant shifts in how resources are allocated to different areas based on updated assessments of need and local resources, impacting negatively on ESCC. The policy statement also confirmed the Government's intentions in relation to funding simplification and consolidation of grants, business rates reform and the continuation of the 2025/26 Recovery Grant, from which ESCC received nothing. Analysis of the potential impact of the statement and funding review for ESCC's financial position is set out in section 3.

2.6 The updated funding formulae take account of the revised English Indices of Deprivation (IoD) 2025, published by MHCLG ahead of the policy statement. The 2025 version of the IoD is based on a revised range of indicators and an improved methodology

from the 2019 version. This new approach, which better recognises the impact of factors such as housing costs, means that Hastings is ranked the 3rd most deprived lower tier authority area in the country based on the Index of Multiple Deprivation (IMD). There are also significant levels of deprivation in parts of Bexhill, Eastbourne, Hailsham and Rye. However, the diverse nature of the county, which includes large areas which are less deprived, means that our overall position has not changed significantly. The IoD 2025 is significant in both our local understanding of need, and for potential access to resources. However, the impact on new funding formulae under the Fair Funding Review 2.0 is limited. The IMD is included as an indication of need in the Foundation Formula element but allocations are driven more by population size.

2.7 Devolution and local government reorganisation – On 19 November, MHCLG launched a consultation on proposals for local government reorganisation in East Sussex, Brighton and Hove and West Sussex. The four proposals under consideration are the One East Sussex proposal for a new single unitary council on the current ESCC footprint, Brighton and Hove City Council's proposal for five unitary authorities across the whole of Sussex and two proposals in West Sussex – a single unitary authority and two unitaries covering the north and south of the county. Consultation is open until 11 January. We are encouraging local people and organisations to respond to help shape the future arrangements for local government, and the County Council's own proposed response in support of the One East Sussex proposal is set out elsewhere on this agenda for consideration. A final Government decision on future structures is expected in the spring of 2026. In the meantime we continue to progress, with district and borough council partners, our local planning for reorganisation and the challenges and opportunities it presents. In October it was announced that Government intends Surrey County Council and all Surrey district and borough councils to be replaced by two new unitary authorities covering the east and west of the county from April 2027. The reorganisation of local government in Surrey has implications for Orbis shared services. We continue to work with Orbis partners to agree the future direction for services to best meet the needs of current and future organisations.

2.8 The Devolution and Community Empowerment Bill continues to progress through the parliamentary process and the Government's intention remains that the Bill receives Royal Assent by April 2026. The Government has announced that Mayors and potentially other local leaders, subject to consultation, will be given the option to introduce a visitor levy on overnight visitor accommodation in their area to fund further investment in local growth. The Government has also recently announced some changes they are minded to make to the legislation required to establish the new Mayoral Combined County Authorities in Devolution Priority Programme areas. These are expected to be laid in parliament imminently for a period of scrutiny. As previously reported to Cabinet, this Statutory Instrument will contain a core set of powers to enable the Combined County Authority to become established, with the majority of the powers to be conferred set out in the Devolution Bill.

2.9 Children's services – The Autumn Budget lifted the two-child limit for universal credit and tax credit as part of the Government's approach to addressing child poverty. This was followed by the publication of a national Child Poverty Strategy, which is intended to target the structural and root causes of child poverty across the country and lift 550,000 children out of relative low income by 2030. The strategy brings together a range of existing measures including the roll out of Family Hubs, extended access to childcare and free school meals, with additional steps, particularly to support children living in temporary accommodation. These include a new legal duty for councils to notify schools, health visitors, and GPs when a child is placed in temporary accommodation in order to deliver a more joined up approach to support children experiencing homelessness. This duty will be delivered through an amendment to the Children's Wellbeing and Schools Bill which is reaching its final stages in parliament and is expected to receive Royal Assent in the coming

weeks. This legislation to reform children's social care and education will have significant implications for local services and further detail is expected in supplementary legislation and statutory guidance in the coming months.

2.10 Details of planned reforms to the SEND system are still awaited in a Schools White Paper due in 2026. The Budget confirmed that Government will set out substantial plans for reform early in the new year to deliver a sustainable system and that SEND will in future be funded through central Government, with further detail to be set out in the upcoming Local Government Finance Settlement.

2.11 **Adult social care and health** – The finance policy statement indicated that the Department for Health and Social Care will be launching a new publication alongside the provisional settlement that sets adult social care priorities and expectations for local authorities from 2026/27. This will include details of an adult social care 'notional allocation' for each local authority from 2026/27 to 2028/29. These notional allocations are intended to be used as a reference point to support local authority budget setting and, in conjunction with adult social care priorities, to inform collective decisions about adult social care spending. The government recognises that actual spending decisions will also be influenced by local context, priorities and demands and will work with authorities to support the transition into these new accountability arrangements.

2.12 **Migration** – In November the Government published a policy paper outlining reforms to the asylum system. The measures aim to limit the rights that asylum seekers receive on arrival to reduce incoming numbers; to increase removals, including through tightening the appeals system; and to support controlled refugee sponsorship as a safe and legal route to the country. The shift away from the use of asylum hotels forms part of these changes. The Home Office has indicated it intends to temporarily house some people seeking asylum at Crowborough military training camp for up to a year, as part of its programme of developing alternatives to hotel accommodation. Essential services will be provided on site by the Home Office to reduce the impact on local services. Services supplied by local partners in East Sussex, including the County Council, are very limited but may include safeguarding, public health inspection, NHS health checks and basic welfare support provided by voluntary organisations. ESCC is working with the Home Office, Wealden DC (the lead local agency), Sussex Police, and other local partners to support the safety and wellbeing of local residents and of the future occupants of Crowborough Training Camp.

2.13 We will continue to factor the latest developments in our operating context into planning for 2026/27 and beyond as further detail on these and other issues emerges.

3. Medium Term Financial Plan

MHCLG Finance Policy Statement and Fair Funding Review 2.0

3.1 On 20 November, MHCLG published a finance policy statement setting out its intentions for local government funding for the years 2026/27 – 2028/29 through a multi-year funding settlement. The statement came alongside Government's response to consultation on the Fair Funding Review (FFR) 2.0 and final plans for revised allocation formulae.

3.2 Key headlines from the policy statement and FFR 2.0 for ESCC are set out below:

- **Retention of the Recovery Grant:** The £600m Recovery Grant announced in the 2025/26 Settlement will now be retained for three years as a separate grant to be allocated outside of the Settlement Funding Assessment. ESCC received no Recovery Grant in 2025/26. The decision to retain this grant, which was originally intended as a

stopgap to protect deprived councils in advance of the FFR 2.0, undermines the review's stated objectives of fairness and transparency.

- **Area Cost Adjustment (ACA):** The remoteness uplift now applies only to the Adult Social Care Relative Needs Formula (RNF) and has been removed from other ACAs. Authorities benefiting from the remoteness adjustments in other RNF as set out in the original proposals will face substantial reductions in the final plans.
- **Resources Deduction:** The Government has confirmed that there will be full equalisation of Council Tax income, with an assumption of a 100% collection rate, both of which ESCC strongly opposed as neither realistically reflects the Council's ability to raise revenue locally. However, the projected taxbase growth will be excluded from the deduction, allowing retention of gains from future housing growth.
- **Adult Social Care (ASC) RNF:** An over-85 population metric (or at least a more sophisticated approach that reflects the numbers of the very elderly) remains omitted from the ASC RNF, disadvantaging counties like ESCC with much older than average populations.
- **Labour Cost Adjustment:** The government has retained the use of median wages as a proxy for labour costs, which ESCC has argued against as local average wages (which are lower than average in East Sussex) are unrelated to the costs of retaining social care staff.
- **Home to School Transport.** The distance cap has been increased from 20 to 50 miles, benefiting rural counties like ESCC.
- **Other Relative Need Formulae Updates:** The updated Index of Multiple Deprivation has shifted deprivation weighting toward outer London and counties due to the inclusion of housing costs. Population projections will be based on 2022 data, leaving potential inaccuracies due to the COVID-era Census. The non-resident population weighting has been reduced in Foundation Formula with overnight and/or foreign visitors excluded entirely.
- **Business Rates Reset (2026)** - The system will be updated to reflect current needs and fairness, introducing new baseline funding levels for all councils.
- **Consolidation of Grant Funding** - Over thirty grants will be streamlined into five major grants of £47bn over three years. Four consolidated grants will provide £21.5bn, including allocations for children, crisis resilience, homelessness, and public health. The remaining £25.3bn will roll into the Revenue Support Grant. Consolidated grants will be subject to the new allocation formulae, so there is no guarantee that existing levels of grant funding will be protected.

3.3 We continue to analyse the potential impact of the policy statement and FFR 2.0 for ESCC's Medium Term Financial Plan (MTFP). The majority of Government decisions impact negatively on our likely allocations, although an exact forecast is not possible due to the limited information provided. In particular, the precise quantum of settlement funding remains unknown, meaning detailed allocations will not be known until the provisional settlement due in the week commencing 15 December. Previously, our modelling of the potential impact of the FFR 2.0 indicated a potential loss of funding in the region of £18m over 3 years. There is nothing to suggest that the latest announcements will see a material improvement in this assumption.

Autumn Budget Statement

3.4 On 26 November the Chancellor delivered the Autumn Budget Statement. As noted above, the Budget came in the context of ongoing challenges in the economy and public finances and contained a series of measures aimed at raising additional revenue and promoting economic growth.

3.5 Key announcements in the Budget with implications for ESCC are set out below:

- **SEND Deficits** - Future SEND costs will be managed within the overall government departmental expenditure levels (DELs) once the Statutory Override ends at the end of 2027/28. From this point the government will not expect local authorities to fund future special educational needs costs from general funds. However, they will need to recognise the existing deficits on their balance sheet, reducing levels of usable reserves. ESCC is currently projecting a SEND deficit of £20m by the end of 2025/26. The government will set out further details on its plans to support local authorities with historic and accruing deficits and conditions for accessing such support through the Local Government Finance Settlement.
- **Council Tax** - A new High Value Council Tax Surcharge will be introduced from April 2028, when owners (not occupiers) of properties valued over £2m will have to pay an annual surcharge of £2,500, rising to £7,500 for properties over £5m, uprated by CPI annually. The revenue will not be available to local authorities but retained by central government, with billing authorities compensated for the administration costs of collection.
- **Business Rates** - From April 2026, there will be two new lower multipliers for retail, hospitality, and leisure properties below £500,000. Business rate income losses will be offset via compensatory Section 31 grant funding. High-value multiplier adjustments will be clawed back through grants credited to collection funds. None of the proposals for Business Rates will impact local authority core spending power.
- **Health and Social Care** - Plans for 250 new NHS Neighbourhood Health Centres, with 120 operational by 2030, will be delivered via public-private partnerships. In addition, the government will be putting £300m of new capital investment into NHS technology.
- **Transport** - Investment of £2bn annually for local roads by 2029/30 and a new electric vehicle mileage-based duty implemented from April 2028. The government will also commit £1.3bn additional funding for the Electric Car Grant and £200m for chargepoint infrastructure and capability.
- **Environment and Energy** - Household energy bills are to fall by £150 on average from April 2026 via the removal of green levies; The Warm Home Discount will be expanded.

Medium Term Financial Plan

3.6 Although we now have more information on Government's funding intentions, detailed allocations for ESCC will not be clear until we receive the provisional Local Government Settlement for 2026/27 later in December. Planning for 2026/27 and beyond therefore remains highly challenging and based on modelling both of national plans and local projected costs and income, including the impact of ongoing growth in demand.

3.7 At this point, the MTFP has been updated for local factors. The modelled impact of the FFR 2.0 has not been added to the MTFP. The impact of funding reform remains a best estimate until detailed council allocations are published. Transitional protections limit the estimated £18m loss of grant funding to one third of the total loss over each of the next three years, so the estimated loss in 2026/27 is £6m.

3.8 The MTFP presented in November's report to Cabinet estimated a deficit budget position by 2028/29 of £88.3m. The impact of recent updates is summarised in the table below:

Medium Term Financial Plan	2026/27 £m	2027/28 £m	2028/29* £m
Council 11 February 2025 DEFICIT	25.916	18.731	0.000
Carry Forward of 2025/26 Deficit	11.449	-	-
Annual Budget Deficit after Carry Forward	37.365	18.731	0.000
Annual Budget Deficit after updates, before new proposed savings	54.198	12.712	27.090
Cumulative Budget Deficit after updates, before new proposed savings	54.198	66.910	94.000

*Notional due to LGR

3.9 As shown above ESCC is projected to face a deficit of £54.2m for 2026/27, and £94.0m at the end of the MTFP period, subject to the impact of the provisional financial settlement and final funding allocations yet to come.

3.10 As reported earlier on the agenda, the Council is projecting an overspend for 2025/26 of £12.2m at Quarter 2, which will require a further draw on strategic reserves, albeit at a lower level than projected at Q1. The latest projected reserve balances as at 1 April 2029 are set out in the table below. This position reflects the additional draw to balance 2025/26 based on the Quarter 2 forecast, which remains significant, but is prior to any draw on balances required to set a balanced budget for 2026/27.

Reserves Balances	Balance 01-Apr-25 £m	Estimated 01-Apr-26 £m	Estimated 01-Apr-29 £m
Earmarked Reserves:			
Held on behalf of others or statutorily ringfenced	25.5	21.2	19.9
Named Service Reserves			
Waste Reserve	19.8	14.7	7.4
Capital Programme Reserve	9.1	-	-
Insurance Reserve	7.7	3.7	3.5
Local Government Reorganisation Reserve	-	-	-
Subtotal named service reserves	36.6	18.4	10.9
Strategic Reserves			
Priority Outcomes and Transformation	5.2	4.4	3.7
Financial Management	11.3	6.1	5.0
Subtotal strategic reserves	16.5	10.5	8.7
Total Earmarked Reserves	78.6	50.1	39.5
General Fund Balance	10.0	10.0	10.0
TOTAL RESERVES	88.6	60.1	49.5

3.11 The projected level of strategic reserves of £10.5m 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.

3.12 We continue to minimise day to day spend in year through a range of robust measures to contain costs, including stringent spending and recruitment controls on top of our existing robust governance and financial management systems as endorsed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its financial assurance review. Whilst important in maintaining discipline and minimising the need to draw on reserves to cover in year overspends, these measures will have limited impact in the context of the overall deficit and ongoing pressures on services.

4. 2026/27 budget – next steps

4.1 As we work towards being in a position to meet the Council's legal duty to set a balanced budget for the coming year in February, very few options remain. While recognising the limited potential for further savings and the potential impacts on service delivery, Cabinet requested in November that officers bring forward further savings proposals as part of work to address the substantial projected deficit. Recent announcements have not removed the need to pursue further reductions as part of the approach to bridging our funding gap. Departments have undertaken work to assess how any further savings could be delivered, identifying a total potential additional saving of £3.1m for 2026/27. This is in addition to the £18.0m for 2025/26-2027/28 already identified when the current year's budget was set by Council in February.

4.2 The impact of the new proposals is set out in the table below. These proposals relate to all departments, and impact on both frontline and supporting services across the Council. More detail on the approach taken and potential impacts is provided in section 5:

Department	Proposed additional savings (£m)			
	2026/27	2027/28	2028/29	Total
Adult Social Care and Health	1.454	0.183		1.637
Business Services	0.355	0.132		0.487
Children's Services	0.526	0.024	0.008	0.558
Communities, Economy and Transport	0.636	0.125		0.761
Governance Services	0.080			0.080
Total	3.051	0.464	0.008	3.523

4.3 The impact on the MTFP, should these additional savings proposals be delivered in full, is set out in the table below. A detailed MTFP after updates and proposed savings is shown at Appendix 1.

Medium Term Financial Plan	2026/27	2027/28	2028/29*
	£m	£m	£m
Annual Budget Deficit after updates, before New Proposed Savings	54.198	12.712	27.090
Total New Proposed Savings	(3.051)	(0.464)	(0.008)
Annual Budget Deficit after Updates and New Proposed Savings	51.147	12.248	27.082
Cumulative Budget Deficit after Updates and New Proposed Savings	51.147	63.395	90.477

*Notional due to LGR

4.4 As illustrated in the table above, even if the further savings are delivered in full, ESCC will face a deficit of £51.1m for 2026/27, and £90.5m at the end of the MTFP period, subject to the impact of the Local Government Finance Settlement.

4.5 Given the substantial projected deficit, and the limited scope for further savings or use of reserves, there remains no realistic path to setting a balanced budget without additional support from Government. As reported in November, the Council is preparing to request Exceptional Financial Support (EFS) and has begun discussion with Government officials to understand the options which may be available. It is important to reiterate that 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 above the referendum limit which is already factored into the MTFP.

4.6 The Finance Policy Statement recognised that the FFR 2.0 will present challenges for some local authorities and confirmed that the process for obtaining EFS for 2026/27 will be similar to previous years, with a final decision on EFS applications expected alongside the final Local Government Financial Settlement in February. We await further detail.

5. Savings

5.1 The 2025/26 balanced budget and MTFP agreed by Council in February already includes planned savings of £18.0m across the three years. These savings, combined with those already delivered, mean we have identified over £156m in service reductions and efficiencies since 2010. The scope to find more savings and efficiencies is very small given the lean nature of the organisation after a decade and a half of savings and the high proportion of our budget now directed to delivering or supporting statutory services and duties, many of which are experiencing growth in demand.

5.2 In light of the serious financial position, all departments have undertaken work to identify any scope for further reductions and to understand the impacts. Given the difficult decisions already made, and current pressures on services, any additional savings are expected to have further significant impacts on our residents, partners and staff, as well as affecting the organisation's capacity to respond to new demands and transform services. These are not proposals we would wish to make, but at this point there are no desirable options. The approach taken by each service area is outlined below, with the specific proposals set out at Appendix 2.

5.3 Across all departments any opportunities to maximise income are considered on a regular basis. 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 and to review all other sources of income, including reviewing and uplifting fees and charges in line with usual practice.

Adult Social Care and Health

5.4 For Adult Social Care, our priority is to meet our legal duties to provide care and support under the Care Act. To help us to do this, in the context of RPPR, we have identified five priority areas. These priority areas include the community care budget, which is already under pressure as the demand and costs of care increase due to changes in the population, greater complexity of need and increasing financial hardship amongst residents. Other priorities include ensuring we have sufficient frontline workers such as social workers and occupational therapists, retaining a robust financial assessment function to ensure we are funding those most in need, and ensuring we manage the care market to ensure supply and best value. In addition, we have sought to prioritise infrastructure funding for the voluntary, community and social enterprise (VCSE) sector, recognising the huge contribution this sector makes to preventing, reducing and delaying the need for care and support across the county. We have also aimed to protect support for unpaid carers, who play an invaluable role in meeting care and support needs for so many residents, which would otherwise fall on statutory services.

5.5 This means that the savings proposals set out at Appendix 2 are in the following areas:

- discretionary and non-statutory preventative services;
- achieving greater value and efficiency from our integrated services; and
- support services, back office functions and management.

5.6 Whilst Public Health funding is ringfenced to improve public health outcomes, the deployment of public health budgets is also reviewed as part of the RPPR process, to ensure best use of resources and alignment with Council Plan priorities within the grant conditions. Activity and expenditure are reported to the Office for Health Improvement and Disparities (OHID) as part of the annual financial accounting process and must be certified by the Director of Public Health.

Children's Services

5.7 Children's Services has undertaken a thorough review of all budgets to identify savings that minimise the impact on vulnerable children and families. The process included detailed analysis of statutory responsibilities, service performance, and equality considerations. Savings have been targeted in areas where efficiencies can be achieved without compromising safeguarding or core statutory duties. Services that provide critical support, including child protection, SEND provision, and support for the children we care for, have been protected as much as possible to ensure continuity of care and compliance with legal obligations. We have also protected as far as possible evidence based preventative services that help manage demand for higher cost services.

5.8 Education and Early Help and Social Care services will continue to transform services in response to both the Family First programme and SEND reforms. Early Intervention and Prevention are core expectations of the Families First Programme and the SEND Reforms are expected to mirror those expectations.

Communities, Economy and Transport

5.9 In identifying further savings proposals, the Communities, Economy and Transport department conducted a review of all service areas. We sought to identify opportunities to

enhance efficiency and generate additional income while ensuring that essential services remain intact. However, the proposed savings do include service reductions including reductions to winter gritting routes, a thorough review of staffing levels, and changes to how we engage with local communities about road safety concerns. We have also put forward plans to increase income from developer-related works.

5.10 Throughout this process, we paid attention to those areas that directly impact public safety, accessibility, and our statutory obligations. This includes maintaining core registration services and ensuring minimum standards for highways and waste management. Decisions to safeguard certain functions were informed by the potential impact on vulnerable groups, reputational risks, and the necessity to uphold service quality for our residents and businesses.

5.11 Where changes are proposed, we have considered various mitigation strategies, phased implementation, and consultation with stakeholders to minimise any adverse effects. This approach reflects our commitment to balancing financial sustainability with the continued delivery of vital community services.

Business Services and Governance Services

5.12 Business Services (BSD) and Governance Services (GS) deliver a comprehensive range of support functions critical to the organisation, encompassing Human Resources (HR), Information Technology (IT) and Digital, Cyber Security, Property, Internal Audit, Procurement, Finance, Legal Services, Communications, and corporate governance activities. These central support functions, which ensure the Council complies with a wide range of statutory obligations as well as fulfilling essential business needs, were reduced earlier and more significantly during previous rounds of savings in order to maintain funding for frontline services as far as possible. The savings identified last year will bring the support budgets down to a level whereby further reductions will impact on the support required to deliver services. They will also increase the level of risk and reduce the overall resilience of the organisation.

5.13 In addition, the delivery of savings across all departments, the substantial and complex programme of work required to implement local government reorganisation (LGR) and the need to roll out new technology to replace unsupported systems and achieve longer term efficiencies, requires significant expertise and support from these services. This creates additional demand alongside the usual, and in many cases increasing, service needs of the Council. All support services will be subject to further review as part of LGR and the establishment of a unitary authority.

5.14 Recognising the financial challenges the Council faces, all areas of BSD and GS are under review for potential further savings or efficiencies. However, previous reductions mean these departments already operate with minimal resources and have single points of failure. Additional reductions would affect support for statutory and customer-facing services, increasing risk and decreasing overall organisational resilience. Potential consequences include:

- plant failure in areas such as heating, lighting and lifts;
- IT incidents, including system or WiFi failure;
- cyber security incidents including data loss and significant impact on business continuity;
- challenge to procurement processes;
- inability to provide key information and support to enable the council to continue to function effectively with appropriate levels of governance (e.g. financial information, HR, legal);

- not meeting the communication needs of service departments and risk to the resilience of the Council's online information and services; and
- increase in spend on expensive external resource.

5.15 Given how leanly BSD and GS are run, the extent of previous savings made, and the risks associated with further cuts, the distribution of new savings proposals at Appendix 2 reflects the limited scope for further reductions at this time. The areas proposed for savings result from a focus on:

- income generating opportunities such as rental income and traded services;
- looking hard at the base level of service offer that BSD and GS provide across all their functional areas;
- maximising partnership working and related efficiencies, for example through Orbis and the use of SPACES (Strategic Property Asset Collaboration in East Sussex); and
- opportunities through the successful implementation of Phase 2 of Oracle.

Savings – next steps

5.16 The potential savings in 2026/27 from these new proposals, if agreed, would reduce the projected £54m financial gap, by £3m, reflecting the limited scope for further reductions. Specific identified savings are subject to further consultations and decisions, as well as delivery risks, and even if fully delivered, leave a substantial gap of £51m for 2026/27, subject to any impact from final funding allocations.

5.17 All savings proposals identified will be taken forward through our usual governance, decision making and HR processes. Progressing potential savings will entail consultations, in some cases with the public, and in others with our staff on restructures and potential redundancies. In some instances it has been necessary to begin these processes already in order to be in a position to implement agreed changes ahead of the new financial year and deliver a full year saving to support the budget position. We currently estimate that approximately 150 staff posts (c100 full time equivalent) will be impacted by the additional savings proposals. We will do everything possible to minimise compulsory redundancies, applying our comprehensive redeployment processes and support to retain valued staff within the organisation wherever we can.

5.18 We will continue to do what we can to mitigate the impacts of savings proposals, including working with partners and maximising the efficiency of our services to ensure best use of available resources. This includes increasing our use of digital tools and artificial intelligence (AI) to support productivity 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.

5.19 We will also continue to work through the impacts of recent announcements and await further detail and specific allocations through the provisional Local Government Finance Settlement later in December. This will enable us to confirm or amend our assumptions, and clarify the position in relation to specific grants, providing an updated deficit position. In light of this, proposals for setting a balanced budget for 2026/27 can be considered.

6. Engagement, lobbying and communications

6.1 The Government's response to the Fair Funding Review 2.0 consultation did not respond to the concerns we had raised that aspects of the proposals did not accurately reflect the needs in East Sussex and costs of delivering services, or our limited ability to raise income locally. The final proposals indicate that we can still expect a negative overall

impact on our funding when final allocations are published, despite recognition of increased need.

6.2 Ahead of the full financial settlement we have written to local MPs to reiterate our significant concerns about the Council's funding position and the impact on the sustainability of vital services for the county's residents and communities. We continue to seek their further support, and to lobby actively with our local, regional and national partners for:

- funding allocations which properly reflect the needs of East Sussex residents, including the county's older population and communities experiencing high levels of deprivation;
- recognition that there remains a fundamental need for increased overall funding for local government, including to invest in the preventative approaches which are the only way to mitigate increasing need, as well as to achieve the best outcomes for our residents;
- a review of the statutory requirements councils are expected to deliver;
- an urgent need for sustainable and appropriately funded reforms in key areas of increasing demand such as Adult Social Care and SEND; and
- national action on unavoidable costs and market conditions over which we have very limited control locally.

6.3 In tandem with our ongoing lobbying of Government, we will continue to communicate openly and honestly with our residents, partners and staff on our approach to the financial position and the impacts of specific savings proposals, including through RPPR engagement with representatives of our strategic partners, staff, young people and local businesses to inform Members' decisions.

7. Looking ahead

7.1 This report reinforces the substantial challenges we face, including a projected funding gap which means we must seek further savings and service reductions, as well as preparing to request Exceptional Financial Support from Government in order to be in a position to set a balanced budget for the year ahead.

7.2 We will not have certainty on our financial position until we receive detailed funding allocations and can factor these into our planning, alongside other emerging developments which will impact on the environment we will be operating within during the coming year and beyond.

7.3 Our updated analysis will feed into final proposals for the 2026/27 budget and Council Plan to Cabinet in January for consideration, and Council in February for decision.

7.4 Members will continue to be involved in developing plans through Cabinet, County Council, Scrutiny Committees, and specific engagement sessions throughout the 2025/26 RPPR process.

BECKY SHAW
Chief Executive

Medium Term Financial Plan (MTFP) Update (December 2025)

Although we now have more information on Government's funding intentions, both from the Policy Statement and the Autumn Budget, detailed allocations for ESCC will not be clear until we receive the provisional Local Government Settlement for 2026/27 later in December.

	Ref	Estimate (£m)			
		2026/27	2027/28	2028/29 (LGR)	Total
		Annual	Annual	Annual	Cumulative
Council 11 February 2025 DEFICIT		25.916	18.731	0.000	44.647
CARRY FORWARD OF 2025/26 DEFICIT		11.449			11.449
Total After Carry Forward		37.365	18.731	0.000	56.096
Normal Updates:					
Council Tax	A	(13.855)	(14.297)	(29.410)	(57.562)
Business Rates	B	(1.746)	0.270	(2.304)	(3.780)
Children's Social Care Prevention Grant	C	(0.123)			(0.123)
Revenue Support Grant	D	(1.127)	(0.013)	(0.115)	(1.255)
CSD Home to School Transport - grant rolled into RSG 2025/26		0.992			0.992
Inflation	E	0.817	(1.448)	18.672	18.041
General Contingency	F	0.710	0.160	0.600	1.470
Pay Awards and National Insurance	G	2.000	0.050	5.745	7.795
Local Government Pension Scheme: revaluation impact	H	(5.962)			(5.962)
Levies and grants	I	0.015	0.021	0.037	0.073
Treasury Management	J	1.616	1.624	2.408	5.648
Pressures added to / (removed from) the MTFP:					
ASC Growth and Demography	K	14.217	3.106	22.479	39.802
CSD Growth and Demography	L	16.409	3.276	6.693	26.378
Orbis Review	M	1.700			1.700
CET Waste Housing Growth	N	(0.225)	0.077	0.405	0.257
CET Waste additional income	O	0.500	(0.500)	0.300	0.300
CET Waste PFI Credits	P		0.125	2.871	2.996
GCS Elections	Q		1.500	(1.125)	0.375
Pressures bids approved by CMT	R	0.895	0.030	(0.166)	0.759
DEFICIT AFTER UPDATES		54.198	12.712	27.090	94.000

Updates to be considered – for local decision:					
<i>Savings 2025/26-2027/28 - additional proposed</i>	S	(3.051)	(0.464)	(0.008)	(3.523)
Pressures bids for consideration by CMT	T	TBC	TBC	TBC	TBC
DEFICIT/(SURPLUS) AFTER UPDATES TBC		51.147	12.248	27.082	90.477

Updates:

A Council Tax

The Government has provided local authorities in England additional flexibility in setting Council Tax by increasing the referendum limit for increases in Council Tax to 3% and the ability to increase the Adult Social Care Precept by up to 2%. Council Tax inflation is therefore assumed at 4.99% for all years.

Council Tax base growth is being estimated at 1.5% for all years. The impact of additional collection fund deficit/surpluses will be managed through the collection fund reserve.

B Business Rates

Business rates have been updated for the additional year reflecting the latest inflation estimates by the Office of Budget Responsibility (OBR) published in September 2025. Business rates will continue to be monitored along with the collection fund and reviewed alongside the District / Borough Councils latest collection forecasts to understand any further impacts.

C Children's Social Care Prevention Grant

The final allocation of grant for 2025/26 was £0.123m higher than original notified.

D Revenue Support Grant

A number of grants have been rolled into RSG for 2025/26 including: Election Integrity Programme New Burdens, Extended Rights for Home to School Transport, Island Funding, Tenant Satisfaction Measures and Transparency Code. The estimates have been updated for OBR forecast inflation, and there is a technical adjustment relating to a one-off transfer to reserve in previous years.

E Inflation

The inflation model as per the approved pressures protocol allows for contracts to be uplifted annually per the contract conditions but does not provide inflation for utilities and other running costs e.g. building maintenance, communications and software. Contractual negotiations, e.g. Foster Care and Concessionary Bus Fares are considered for inclusion within the MTFP by CMT.

The OBR published its updated forecast inflation rates as part of its latest outlook for the economy and public finances in November 2025. It is usual practice to use this forecast to update inflation; however, given the current high inflation rates it is considered prudent to use the rates at July 2025 for the 2026/27 financial year, and OBR forecast rates thereafter.

The table below shows the changes in OBR inflation estimates from its previous publication plus the actual rates for July 2025:

	OBR Forecast March 2025*			OBR Forecast November 2025*			Actual Rates July 2025
	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	
CPI	1.81%	2.00%	2.00%	2.29%	2.02%	2.09%	3.80%
RPI	2.99%	3.03%	2.82%	3.51%	3.11%	2.88%	6.50%

**Inflation estimates are as of September of each calendar year to provide the best mid-point within each financial year.*

The inflation estimates also includes updates from the Highways and Waste Models based on industry-specific inflation rates.

The MTFP normal update includes inflation increases from 2026/27 onwards. Normal practice is that, in-year, services would be expected to manage movement in actual inflation through contract/budget management and the pressures protocol.

F General Contingency

This is calculated at 1% of net budget less treasury management, rounded to the nearest £0.1m. The figures reflect the addition of 2028/29 and impacts of other changes.

G Pay Award and National Insurance

Provision has been made for the addition of 2028/29 and award of 2.5% in all years of the MTFP. Adjustment has also been made to reflect the late pay award for 2024/25, the 3.2% pay award agreed for 2025/26, plus allocation of the National Insurance Grant.

H Local Government Pension Scheme: valuation impact

The triannual review of the local government pension scheme for 2026 to 2029 has been undertaken, resulting in a reduction in Employers pension contribution from 19.7% to 15.4%.

I Levies Increase

The figures are reflective of the latest estimates of the Flood & Coastal Protection Levy and Sussex Inshore Fisheries Levy.

J Treasury Management (TM)

The TM Model has been updated for latest estimates, a breakdown of the key movements is shown below.

TM Updates (£m)	2026/27	2027/28	2028/29	TOTAL
Capital Programme Borrowing	2.055	1.661	0.279	3.995
SEND Deficits	0.828	0.706	0.877	2.411
MTFP Deficit and Reducing Reserves	0.897	0.862	0.810	2.569
Other Updates, e.g. economic forecasts and debt restructuring	(0.096)	0.463	0.442	0.809
Total Updates	3.684	3.692	2.408	9.784
Already included in MTFP Feb 2025	(2.068)	(2.068)		(4.136)
Total Movement	1.616	1.624	2.408	5.648

K ASC: Growth and Demography

Figures for ASC Growth and Demography have been updated following the overspend projected at Q1. Whole year equivalent clients have been increasing by around 5.5% per year since 22/23. ESCC now supports 1,000 clients more than the client base prior to the COVID pandemic of around 7,000. Growth projections have been based at the annual trend from 23/24 to 25/26. Note that this increase excludes inflation on provider fees, which is included in E.

L CSD: Growth and Demography

Figures for CSD Growth and Demography have been updated following the overspend projected at Q1. For Looked After Children (LAC), numbers are projected to remain stable, but there will be a 15.56% increase in high-cost agency children's homes placements. Home to School Transport figures have increased to reflect current demand plus an additional calculated increase in numbers of SEND clients.

M Orbis Review

Potential impact of the review of IT&D, Procurement and Internal Audit and future service delivery models.

N CET: Waste Housing Growth

The forecast pressure for 2028/29 has been added to the current plan and estimates have been updated for the latest available housing numbers.

O CET: Waste Additional Income

The forecast risk has been reprofiled across 2026/27 and 2027/28 (nets nil), and a forecast added for 2028/29.

P CET: Waste PFI Credits

The Waste Disposal budget includes income of £2.996m per annum for Waste PFI Credit payments from DEFRA which are due to end in 2028.

Q GCS: Elections

Provision to enable the establishment of budget for future elections, noting that the decision around 2026/27 elections is awaited.

R Pressures Protocol

A number of pressures bids have been approved in principle by CMT as follows:

Description	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	Total (£m)
CET: Highways Streetlighting	0.313			0.313
BSD: Payroll - loss of traded Services to School (S2S) income due to maintained schools converting to academies	0.070			0.070
BSD: HR - loss of traded S2S income due to maintained schools converting to academies	0.035			0.035
BSD: St Mary's House lease	0.027	0.054		0.081
AI-Related Bids:				
BSD: Power BI Fabric	0.169	(0.022)	(0.088)	0.059
ASC: Formflow	0.140	0.064	(0.078)	0.126
CSD: Magic Notes	0.141	(0.066)		0.075
Subtotal AI-Related Bids	0.450	(0.024)	(0.166)	0.260
Total Pressures Bids	0.895	0.030	(0.166)	0.759

Requiring local decision:**S Additional Proposed Savings**

Further potential savings have been identified by services, totalling £3.523m. A detail breakdown is shown at Appendix 2.

Department	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Adult Social Care and Health	1.454	0.183		1.637
Business Services	0.355	0.132		0.487
Children's Services	0.526	0.024	0.008	0.558
Communities, Economy and Transport	0.636	0.125		0.761
Governance Services	0.080			0.080
Total	3.051	0.464	0.008	3.523

T Pressures bids for consideration by CMT

To be considered at the CMT Awayday on 17 December 2025.

Medium Term Financial Plan	2025/26	2026/27	2027/28	2028/29
	Approved Budget	Estimate	Estimate	Estimate (LGR)
	£million	£million	£million	£million
TAXATION & GOVERNMENT FUNDING		(579.615)	(608.524)	(638.149)
Council Tax	(370.172)	(13.175)	(19.064)	(20.316)
Adult Social Care Precept	(29.050)	(7.991)	(8.534)	(9.094)
Business Rates	(102.987)	(2.468)	(1.925)	(2.304)
Social Care Grant	(59.640)			
ASC Market Sustainability and Improvement Grant	(11.312)			
Children's Social Care Prevention Grant	(1.485)	(0.123)		
National Insurance Grant		(4.470)		
Revenue Support Grant	(4.452)	(1.199)	(0.102)	(0.115)
New Homes Bonus	(0.517)	0.517		
TOTAL TAXATION & GOVERNMENT FUNDING	(579.615)	(608.524)	(638.149)	(669.978)
SERVICE PLAN				
Service Expenditure	515.467	548.095	619.199	651.880
Inflation				
Non-pay Inflation	17.011	19.519	17.881	18.649
Allocation of pay award and NI increase to services	1.948	16.953		
Local Government Pension Scheme: revaluation impact		(5.962)		
Adult Social Care & Health				
Better Care Fund - Discharge Funding	5.088			
Discharge Funding - New Burdens	(5.088)			
Growth & Demography	3.917	18.134	7.023	22.479
Transfer Public Health savings grant to Centrally Held Budgets	1.444			
Pressures approved via protocol in previous years	10.350	0.580		
Pressures approved via protocol 2026/27		0.140	0.064	(0.078)
Children's Services				
Looked After Children Growth & Demography	0.808	16.374	3.046	3.449
Home to School Transport Growth & Demography	5.908	2.769	2.896	3.244
Looked After Children Placements Covid-related	(0.519)			
Covid Grant Funding for Looked After Children Placements	0.519			
Family Safeguarding	(2.075)	(3.533)		
Net Operational Pressures incl. Careleavers and Locality	0.475	2.929		
Pressures approved via protocol in previous years	5.444	1.940	0.680	
Reprofile of Public Health Investment	0.459	(0.586)		
Home to School Transport - grant rolled into RSG 2025/26		0.992		
Pressures approved via protocol 2026/27		0.141	(0.066)	
Communities, Environment & Transport				
Waste Housing Growth	0.307	0.189	0.419	0.405
Waste PFI Additional Income	1.450	0.400	0.300	0.300

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
Waste PFI Credits			0.125	2.871
Pressures approved via protocol in previous years	0.445	0.745		
Pressures approved via protocol 2026/27		0.313		
Business Services				
Pressures approved via protocol in previous years	0.779	(0.064)		
Pressures approved via protocol 2026/27		0.301	0.032	(0.088)
Orbis Review		1.700		
Governance Services				
Pressures approved via protocol in previous years	0.148			
Elections		0.409	1.500	(1.125)
Savings				
Savings 2024/25	(2.685)			
Savings 2025/26-2027/28 - approved Feb 2025	(13.505)	(3.279)	(1.219)	
NET SERVICE EXPENDITURE	548.095	619.199	651.880	701.986
Corporate Expenditure		42.969	43.523	53.179
Treasury Management	14.780	3.684	3.692	2.408
General Contingency	5.650	0.750	0.300	0.600
Contingency for Potential Pay Award, Recruitment and Retention	12.353	(5.064)	5.605	5.745
Inflation Risk Provision	6.242	0.048	0.024	0.023
Pensions	4.874			
Apprenticeship Levy	0.600			
Movement in Reserves	(1.107)	1.107		
Levies & Grants	1.021	0.029	0.035	0.037
Transfer Public Health savings grant to Centrally Held Budgets	(1.444)			
TOTAL CORPORATE EXPENDITURE	42.969	43.523	53.179	61.992
TOTAL PLANNED EXPENDITURE	591.064	662.722	705.059	763.978
CUMULATIVE DEFICIT/(SURPLUS)	11.449	54.198	66.910	94.000
ANNUAL DEFICIT/(SURPLUS)	(2.895)	42.749	12.712	27.090
One-off use of Financial Management Reserve	14.344			
One-off use of Waste Reserve	(9.449)	9.449		
One-off use of Insurance Reserve	(2.000)	2.000		
ANNUAL DEFICIT/(SURPLUS) AFTER USE OF RESERVES	0.000	54.198	12.712	27.090

Savings Proposals 2026/27 to 2028/29

Department	Savings already identified £'000								New savings £'000				Total savings £'000			
	Legacy FYE of decisions/actions taken in 25/26				To be agreed and actioned for 26/27 onwards											
	2026/27	2027/28	n/a	Total	2026/27	2027/28	n/a	Total	2026/27	2027/28	2028/29	Total	2026/27	2027/28	2028/29	Total
Adult Social Care and Health	2,525			2,525				0	1,454	183		1,637	3,979	183		4,162
Business Services				0		825		825	355	132		487	355	957		1,312
Children's Services	70	20		90				0	526	24	8	558	596	44	8	648
Communities, Economy and Transport	546	187		733	75	187		262	636	125		761	1,257	499		1,756
Governance Services	63			63				0	80			80	143			143
Total	3,204	207	0	3,411	75	1,012	0	1,087	3,051	464	8	3,523	6,330	1,683	8	8,021

Adult Social Care & Health - Proposed New Savings			Net budget £'000	Savings £'000				Specific or disproportionate impacts relating to protected characteristics										
Service Area	Proposed Action	Likely Impact	2025/26	2026/27	2027/28	2028/29	Total	Age	Disability	Sex	Gender Reassignm	Ethnicity	Marriage / Civil	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Planning, Performance and Engagement (PPE)	Restructure of PPE division	Reduction in project support, training and development capacity. Going forward significant new projects will require recruitment of a project manager to be costed in (and included in timescales).	1,647	320	91		411										Y	
Strategy, Commissioning & Supply Management (SCSM)	Adult Social Care (ASC) Strategy - 'What Matters To You?'	Reduction in transformation budget to deliver the priorities from the ASC 'What Matters To You' strategy.	330	130			130										Y	
SCSM	Restructure of policy and strategic development functions	Realignment of resources to deliver the prevention strategy.		150			150										Y	
Operations	Integrated Night Service	Current contract ends 31/08/2026. The impact of withdrawing funding would be minimal for ESCC but greater for the NHS.	276	184	92		276										Y	
Operations	Administrative Restructure	Restructure of operational support services (excluding directly provided services, financial services, and health and social care connect).	2,502	250			250										Y	
Operations	Restructure of Quality and Safeguarding functions	The Safeguarding Development Team would merge with the Principal Social Work Team, resulting in a reduction of senior social work management posts.	88	88			88										Y	
Operations	Contract Management	Renegotiation of contract overheads for services commissioned from the NHS.		82			82										Y	
Public Health	Public Health	Ensuring alignment of public health growth and development to further support council plan priorities, in line with public health grant conditions.	0	250			250										Y	
TOTAL - Adult Social Care & Health - Proposed New Savings				1,454	183	0	1,637											

Children's Services - Proposed New Savings				Net budget £'000	Savings £'000				Specific or disproportionate impacts relating to protected characteristics									
Service Area	Proposed Action	Likely Impact	2025/26	2026/27	2027/28	2028/29	Total	Age	Disability	Sex	Gender Reassignment	Ethnicity	Marriage / Civil	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Early Help & Social Care	Stopping the payment of term-time accommodation for university students who are Care leavers	Care leavers who are currently at university and eligible for support will continue to receive the same level of funding as currently in place until the end of their course. Care leavers applying for university for 2026-27 academic year onwards will be impacted. All will be eligible for a revised package of support, supported to apply for loans in line with all students, and in addition supported to apply for university bursaries. There is a potential impact on number of care leavers who will apply, attend and complete university courses, although the rebased offer is in line with a range of other Local Authorities who have similar levels of care leavers attending university.	900	18	24	8	50		Y			Y						Additional equality characteristic: care experience
Commissioning & Transformation - NHS commissioned services	Notice given on some funding contributions to the NHS.	No direct impact on ESCC delivered services. The potential impacts of the reduced funding on NHS commissioned and delivered services will be considered by the relevant NHS organisations.	568	267			267										Y	
Education	Staffing review across the division to seek general efficiencies where available	Efficiencies will be sought across the Education Division in order to minimise the impact on services.	Multiple	100			100										Y	
Early Help & Social Care	Adoption South East Regional Adoption Agency - through management of change, there is a 10% saving on all partners' contributions from 2026-27	No direct impact on ESCC delivered services.	1,410	141			141										Y	
TOTAL - Children's Services				526	24	8	558											

[illegible]

Communities Economy and Transport - Previously Identified Savings - to be agreed and actioned for 2026/27 onwards				Net budget £'000	Savings £'000				Specific or disproportionate impacts relating to protected characteristics										
Service Area	Proposed Action	Likely Impact	2024/25	2026/27	2027/28	n/a	Total	Age	Disability	Sex	Gender Reassignm	Ethnicity	Marriage / Civil	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further information	
Archives	Review of the Archive service offer	Potential changes to the current service offer.	664	75			75										Y		
Library and Information Service	Further reduce the operating costs of the Library and Information Service by improving the cost efficiency of provision and reviewing stock usage	Potential change to back office provision and reduced choice in our stock offer.	4,198		187		187										Y		
TOTAL Communities, Economy & Transport - Previously Identified Savings - to be agreed and actioned for 2026/27 onwards					75	187	0	262											

Governance Services - Proposed New Savings			Net budget £'000	Savings £'000				Specific or disproportionate impacts relating to protected characteristics										
Service Area	Proposed Action	Likely Impact	2025/26	2026/27	2027/28	2028/29	Total	Age	Disability	Sex	Gender Reassignm	Ethnicity	Marriage / Civil	Pregnancy /Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information
Policy	Reduction in staffing capacity	This proposal would involve a reduction in staffing within the Policy Team. This would have a potential impact on supporting the transition to the new Unitary Authority including preparing the induction of new Members (particularly in relation to RPPR and scrutiny), support for scrutiny engagement in the transition, and support for budget setting processes.	578	20			20										Y	
Performance, Research and Intelligence (PRI)	Reduction in data and insight budget	The consultancy budget in PRI was set up to support the provision of external expertise to assist with data and insight projects. Removal of this budget will mean that any future work required will not be possible without use of reserves.	440	20			20										Y	
Communications	Reduction in staffing budget	This proposal would result in a further reduction in staffing (in addition to current planned savings). The effect would be to further reduce the time spent on campaigns and projects for service departments. This includes work on marketing and advertising, design and video, promotion, publicity, social media, content creation and media.	1,163	20			20										Y	
Coroner Services	Property costs reduction due to moving coroner courts from rented accommodation to Westfield House, County Hall.	This saving is generated through efficiencies and better use of the Councils estate. However it needs to be viewed in the context of significant budget pressures relating to other areas such as mortuary provision, professional fees.	2,020	20			20										Y	
TOTAL - Governance Services				80	0	0	80											

Report to:	Cabinet
Date of meeting:	16 December 2025
By:	Director of Children's Services
Title:	Annual Looked After Children (LAC) report 2024 - 2025
Purpose:	To outline the performance of the Looked After Children's Service between 1 April 2024 and 31 March 2025

RECOMMENDATION:

Cabinet is recommended to note the report.

1 Background

1.1 The Annual Report is attached as Appendix 1.

2 Supporting information

2.1 During the course of 2024-25 a total of 908 children were looked after by East Sussex County Council, an increase of 20 compared to the previous year. At the end of the year there were 688 children in care, 31 more than the previous year. This increase was driven mainly by fewer numbers of children leaving care, and children remaining in care for longer.

2.2 We have continued to see high levels of complex presentation across children's mental health, neurodiversity, behaviours that challenge and complex family dynamics. These needs intersect with poor school attendance and/or children who are not able to access a suitable school place.

2.3 28% of the children in our care identified as being from an ethnic minority or mixed heritage background. 128 were separated migrant children under the age of 18 and 193 separated migrant care leavers aged 18+. 44 children came to us through the National Transfer Scheme, and the remainder were spontaneous arrivals via police involvement or directly from Newhaven Port.

2.4 We continue to find family-based homes for most children in our care and have seen very positive activity across fostering recruitment. 2024-25 saw the highest number of fostering enquiries in five years and a strong conversion rate of 33% from home visit to approval. This led to 30 new fostering households being approved in 2024/25 with 47 places, which resulted in a net increase of 17 fostering households and 25 places. Of all our children living with foster carers as at 31 March 2025, 76% were placed in-house, significantly higher than the national average for 2023/24 of 60% in-house utilisation.

2.5 However, in line with national and regional trends we are placing more children in agency residential placements and more of these placements are located outside of the county. This movement is driven both by the increase in children's complex presentation and a national shortage of fostering households. This means that some children who could be

placed with foster carers are living in residential children's homes which is a trend that we are working hard to reverse.

2.6 Significantly fewer children have experienced 3 or more placement moves during the year, this reflects careful matching and the skilled support provided to carers. Our in-house fostering service and commissioning team provide critical oversight to ensure the quality and sustainability of homes for our children.

2.7 Adoption South East placed 82 children for adoption in 2024-25, 21 of these were from East Sussex which was an increase of 6 children on the previous year.

2.8 Our in-house Residential Children's Homes, Children's Disability Homes and Lansdowne Secure Children's Home have been working closely together to align practice and share expertise. In 2024-25 we increased occupancy across all homes and are caring for children with increasingly complex needs. All homes are currently rated 'Good' by Ofsted.

2.9 Health outcomes for children in care are known to be poorer than for their peers. In East Sussex we work closely with Health colleagues to address this inequality. Initial and Review Health Assessments remain an area of focus alongside the improvement in dental care. Immunisation data available at the time of writing indicates that 81% of children had received their expected vaccinations, however this is being further scrutinised as we believe the actual figure to be higher. Our Looked After Children Child and Adolescent Mental Health Service (LACAMHS) offers valuable consultation and informs the therapeutic model in our residential children's homes. Completion of Strengths and Difficulties Questionnaires (SDQs) has shown significant improvement following the introduction of a new process. In 2025-26 we will be working with Public Health to address learning from the 'My Health My School' survey.

2.10 The voice of children, young people, their families and the people who care for them continue to sit at the heart of our service. The Children in Care Council and the Care Leavers Council offer valuable challenge to us all whilst also supporting with interviews and representing our council at regional and national events.

2.11 Children's Social Care is responding to pressures across the system to ensure that families are supported at an early stage and that where children are in care, they live locally, with carers who can meet their individual needs and who support them to 'head home' where this is safe. We continue to embed the Valuing Care approach which is helping to shape conversations with children's networks and bringing energy to care planning. The Placements and Commissioning Service is bringing increased challenge alongside positive market engagement and working with the Regional Care Cooperative to support sufficiency.

3. Conclusion and reasons for recommendations

3.1 Overall performance is encouraging, remaining consistent despite the demand pressures. However, the increase in agency residential placements, particularly high-cost placements for children with complex needs is putting unsustainable pressure on the budget. The service is attempting to mitigate this through robust scrutiny of costs, a focus on Heading Home (reunification within the family network) and building creative care plans whilst maintaining a focus on children's needs and delivering safe services. Children's Social Care Reform and Regionalisation offer exciting opportunities to develop practice and share skills.

3.2 Cabinet is recommended to note the contents of the report.

CAROLYN FAIR

Director of Children's Services

Contact Officer: Kathy Marriott

Email: kathy.marriott@eastsussex.gov.uk

LOCAL MEMBERS

All

BACKGROUND DOCUMENTS

None.

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Looked After Children's Annual Report 2024-25

Fiona Lewis

Head of Service for the Fostering Service, Placements & Commissioning Service,
Residential and Provider Services

Sally Carnie

Head of Service for the Looked After Children Service, Through Care Service, Virtual
School and Adoption South East Service

2024/2025



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Hi there,

We at the **East Sussex Care Leavers Council (CLC)** wanted to share a few opening remarks and reflections for the 2025 Annual Report you are about to read through. Members of the CLC were given the opportunity ahead of this finished report to consult on sections to include and feedback on the information shared where possible. We were very grateful for this opportunity of consultation within the report as we strongly believe this to be foundational for accurate and empathetic impact reporting by including the views and experiences of children in care and those leaving it within the report.

In the report, we were interested to see that out of the 688 individuals currently being looked after by East Sussex, there were a higher amount of boys entering care than girls. Additionally, for the Key Performance Indicators for the current year we were interested to see how the performance improved in varying areas such as the % of former relevant young people aged 19-21 in education, employment or training but in other areas for that same age bracket of former relevant young people in suitable accommodation, performance has decreased.

As for the priorities for East Sussex for 2025/26, the CLC welcomes many of the priorities mentioned and would be interested to see their implementation in the coming year. While the priorities were welcomed, members of the CLC expressed concerns for the feasibility of some priorities such as the new Permanence Lead Practitioner role so we would be curious to hear more details about this when possible.

Thank you for taking the time to read through our foreword and I hope you find the Annual Report an interesting read!

Written by DW with contributions and reflections from members of the East Sussex Care Leaver Council

Summary

This report provides an overview of services for the children in our care.

It provides a profile of the children we care for, how their needs are met and their journey through care. The report includes information about our Separated Migrant Children.

The report outlines the services we provide and considers how the experience of children in East Sussex compares to the wider national picture.

Finally, the report outlines key developments over the past 12 months and our future priorities

The report should be read alongside the individual service reports appended to the end of this document.

Statutory responsibilities within Looked After Children's Services

A child is 'looked after' by the local authority if they have been provided with accommodation for more than 24 hours, or if they have been made subject to a Care or Placement Order

The Local Authority has statutory duties to safeguard and promote the welfare of children in care; to provide suitable accommodation and support and to ensure that their health and education needs are met. These are Corporate Parenting Responsibilities

Other agencies, including police, education and health services also have statutory responsibilities towards children in care

Children in care must have a Care Plan which is reviewed regularly by an Independent Reviewing Officer

The Local Authority must consider the wishes and feelings of the child, their parents and other relevant people when making decisions

Looked After Children's Services in East Sussex

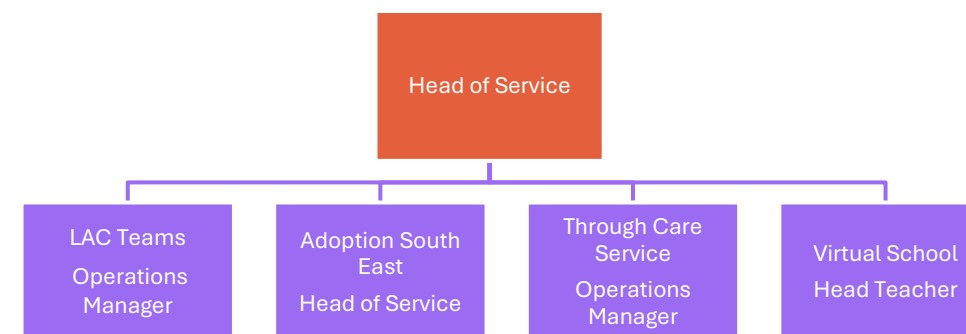
East Sussex Children's Services has 3 Looked After Children (LAC) Teams and 2 Through Care Teams with 8 social workers / senior social workers in each team. The Through Care Service also has 19 Personal Advisors (PAs) who support Care Leavers. The average caseload for a Looked After Children's Social Worker in East Sussex is 17 children.

The Head of Adoption South East and the Virtual School are embedded in our Management Team, ensuring a holistic approach to children's journeys.

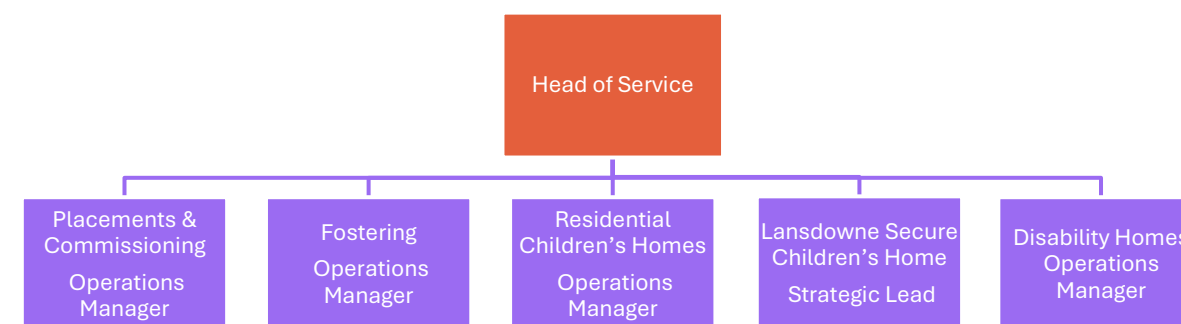
Commissioning and Provider Services work alongside the social work teams to ensure that the homes and services that we provide for children in our care are safe, local, and share our ambition for children to access opportunities and experiences which lay strong foundations for their future. This partnership approach to service delivery for looked after children drives positive outcomes and effective use of resources.

East Sussex has a robust in-house Fostering Service, 4 open Residential Children's Homes, 2 homes for Children with Disabilities and a Secure Children's Home.

Data for Looked After Children is complex and not all data was available at the time of writing. Our Digital Strategy is contributing to enhanced confidence and analysis of data as we move in to 2025-26.



LAC, Through Care, Adoption and Virtual School Teams



Placements, Commissioning Residential and Secure Services

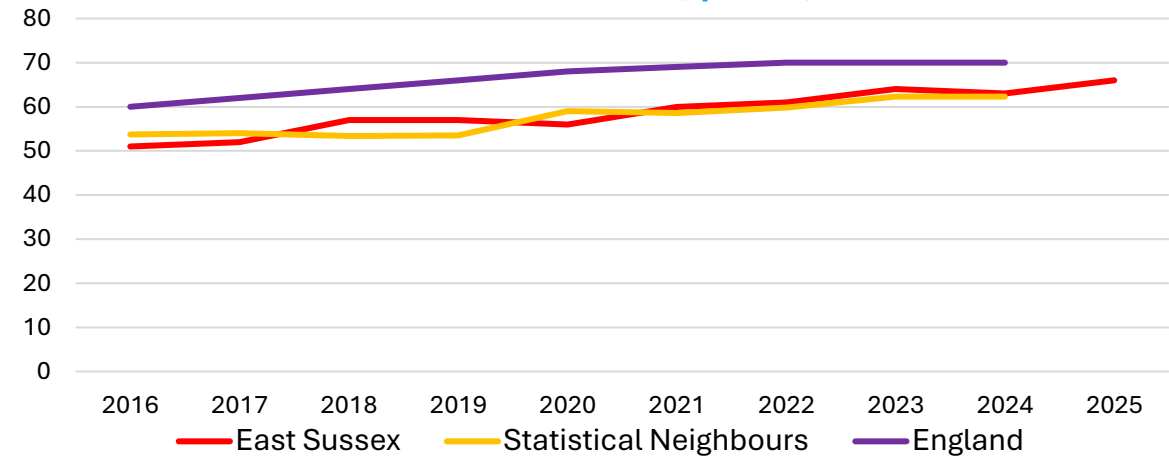
Rates of Looked After Children

The number of children in care in East Sussex has increased since last year but remains below IDACI. Whilst admissions to care increased only slightly, fewer children left care than in previous years

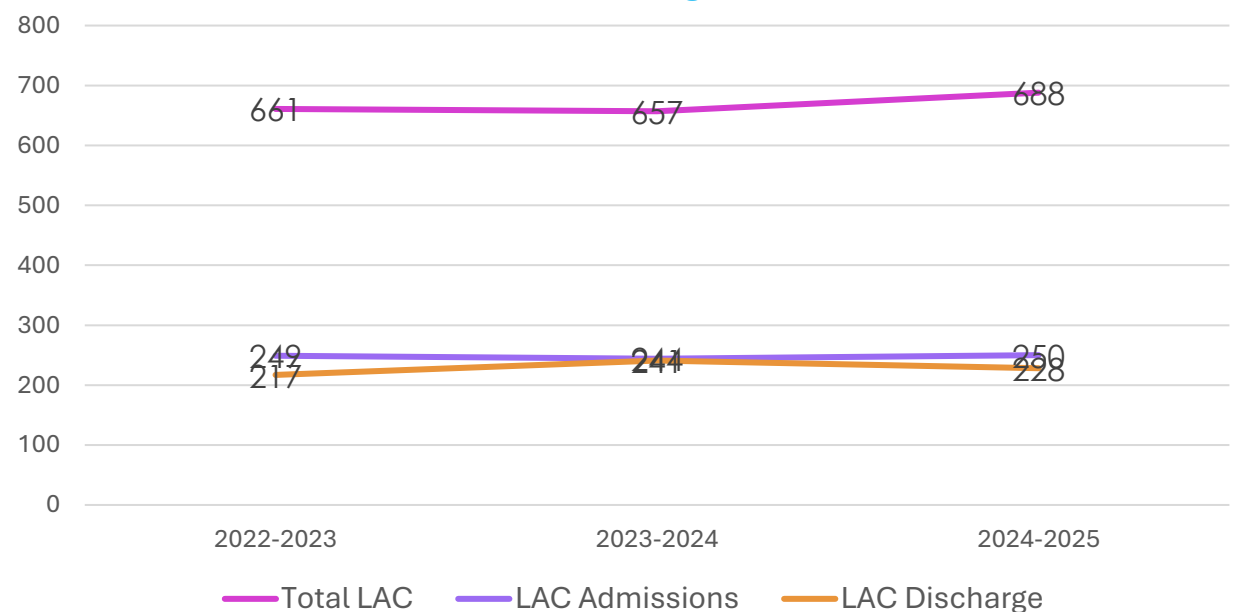
There were more children in care than for the previous 2 years

Indicative data for 2025 suggests that the rate of Looked After Children per 10,000 in East Sussex will remain in line with statistical neighbours and below the England rate

Rates of Looked After Children, per 10,000



ESCC Admissions and Discharge from Care

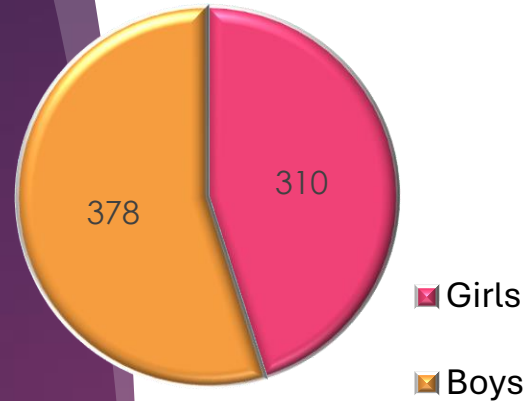


Profile of Looked After Children in East Sussex

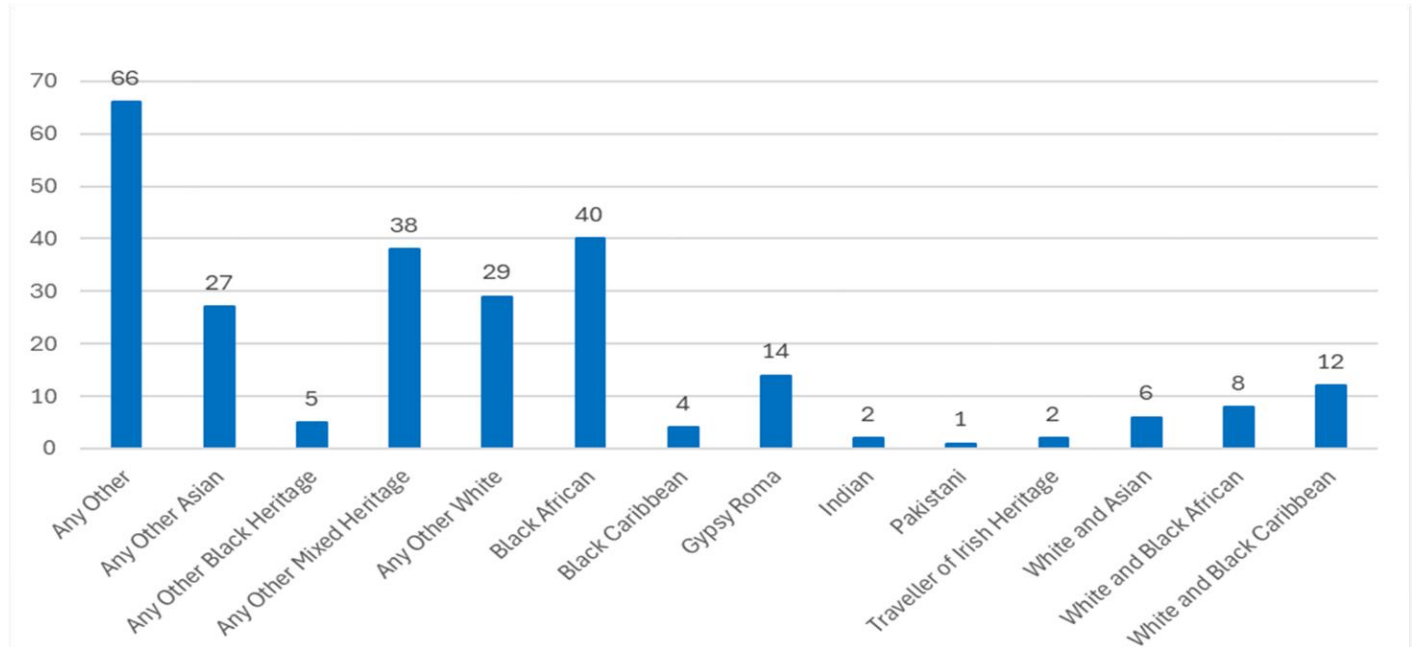
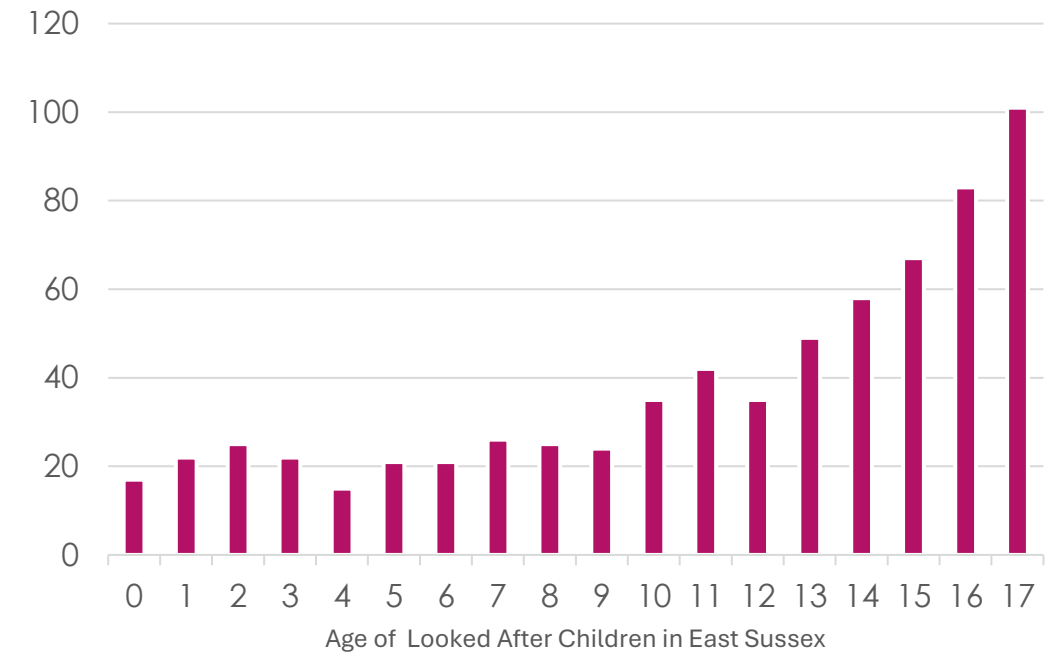
As in previous years we have more boys in our care than girls. There are more children aged 13+ who are looked after than the younger age group.

Most of the children in our care identify as White British, this reflects the general population across East Sussex.

28% of our Looked After Children identified as being from an ethnic minority background. These children represent a diverse range of cultures and ethnicities.



Gender of Looked After Children in East Sussex



Ethnicity of Looked After Children who Identified as being of an ethnic minority background

Becoming Looked After, Leaving Care and Legal Status

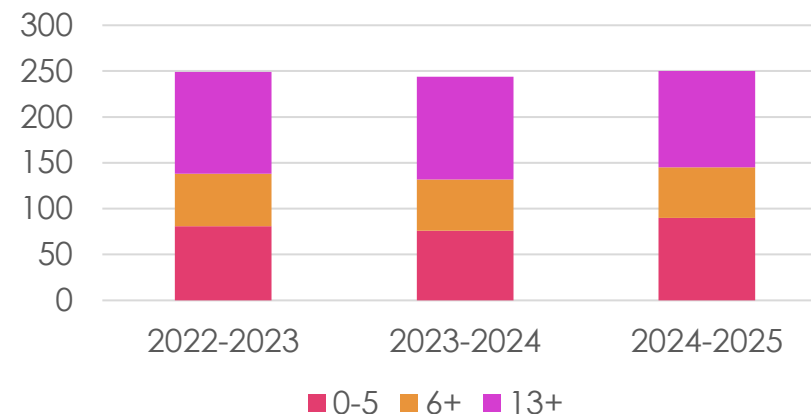
908 children came in and/or left our care during the year which was a net increase of 20 children compared with 2023-24. This reflected significantly higher activity levels across the service.

In contrast to previous years, more younger children were admitted to care than children aged 13+. Younger children were also more likely to remain in care than in previous years.

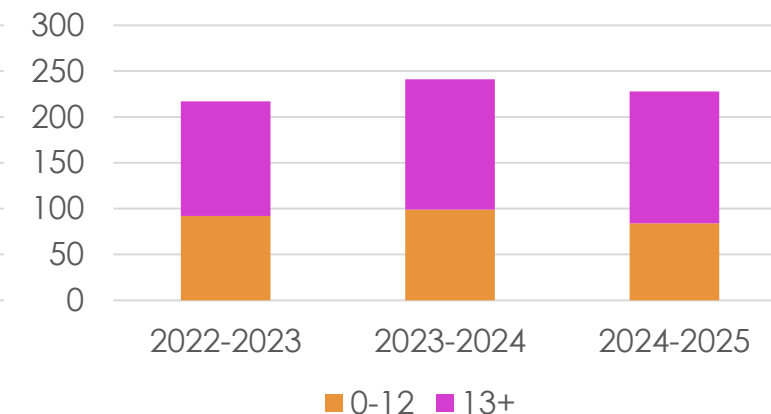
60% of children were looked after under a Care Order or Care and Placement Order compared to 26% of children cared for under Section 20.

14% of children were subject to an Interim Care Order.

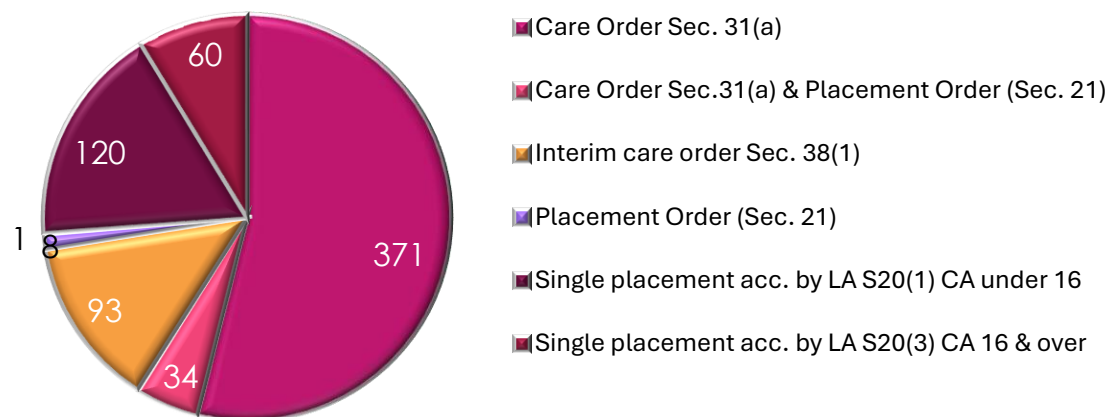
Age Profile of Children on Admission



Age Profile of Children Leaving Care



Legal Status of Children in Care in East Sussex



Our Separated Migrant Children

(previously UASC)

East Sussex County Council cared for 128 Separated Migrant Children under the age of 18 during 2024-25, this compared to 118 in 2023-24.

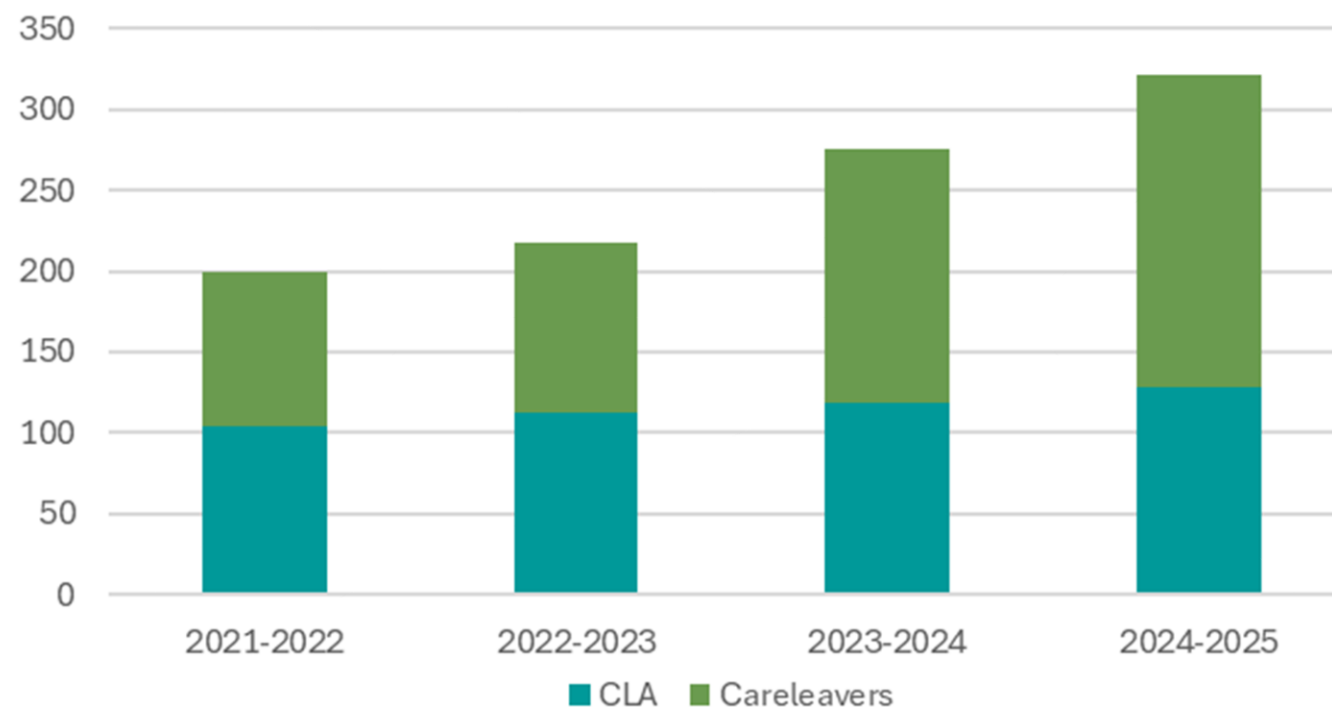
In addition, there were 193 Separated Migrant Care Leavers aged 18+ which is an increase of 36 from the previous year.

Our Separated Migrant Children were mainly male; 89% were aged 16 or over and the youngest was aged 14.

During 2024-2025 44 young people came to East Sussex through the National Transfer Scheme (NTS) and the remainder were spontaneous arrivals via Police involvement or directly from Newhaven Port.

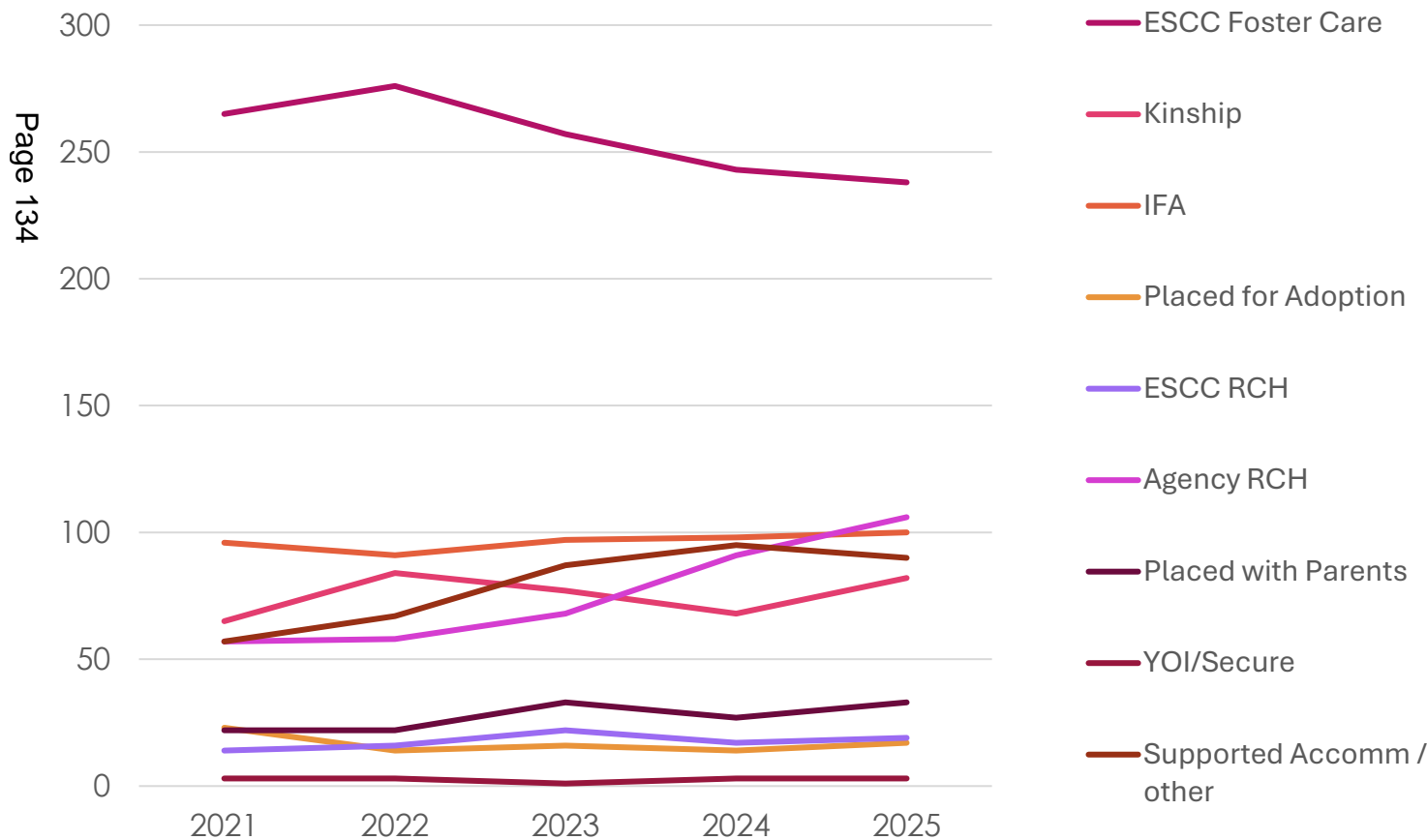
Most of these children were from Sudan, closely followed by Syria, Afghanistan and Vietnam. There were also small numbers of children from Albania, Eritrea, Ethiopia, Iran, Libya, Palestine and Turkey.

Separated Migrant Children



Where our children are living

Placement Mix



*Data shows a snapshot as of 31st March 2025

East Sussex foster carers continue to offer homes to more of our children than any other category of care (35%). We also support many Connected or Kinship Foster Carers which, alongside our positive relationships with Independent Fostering Agencies, means that 61% of the children in our care are living in family-based placements. Of all our children living with foster carers as at 31/3/25, 76% were placed in-house, significantly higher than the national average for 23/24 of 60% in-house utilisation.

We continue to see encouraging rates of foster carer recruitment including carers transferring or who bring professional skills and experience which allow them to manage increased complexity of need. This means that we are supporting children in fostering households who might otherwise require residential care, but also that some fostering households are caring for fewer children.

In line with regional and national trends we are seeing a steady increase in our use of Agency Residential Children's Homes. Whilst some of this increase is due to regulatory change for 16+ accommodation, the majority reflects a national shortage of fostering households. Residential Children's Homes can be right for some children, but they can also result in children's networks being disrupted and high costs to the local authority.

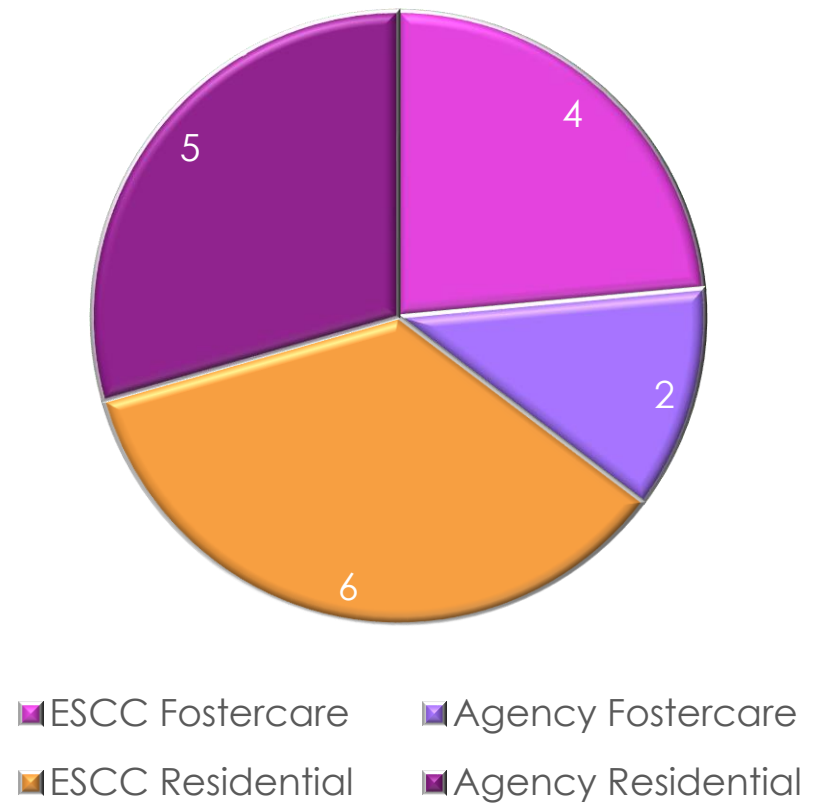
Children Looked After Through the Disability Service

Children who have severe and enduring cognitive delay, severe learning disability, low functional abilities and physical disabilities receive support through the East Sussex Children’s Disability Service.

As of 31st March 2025, this service worked with 17 children in care; 14 children were aged 0-15 and 3 were aged 16-18. All were in receipt of full-time care. The service also provides extensive packages of support and respite to other children and their families in the community.

The Children’s Disability Service social work teams ensure that letters from Independent Reviewing Officers (IROs) for their children are adapted using Communicate and Print.

We also have a Life Story Ambassador with a Children with Disabilities lens who is available for consultations within the service.



Key performance indicators 2024-25

Where ESCC performance improved on the previous year this is shown in green, performance which dipped is shown in red

Indicator	2022/23 ESCC Value	2022/23 England	2023/24 ESCC Value	2023/24 England	2024.25 ESCC Value
Rate of children looked after per 10,000 population aged under 18	64.3	70.5	63.9	69.7	66.4
Number of children looked after with 3 or more placements during the year	15%	10.3%	14.3%	10.4%	10.8%
Percentage of children looked after under 16 who have been looked after for 2.5 years or more and in the same placement for 2 years or placed for adoption	71.4%	68.7%	66.9%	68.1%	67.7%
Percentage of children looked after at 31 st March placed outside local authority boundary and more than 20 miles from where they used to live	17.2%	16.8%	17.8%	17.4%	21.2%
Percentage of children who ceased to be looked after who were adopted	7.0%	9.3%	8.2%	8.9%	7.9%
Average time between local authority receiving court authority to place a child and deciding on a match with an adoptive family	318 days	197 days	241 days	205 days	170 days

Key performance indicators 2024-25

Where ESCC performance improved on the previous year this is shown in green, performance which dipped is shown in red

Indicator	2022/23 ESCC	2022/23 England	2023/24 ESCC	2023/24 England	2024/25 ESCC
Percentage of former relevant young people aged 17-18 who were in suitable accommodation	92.6%	90.6%	95.2%	90.5%	96.6%
Percentage of former relevant young people aged 19-21 who were in suitable accommodation	87.4%	88.1%	92.7%	87.6%	90.7%
Percentage of former relevant young people aged 17-18 who were in education, employment or training	77.1%	65.6%	75.0%	64.1%	64.1%
Percentage of former relevant young people aged 19-21 who were in education, employment or training	55.9%	55.9%	58.1%	53.8%	59.9%
Emotional & Behavioural Health of children in care – average Strengths and Difficulties Questionnaire (SDQ) Score*	16.3	14.4	15.8	14.7	16.1
Percentage of children looked after who had their teeth checked by a dentist	62.5%	75.5%	64.6%	78.9%	68.8%
Children looked after who received a Final Warning, reprimand or conviction	0.9%	2.0%	1.1%	2.2%	2.4%

Leaving Care Indicators are calculated using data collected at the point of each young person's 17th, 18th, 19th, 20th or 21st birthday

*An SDQ score is required of all children aged 4-16 on the date of last assessment. A higher score indicates more emotional difficulties. 0-13 is considered normal, 14-16 is borderline cause for concern and 17-40 is cause for concern.

Family Finding and Adoption Support

Adoption South East (ASE) is a Regional Adoption Agency uniting the adoption services of Brighton and Hove City Council, East Sussex County Council, Surrey County Council and West Sussex County Council. We are working together to provide adoption services across our region, combining our years of experience and expertise and bringing a fresh approach to finding families for children and helping those families to thrive.

Key Indicators in 2024-25

- ▶ 82 children placed for Adoption (21 of these from East Sussex which was an increase of 6 children on the previous year)
- ▶ 64 adoption families approved across the region
- ▶ 95% ASE children placed with ASE approved families
- ▶ 24% of children were placed in Early Permanence arrangements
- ▶ Timescales for children under the age of 2½ improved to achieve the national average
- ▶ 2,000 adoptive families supported across the region
- ▶ £4m funding drawn down from the Adoption and Special Guardianship Support Fund (ASGSF) for therapy for 1,397 children across the region
- ▶ The national decline in adopter sufficiency is becoming reflected locally



Key Performance Indicators – Health

NHS Core Plus 5 – Children in Care and Care Leavers have been identified, both nationally and locally, as a group who should be included in the 'plus' cohort to ensure their health needs are prioritised across all services.

Every child in care is provided with an **Initial Health Assessment (IHA)** within 28 days of entering care. In East Sussex this is carried out at a clinic by the community paediatrician. The team ensure that high quality health assessments are offered to all children and young people who are looked after and make sure that any actions on the health care plan are completed throughout the year.

For the period 2024-2025, 211 IHAs were completed with 169 pertaining to children under the care of East Sussex County Council and a further 42 for other local authorities. These figures show an increase in the previous year.

Exception reporting of the data demonstrates mitigating factors not attributable to ESHT in compliance with the requirements that 85% of assessments are completed and distributed within time frames.

Review Health Assessments (RHA) are carried out by specialist nurses every six months for children aged under five and yearly for those aged five to 18.

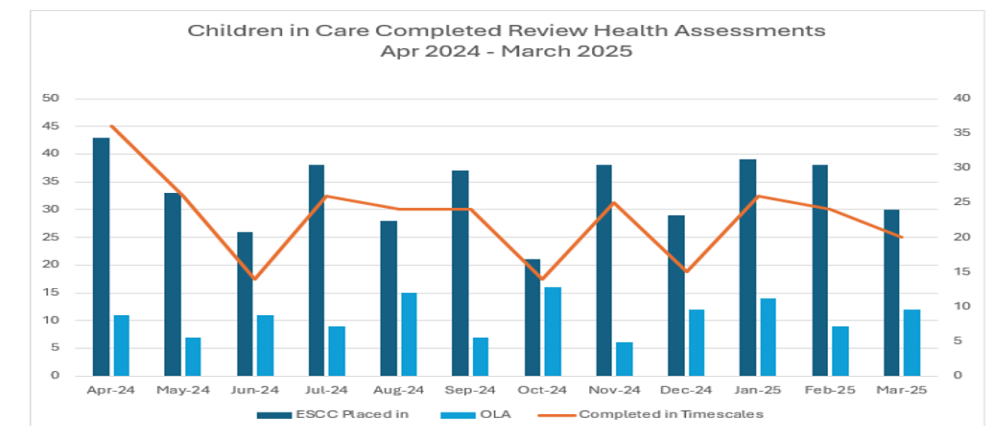
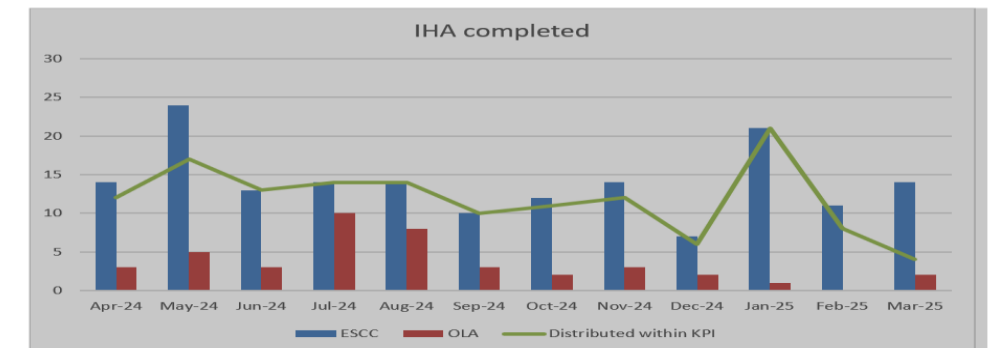
For the period 2024/2025 the Specialist Nurses completed a total of 529 RHAs, with 400 that pertained to children cared for by ESCC and a further 129 placed by other local authorities. 85% of assessments were completed and distributed within time frames. The competing demands of the caseload and OLA work has been contributed to performance, and as a result the review health assessments for the OLA cohort are now allocated to a waiting list, which has increased from three to six months.

120 ESCC children were placed out of the area and their assessments were commissioned and delivered by another provider (OOA).

The Specialist Nurses also compiled 115 **Leaving Care Health Summaries** for 16 to 18-year-olds.

Immunisations for Looked After Children for 2024/25 sat at 81%.

The completion of Strength and Difficulty Questionnaires (SDQs) for children aged 5-16 for 2024/25 was at 55%, which is an improvement.



Results from the My Health My School Survey 2023-24*

*Results for 2024-25 not yet available

The 'My Health My School' survey is a student perception survey for children and young people in years 3-13. It is completed anonymously online and participation by schools, children and young people is voluntary. The survey asked 'age-tailored' questions across ten themes.

0.7% (121/16,412) of students who completed the survey were identified as children in care; these were those that responded, 'I live in a children's home' or 'I live with foster carer(s)'.

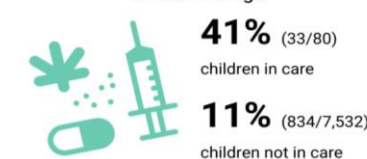
Of the 121 children and young people who identified as in care:

- ▶ 35 were primary, 80 were secondary and 6 were post-16 students
- ▶ 49 were boys, 49 were girls, 18 identified as another gender and 5 preferred not to say
- ▶ 56% (66/118) described their ethnicity within the high-level 'White' category
- ▶ 51% (40/78) described their sexual identity as heterosexual
- ▶ 39% (47/121) considered themselves to have a disability.

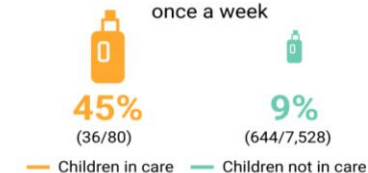
Secondary children in care are more likely to drink alcohol at least once a week



Secondary students that have ever used or taken drugs



Secondary students that vape at least once a week



29%

(23/80) of secondary students in care



2% (153/7,540) of secondary students not in care

smoke at least one cigarette per week

Have ever had sexual contact involving penetration - Year 9 - 11 only

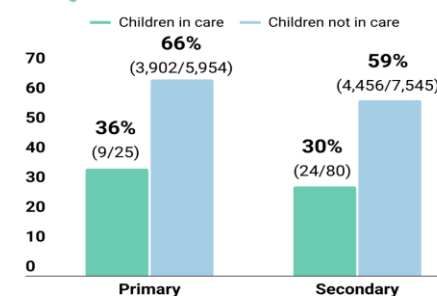
Children in care



Children not in care



'I agree, I enjoy my life'



46%

(37/80) of secondary students in care



6%

(462/7,540) of secondary students not in care

reported being bullied 'most days/every day' in the last 12 months



Have ever hurt themselves on purpose - Yes

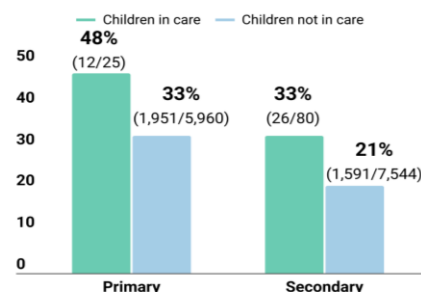
54%

(43/80) of secondary students in care

28%

(2,084/7,534) of secondary students not in care

Eat 5 or more portions of fruit and vegetables on a school day



33% (26/80) of secondary students in care report eating no fruit and vegetables, compared to 9% (655/7,544) not in care.

Physically active for at least 60 minutes most days - all students



Screen time more than 5 hours a day - secondary students



Mental and Emotional Wellbeing annual data and update for LACAMHS 2024/2025

LACAMHS continues to work closely with our Fostering and Residential Services to ensure that the specific needs of the children in our care are understood and responded to in a timely manner

Number of initial consultations completed: 43

Number of Drop ins attended: 71

Number of young people in the service ranged from 102 (Q1) to 79 (Q4)

2 Therapeutic Parenting Groups run over the year

1 pilot Non-Violent Resistance (NVR) group offered to foster carers (Sept 2024-Dec 2024)

Fortnightly consultation at team meetings in children's residential homes

Therapeutic Parenting Groups for residential staff built in to offer

LACAMHS and LAC Management continue to work together to mitigate impact of clinical staffing issues across the region

Key Performance Indicators - Education

All current data is provisional, and progress and attainment 8 data is not yet available for Key Stage 4 (GCSEs).

Key Stage 2: Data remains provisional but suggests that outcomes are higher than last year in reading, writing, maths and GPS. They are in line with national and regional CLA results and slightly higher than both in maths. Cohorts vary from year to year, and all have their own stories. This year 37% had an EHCP and another 24% were on the SEND register.

Key Stage 4: Data remains provisional and there are no national or regional comparators. There were some good individual achievements. Students achieved level 9 in photography and Persian, and Distinctions in BTEC sport and business along with level 7 in Art, Computer Science, Science and DT, and level 6 in History, Drama and Theatre.

Post 16: We have also seen success within our post-16 cohort. Students achieved A levels or equivalent in Biology, Psychology, Criminology, IT, Gaming, Computer Science, Photography and Marketing, and 11 of our young people have gained a place at university. Others have worked hard to achieve their core GCSEs and a range of level 1 and 2 vocational courses.

Intervention: The Virtual School agreed 468 funding requests for tuition last academic year. 216 children and young people received tuition. 21% of the requests were for primary, 68% secondary and 11% Post 16. This was an increase on last year. 60% of the young people who received tutoring achieved all three targets and 100% achieved at least one target and partially met the others. 99% of all children and young people said their confidence against their targets had increased.

100% of Personal Education Plans (PEPs) have taken place. In July 2024, 94.32% were recorded, 0.41% were current and 5% are overdue.

PEP quality audits over the last year rated 74% as good, 97% as satisfactory or above and 2.37% as 'need for improvement'.



The Safety of our Looked After Children

Children who went missing

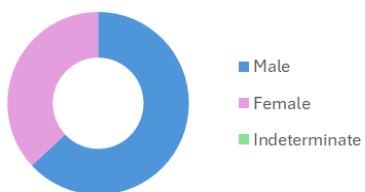
▶ 138 children who were Looked After went missing during 2024-25:

- ▶ 87 were male (63%) and 51 were female (37%).
- ▶ 90 were aged 16 and over (65%), 48 were aged 15 and under (35%).
- ▶ 90 went missing more than once (65%).
- ▶ There were 1327 missing episodes throughout the year.
- ▶ 1168 episodes where the child was missing for less than 24 hours (88%).
- ▶ 97 episodes where the child was missing between 24 and 48 hours (7%).
- ▶ 37 episodes where the child was missing between 2 and 4 days (3%).
- ▶ 25 episodes where the child was missing for over 4 days (2%).

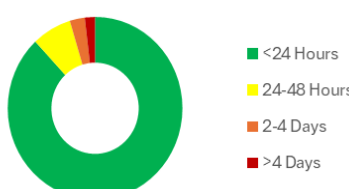
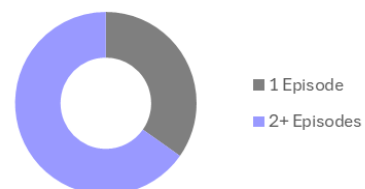
All children were tracked by Sussex Police and by Children Services staff. Risk assessments were regularly reviewed on high profile children who went missing and where necessary, formal strategy discussions were held in line with safeguarding procedures.

Children involved with the Youth Justice Service or at risk of exploitation

- ▶ **The Youth Justice Service worked with 20 looked after children during 2024-25.**
- ▶ A further 2 children became looked after due to being securely remanded to our care.
- ▶ 5.4% of the YJS caseload in 2024-25 were looked after children.
- ▶ Looked After Children aged 10-17 are overrepresented within the YJS cohort.
- ▶ During 2024-25 65 children were subject to ESCC SAFER operational oversight and therefore categorised as being at high risk of exploitation.
- ▶ 12 of these children were looked after by East Sussex, 8 were female and 4 were male.
- ▶ 5 of these children were deemed to be at risk of sexual exploitation and 4 deemed to be at risk of criminal exploitation. 3 children were at risk of both criminal and sexual exploitation.



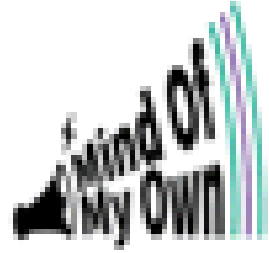
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My Voice Matters

Permanence provides an underpinning framework for all social work with children and families from family support through to adoption. One of the key functions of the care plan is to ensure that each child has a plan for permanence by the time of the second review, as set out in the statutory guidance to the 2002 Act.

IRO Handbook



My Voice Matters is the East Sussex approach to children's statutory Looked After Review meetings. Children's voices sit at the heart of their reviews, and review documentation is prepared in a way that ensures each child can understand their plan

Independent Reviewing Officers have the confidence and knowledge to bring a critical perspective to plans for some of the most vulnerable children in our county. In 2024-25 Independent Reviewing Officers had a specific focus on quality assurance of permanence planning, Life Story Work and later life letters for children

1,563 individual My Voice Matters Meetings were held in 2024-25
89% of My Voice Matters Meetings were held early or on time

This was a slight decrease on the previous year but primarily reflected decisions made in children's best interests or to ensure continuity of the IRO relationship.

Children are increasingly using the Mind of My Own App to contribute their views in advance of the meeting.

92% of Children aged 4+ participated in some way in their review process during 2024/25, which was consistent with the previous year.

What the key performance indicators are telling us

Overall performance is encouraging, remaining consistent despite the demand pressures, and there has been improvement across several key indicators

Whilst the rate of children looked after per 10,000 has increased slightly, ESCC is consistently lower than the all-England rate and below rates expected for IDACI

Although the average SDQ score has declined slightly from last year, the number of assessments completed has vastly improved, which is the result of an action plan developed to address this

The adoption data shows an improvement in performance across most timeliness measures, although with a slight decrease in the total number of adoptions

LAC with 3 or more placement moves shows a significant improvement but the national sufficiency issues regarding placement availability remain

Percentage of dental checks completed has improved again but continues to be closely monitored by the strategic health team who are trying to improve dental capacity and availability for LAC locally

Performance across the Care Leaver indicators has remained relatively constant, although there has been a reduction in EET for 17/18-year-olds

School age children who identify as being looked after also report significantly poorer levels of healthy behaviours and emotional well being; this is an area in need of focus

Corporate Parenting Panel

The Corporate Parenting Panel met 4 times during 2024-25 to discuss regular agenda items including:

- ▶ Regulation 44 Quarterly Summary Reports and Ofsted Inspections for our Children's Homes
- ▶ Looked After Children Statistics Report

In addition to scrutinising reports and inspection data the Corporate Parenting Panel contributed to service development and improvement through focused sessions on:

- ▶ Lifelong Links & Family Group Conferences
- ▶ Family Time (Community Family Work Service)
- ▶ The Annual Report of East Sussex Fostering Service
- ▶ Children in Care Council (CiCC) Pledge presentation by CiCC and Care Leavers Council
- ▶ Placement & Commissioning Team presentation
- ▶ 'My Things Matter' presentation by CiCC and Care Leavers Council
- ▶ Recognising Care Experience Formally As An 'Additional Category' in Equality Considerations
- ▶ Independent Reviewing Officer (IRO) Annual Report



**Our Elected Members
regularly support events
and visit services**

How we Evaluate Practice

Audit Activity 2024-25

All services undertake monthly audit activity across children's files. In 2024-25 this has helped us to understand issues relating to children's mental health, participation in meetings, the role of the IRO, quality of life story work and the strength of multi-agency partnerships. We also identified areas for development relating to supervision and recording.

The Service undertook Thematic Audits focussed on Life Story Work and Pathway Plans and 2 Thematic Audits focussed on the quality and impact of Foster Carers' Supervision

Learning from Audits:

- ▶ Audits evidenced robust, child focussed practice including effective multi-agency working
- ▶ In most cases children had up to date health and dental assessments, reviews were timely, and care leavers were in suitable accommodation
- ▶ Timely completion of Placement Plans showed steady improvement
- ▶ Strong, professionally supportive relationships between foster carers and supervising social workers were clearly visible; however, areas for improvement were identified in relation to supervision records
- ▶ Foster carer supervision is now completed on an electronic form which supports better management oversight; a follow-up audit indicated improved but inconsistent practice
- ▶ Improved practice in relation to recording and review of Delegated Authority was needed, a focused audit is planned to review progress

Key Activity Across LAC Teams

Looked After Children's Teams provide services for children up to age 18 who are in the care of the local authority.

The service has strong retention which ensures that children experience long lasting relationships with workers who they know and trust.

This year has been about driving best practice across services and embedding innovation.

Refining Valuing Care
Panel and process

Developing Heading Home
– our approach to
reunification

Life story work – piloted
student project and now
embedding across teams

Lifelong links, an
expectation for all children
in our care supported by a
review of relationships at
age 15

Reviewed permanence
policy and strategy with a
view to establishing a
permanence lead to drive
this agenda across the
child's journey

Enhancing overall
performance to ensure
consistent good practice
across all children's plans,
records and experiences

Key Activity Through Care Services

The Through Care Service works with children and young people from age 14 to ensure a smooth journey towards independence. Young people move across to the service at a time that is right for them.

East Sussex County Council has adopted Care Experience as an Additional Characteristic and developments have continued to extend the wider corporate parenting role across all agencies in East Sussex.

The Local Offer has been reviewed and is shared with all young people ensuring they are aware of the support available to them.

East Sussex has strengthened support through a range of initiatives:

Housing & Accommodation:

- The Care Leavers Housing Protocol was reviewed to improve housing pathways.
- A Rent Guarantor pilot scheme has enabled access to better quality private rentals.

Relationships & Wellbeing:

- Lifelong Links promoted meaningful connections with family and significant adults.
- Health and Wellbeing Project gained national recognition.

Communication & Engagement:

- Facebook notice board and co-produced monthly newsletter keep young people connected.

Safeguarding & Risk Management:

- 18+ Risk Assessment Panel introduced to address ongoing safeguarding and exploitation risks.

Local Groupwork:

- Weekly sessions in Eastbourne and Hastings offer lunch, careers advice, and mental health support.

Transitions & Specialist Support:

- The Through Care Team (TCT) worked closely with Adult Social Care to support care leavers with mental health or trauma-related needs.

Digital Access:

- Laptops and Wi-Fi were provided to support education, employment, and family contact.

Employment & Skills:

- The Care 2 Work Strategic Group expanded training and work experience opportunities.
- The Skills Journal was launched to help track progress and development.

Separated migrant young people

- The government started processing asylum claims again in summer 2024, reviewing elements of the Illegal Migration Act 2023 which had prevented asylum seekers progressing their claims. This has resulted in more timely decision making for young people.
- The Home Office are refusing a high number of claims made by children seeking asylum; this is across the nationalities (excluding Sudanese and Eritrean) and is resulting in increasing numbers becoming All Rights Exhausted and the team undertaking Human Rights assessments.
- There is also a delay in the system for appeals which can mean young people are waiting up to two years, this results in a higher number of over 18's without rights to rent and gain employment. Those who turn 18 under appeal are completely reliant on ESCC for housing and living costs and had no access to the usual 'move on' housing routes. This puts considerable stress on the post 18 housing provision. The funding from the Home Office drops by 70% when a young person turns 18, this amount does not cover the costs of accommodation locally.
- The Preliminary Information Meeting (PIM) system is back in place for our Sudanese and Eritrean young people, this means they are receiving more timely decisions. Those over 18 with refugee status are increasingly turning to private rental house shares due to the lack of supported move on options available locally.
- The numbers of young people age disputed dropped this year, meaning fewer age assessments were required.
- Our Welcome to the UK day continues to be a success, a follow-up third day has been trialled to cover more topics such as substance use and relationships. The Refugee Council use our Welcome to the UK sessions as their example of best practice to other local authorities across the UK.

Separated migrant young people (continued)

- The service continued to explore a range of new education offers for Separated Migrant Children, including partnering with a local college to start a summer course for those who have struggled to access mainstream education or arrived too late to start the school term.
- The EALS (English as an additional language service) attend our lunch drops ins, providing our young people not in education or training with crucial English learning opportunities.
- Joint work has continued with health colleagues to improve the health offer to our young people. Young people are now able to access blood screening at their Initial Health Assessments, which supports prompt health interventions for those with potential blood borne diseases.
- The service worked closely with the local migrant support services for adults, information sharing and seeking community support for our care leaving cohort. We have continued to support Unaccompanied Minors coming from Ukraine.
- Young people were supported to access additional social activities to improve their wellbeing in groups. This included cycling, rock climbing and football activity days with Brighton and Hove Albion.
- Our young people continue to have access to My View, a Refugee Council therapy service specifically for refugee young people. The young people's feedback remains very positive about the impact this therapy had on their wellbeing.

Health Offer for Children in Care

LAC Operational Health Partnership

Health and Social Care Managers meet quarterly to share learning, address concerns and drive forward service developments relating to the health and wellbeing of children in care.

Key priorities for 2024-2025 have been:

- Working in partnership with Health Commissioners to develop a Pan-Sussex Health Strategy for Looked After Children and Care Leavers to better address physical and emotional health and wellbeing need.
- Dental checks and Immunisations
- Initial and Review Health Assessments
- SDQs
- Access to health care for separated migrant children
- Priority pathways and enhancing knowledge and skills to meet the needs of children with complex needs



East Sussex Healthcare
NHS Trust

The Children in Care (CIC) nursing team works in close partnership with children, young people, their carers, social workers and local authorities to ensure that children and young people's health needs are supported during their time in care and as they leave care.

The team work as health advocates and are involved with the assessment, planning and delivery of health services for looked after children and young people. All our nurses are registered nurses with additional experience and qualifications in areas such as health visiting, school nursing, sexual and mental health, and drug and alcohol support.

All ESHT children 0 -19 years have been allocated to individual specialist nurse caseloads so the children can form meaningful relationships with their specialist nurse throughout their time in care, and this model is now well embedded and favourably received from staff. There are currently 716 East Sussex Children, additionally the team undertake work for over 300 children placed by other local authorities (OLA). Work has continued around ensuring that statutory health assessments are a positive, person-centred and valuable experience, written in child centred and accessible language which is all helping to build positive relationships and improve the experience for the children we care for.

Work with colleagues across the system has embedded a one-stop clinic for unaccompanied asylum seekers

We aim to provide all young people aged 16-18 years old in care with a summary of their health since birth. The health summary is a small booklet which contains birth details, immunisation and health history (if available). The summary is unique to the child can be updated it at any time. The information in the health summary is confidential and is only shared with the child. The health summary also contains useful information about accessing health services and useful tips about staying healthy.

In addition to statutory health reviews, the nurses also offer health advice and information for children in care, their social worker and their carers, support for children in care to attend health appointments, information and support around a range of issues, including:

- ▶ stopping smoking
- ▶ healthy eating and weight
- ▶ relationships
- ▶ safe sex
- ▶ drug and alcohol awareness
- ▶ support for leaving care

Education & Development Support

‘I just wanted to let you know, B received the highest Maths score in her class, and she is also moving up a set’

‘Reports from his Maths teacher are that he is now on track to achieve a pass in Maths at the end of Year 11. A year ago, he was unable to attend Maths lessons’

The Virtual School's (VS) strategic role to promote the educational outcomes for children with a Social Worker has continued to develop and this year included children in Kinship care. The VS worked with social care and education teams across the authority on attendance, inclusion and special education needs. We provided advice and information to social workers, other support services, schools, parents of adopted children and kinship carers. We worked with the Designated Safeguarding Leads Network and SENCos in schools. We have continued to develop the Master Series in Education for Social Workers and Early Help workers and delivered training to new social workers.

The VS works in partnership with post 16 providers. This partnership involves schools and colleges, post 16 trainers, Universities, the Youth Employment Service and post 16 leads in education. Discussions within the partnership have included bursaries, Widening Participation opportunities and the use of the Vulnerable Learners Protocol to ensure that all staff in post 16 establishments are aware of the needs of our learners.

The Care to Work Group brought staff from across the LA together to ensure that our young people have access to existing employment and training opportunities and to develop opportunities. Work with Balfour Beatty and the John Lewis Partnership is ongoing. We are currently looking at how best to ensure that Care Leavers benefit from Connect to Work and other national schemes.

The VS training offer included Designated Teacher (DT) training, attachment training, Personal Education Planning training and an Education Master Series for Social Workers. 271 delegates attended training in addition to those trained as part of whole school training. The VS held Educational Psychologist advice sessions for schools, DT network meetings and a book club focused on an article of key interest e.g., FAS. We have also provided training for foster carers, residential care staff and alternative providers.

The Children in Care Council (CiCC) led a workshop activity on how care and education services can support them. They have worked with the VS to produce newsletter articles for Designated Teachers on their experiences and thoughts on effective support. The articles have been used as a basis for discussion in training.

Children In Care Achievement (CiC) Awards: Children were nominated in the categories of educational achievement, positive contribution, personal achievement and skills and talents. Awards ceremonies took place for younger and older age groups.

We also funded and supported 94 requests for Alternative Provision for 56 young people (43 last year). We worked with 21 different Alternative Providers covering a range of subjects and activities including working on a farm, martial arts, forest skills and music

Our Residential Children's Homes



Residential Children's Homes

Brodrick House – 3 Children

Ofsted grade: 'Good' (October 2024)

"Children say they feel safe and have established positive relationships with adults who they can trust. One child said, 'My support worker is the best, and she tries to get stuff done when I have opened up to her about things, and she has supported me well.' Children's individual needs are considered regarding education and development. Various options are explored to ensure that children remain engaged. For example, one child loves animals and volunteers two days per week at a local zoo and has tutoring alongside this."

Homefield Cottage – 4 Children

Ofsted grade: 'Good' (June 2025)

"Staff know the children well. This is because they take time to understand the children's needs and behaviours. A positive culture of safeguarding is established in the home. Staff value multi-professional working to best support children. A professional from the Child and Adolescent Mental Health Service (CAMHS) attends team meetings regularly. Senior leaders and managers are supportive of staff and each other. This has created a positive work environment where staff can learn and develop."

Hazel Lodge – 4 Children

Ofsted grade: 'Good' (January 2025)

"Children enjoy quality time with the people who are important to them and speak positively about family time. Staff worked tirelessly to reduce risks for the child and gathered key information to help them to accurately assess and reduce the risks. Staff say that the new manager supports them well. Professionals praise the manager's calm and nurturing approach to the children and their communication with professionals."

Silver Birches – 5 Children

Ofsted grade: 'Good' (August 2025)

"The staff team is diverse, and staff say that they feel well supported. Children are encouraged to make connections with their local community and are involved in clubs and sports, such as horse riding, martial arts and football. This provides children with opportunities to develop a sense of belonging. Staff have effectively supported children to improve their behaviours and relationships with one another. Children say that they feel safe and can talk to adults about personal matters that are important to them. Leaders and managers have effective processes in place."

Homes for Children with Disabilities

Acorns

Ofsted grade: 'Good' (May 2025)

"Children have strong relationships with staff. Children have teams of dedicated staff who provide consistent care for them. Moves have been well managed. Managers have thoughtfully assessed the impact of these moves on the children. Staff have helped the child to learn how to express their feelings and wishes safely. Staff are highly effective at working with health professionals. They work closely with specialist health professionals to monitor, assess and treat children's complex health needs."

Registered for up to 8 young people, who have a high level of complex needs and profound disabilities. In 2024-25 Acorns provided care for 2 young people whose needs required enhanced support.

The Bungalow

Ofsted grade: 'Good' (April 2025)

"The home is welcoming and homely, with the children's photos displayed proudly in the communal areas. The children's bedrooms are highly personalised, and children enjoy spending time in their bedrooms. Staff are knowledgeable about the risks for the children. They are highly informed about the children's vulnerabilities. A new deputy manager has been appointed, who is an experienced practitioner and has a wealth of understanding about the children's complex needs. Supervision sessions are of good quality and include feedback about practice, learning from incidents, and discussions about the children."

Registered for 8 children aged 7-19 providing full time accommodation and quality care to children with complex needs and disabilities.

Lansdowne Secure Children's Home (LSCH)

Lansdowne provides secure care and education for up to 7 children accommodated under section 25 of the Children Act 1989. Children are placed by local authorities from across the country. The home reopened in February 2024 following temporary closure.

Ofsted rated 'Good' June 2025

"Children told inspectors that they feel safe and always have someone that they can talk to if they are worried about something.

Children's care plans are informed by children's views and aspirations. Children meaningfully contribute to their plans and understand what support they will receive.

Children recognise their achievements and staff support them wholeheartedly. This assists children to grow in confidence and self-belief.

The work staff do helps children to change their thinking, attitudes and behaviours and to develop a positive outlook for their futures.

When children attend their lessons, they make considerable progress and rapidly develop new knowledge, skills and behaviours that will help them to be successful in their next steps."



We have accommodated a total of 8 children over the last 12 months from six different local authorities. The average length of stay for each young person is 6 months, with 1 young person being in placement for more than 12 months.

The Health Team has significantly changed over the last 12 months following a successful recruitment drive

We participated in the SAN Games (Secure Accommodation Network) and came 3rd overall, although weighting in respect of the size of the home, announced we came 1st for the 2nd year in a row.

We have successfully implemented a new electronic recording system called ClearCare which has improved both management oversight and reporting functionality across our multi agency teams.

We have implemented a SharePoint site to hold and share multi agency policies, procedures, training and guidance which has significantly improved shared understandings and effective communication for all.

The high-quality, creative in-house Education offer led by skilled teachers and support staff is now also looking at the 52 week a year, waking day curriculum in conjunction with the care team.

Steering Groups including DfE, SAN and NHS England remains in place.

Placements & Commissioning

This year we restructured the Fostering Duty Team to create a Placements and Commissioning Service which is better equipped to meet the challenges of the current children's care market. The team has already evidenced improved processes, challenge, oversight and market engagement

Close partnership working with social work teams and providers allows the service to anticipate and contingency plan for children who are in, or on the edge of care

As part of the restructure, our new Brokerage Team will drive best value discussions, lead on commissioning, frameworks and local sufficiency; allowing Children's Placement Officers to focus on needs-led discussions with providers and ensuring that the cost of care directly benefits children

We have worked with a local partner to enhance our approach to commissioning, in 2025-26 whole staff training is planned alongside specific upskilling of relevant roles.

We continue to see value from having a mixed management team with skills drawn from across social work and residential services, we are also benefitting from closer commissioning relationships with colleagues in SEND

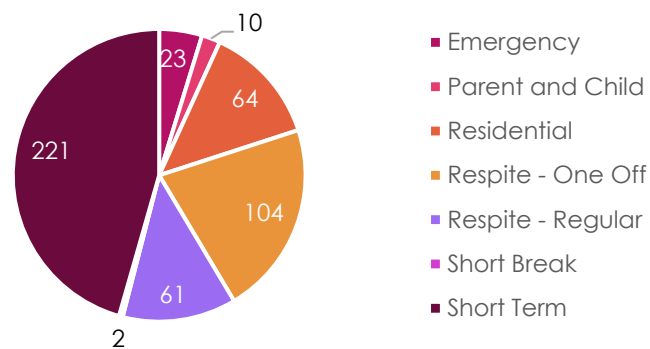
Working with providers is an essential part of our approach; we run Provider Forums and offer support with Regulatory compliance / preparing for inspection. These relationships support enhanced due diligence and quality assurance as well as ensuring that we understand regional sufficiency pressures and risks

Managers from across the Placements and Commissioning Service have been working closely with the South East Regional Care Cooperative (RCC) to inform the development of the Pathfinder program and benefit from shared learning and engagement opportunities. RCCs were introduced in response to the DfE 2023 paper 'Stable Homes, Built on Love' and 2024 Keeping Children Safe, Helping Families Thrive. They aim to address escalating costs, placement shortages, fragmented commissioning and workforce challenges. The South East RCC vision is:

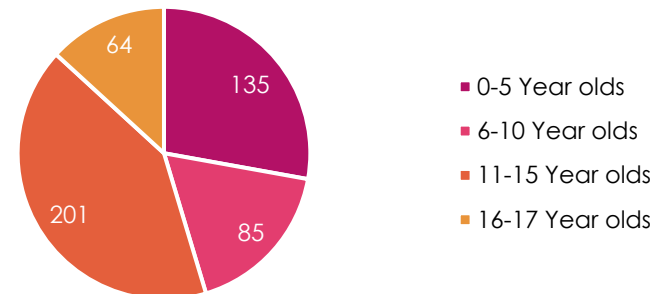
"We will provide the right care for you that is available locally and when needed. We will be loving, caring and consistent with high aspirations for you. We will listen to you, put your needs first and will not give up on you."

Placements & Commissioning (continued)

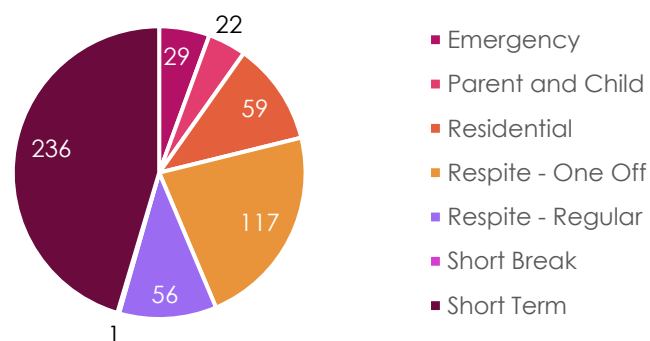
Duty referrals data 2024/2025



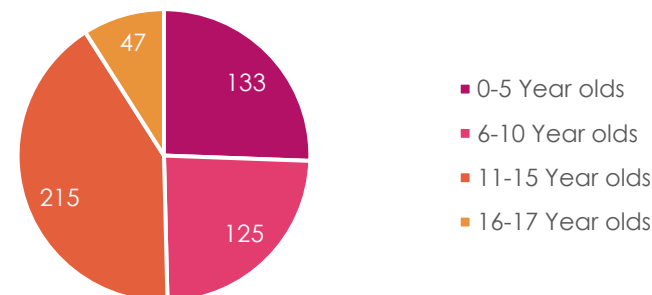
Referrals by age band 2024/2025



Duty referrals data 2023/2024



Referrals by age band 2023/2024



The Placements & Commissioning Team managed 485 Referrals in 2024/25, compared to 520 Referrals for the previous year .

Referrals relate to children who are new to care and those who need an alternative arrangement either long-term or temporarily. Not all children who move between placements will have a new referral, the team are typically working with high numbers of open searches.

Referral 'type' was broadly similar to the previous year, with most children being referred for short-term foster care. Around 30% of referrals are requests for 'respite'.

Referrals for children aged 6-10 were significantly higher than in the previous year, whilst fewer 16-17 years olds were referred.

Fostering Recruitment and Retention

East Sussex Fostering Service supports 259 active fostering households.

2024-25 saw the highest number of enquiries in five years and a strong conversion rate of 33% from home visit to approval, this led to a net increase of 17 fostering households and 25 places.

New 2024/25 ESCC system of removing the Q&A call from the recruitment process to improve response to assessment speed when relevant. This is reflected in a Q&A call volume reduction and an increase in home visits.

In 2024-25 East Sussex was part of a Regional Fostering Hub pilot scheme – moving forwards we aim to build on existing relationships with neighbouring local authority fostering services, sharing best practice and combining resources for collaborative projects whilst maintaining our distinctive identities.

Recruitment	2019/20		2020/21		2021/22		2022/23		2023/24		2024/25	
Enquiries	260		228		200		274		237		276	
Q&A calls	106		95		69		79		70		23*	
Home visits (IV)	68		50		33		43		45		90*	
Approvals H/holds > places	22	39	20	30	14	21	24	40	26	38	30	47
Targets	30	44	30	44	30	44	25	44	26	44	36	50
Conversion												
Enquiry to IV	26%		21%		17%		16%		19%		33%*	
Enquiry to approval	8%		9%		7%		9%		11%		11%	
IV to approval	32%		42%		42%		56%		58%		33%*	

Foster Carers	2023/24	2024/25
Approved households/places	26/38	30/47
Deregistrations households/places	18/39	13/22
Net households/places	+8/-1	+17/+25

*New 2024/25 ESCC system of removing the Q&A call from the recruitment process to improve response to assessment speed when relevant. This is reflected in Q&A call volume reduction and increase in home visits.

Fostering Recruitment and Retention (continued)

Payments and allowances uplift April 2024 - Foster carer payments now in line with National Minimum Allowance (NMA), this is supporting recruitment and retention, improved focus on fostering and wellbeing, increased transfer enquiries

Training and development - Launched new digital [foster carer handbook](#) housing all updated policies, processes, information and guidance, a new resource bank and Learning Pool platform

Retention and placement stability - Continued development of Buddy scheme, GEM scheme (recognition awards) and Young People Who Foster council whose attendance doubled during the 2024 calendar year

Launched first ESCC Mockingbird Constellation – Year 1 funded by DfE in partnership with [The Fostering Network](#) the model creates a familiar network of six to ten fostering families around an experienced fostering household, known as a Hub Home

The Placement Support Service - continues to work with some of our most vulnerable cared for young people, helping to stabilise their placements and prevent them from breaking down



Children in Care Council



The Pledge The pledge was relaunched in September. CICC worked with designers at County Hall to rebrand it with their own vision. A section was added on LGBT+ and neurodiversity, the colour purple was used as this represents awareness for children in care.

My Things Matter The My Things Matter box was designed to be given to young people when they are moving to protect their belongings. This is a sustainable project with the boxes being returned and reused. We also provide free canvas holdalls which can be kept by the young person.

National Participation - A National Voice (ANV) CICC have an ongoing working relationship with A National Voice. They have continued to support the 'Stable Homes, Built on Love' strategy this year sharing their thoughts and feelings based on the areas for improvement. Their top 3 were: mental health support, building and maintaining good relationships and having enough good foster carers. These will be forwarded to the new Children's Minister Janet Daby who will include their comments in her report to Government.

Junior Consultation The CICC ran a creative session with a group of junior children aged 7 -11. They discussed the key messages that junior children feel adults working with them should know. This included what makes a happy place to live, what things make the best social worker or carer and who do they talk to if they have any worries.

Youth Voice Sussex CICC members joined other East Sussex youth voice groups for a consultation event, designed to gather thoughts and ideas to help shape ESCC resources for young people's mental health as well as discussing the quality and content of PHSE lessons in secondary schools across Sussex. They also participated in the annual Reconciling Policy, Performance and Resources (RPPR) meeting attended by Becky Shaw – CEO and Carolyn Fair, to discuss priorities to inform planning within children's services.

Corporate Parents and Senior Management Team CICC attended the Corporate Parenting Panel twice this year, presenting the new pledge and My Things Matter. They met with Kathy Marriott and Cllr Bowdler on a separate occasion and hosted a large meeting with CPP and SMT which included an official signing of the Pledge

Recruitment CICC members continue to be involved in recruitment panels for new staff including panels for newly qualified social workers and also for the new assistant director.

Brighton University 3 CICC members facilitated their annual two-hour lecture at Brighton University for students on the social work degree course.

Virtual School CICC have worked with the Virtual school several times this past year, writing articles for their newsletters and co-hosting an event at Bedes school, for decision makers to hear the feedback from a recent survey by Coram Voice on issues previously highlighted by looked after children in East Sussex.

Funding CICC have secured an extra **£1,023** in extra funding this year from the HAF Government scheme. ESFCA have donated 60 plastic boxes for My Things Matter. Madlug have donated 600 canvas holdalls. Virtual school have funded First Aid training and Citizencard have agreed to provide these for free to any looked after child aged 16-18 in East Sussex and this will continue into 2025.

SUSS it (Speak up Sessions) Through different engagement opportunities with children and young people throughout the year, there have been **55** issues advocated for. These continue to be extremely successful giving **87** children and young people an opportunity to speak up about their own individual issues.

Care Leavers Council



The Care Leavers Council meets monthly and continues to be involved in service development, this year they have reviewed the Local Offer and are working to develop a peer mentoring scheme.



Young people took part in a variety of consultation events, such as the South East Youth Participation Collective and the Youth Cabinet,



Young people regularly participated in ESCC Corporate Parenting Panel.



Young people represented East Sussex at National Benchmarking events and one of our young people continues to attend and host national events as a Young Persons Legend.



LAC Service Budget

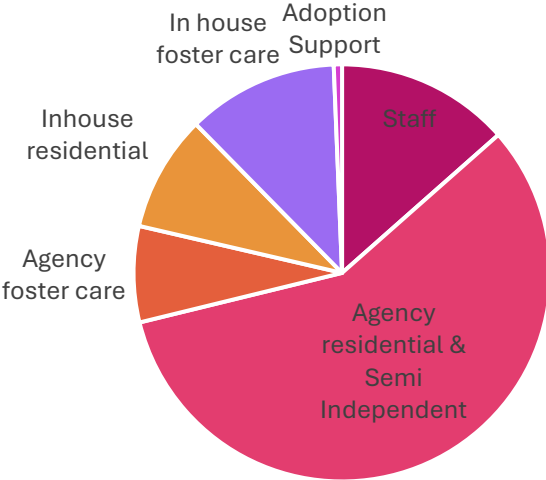
The LAC Service budget represents 35% of the overall Children’s Services budget and 9% of the council’s budget.

In 2024-5 the LAC Service budget was £68m.

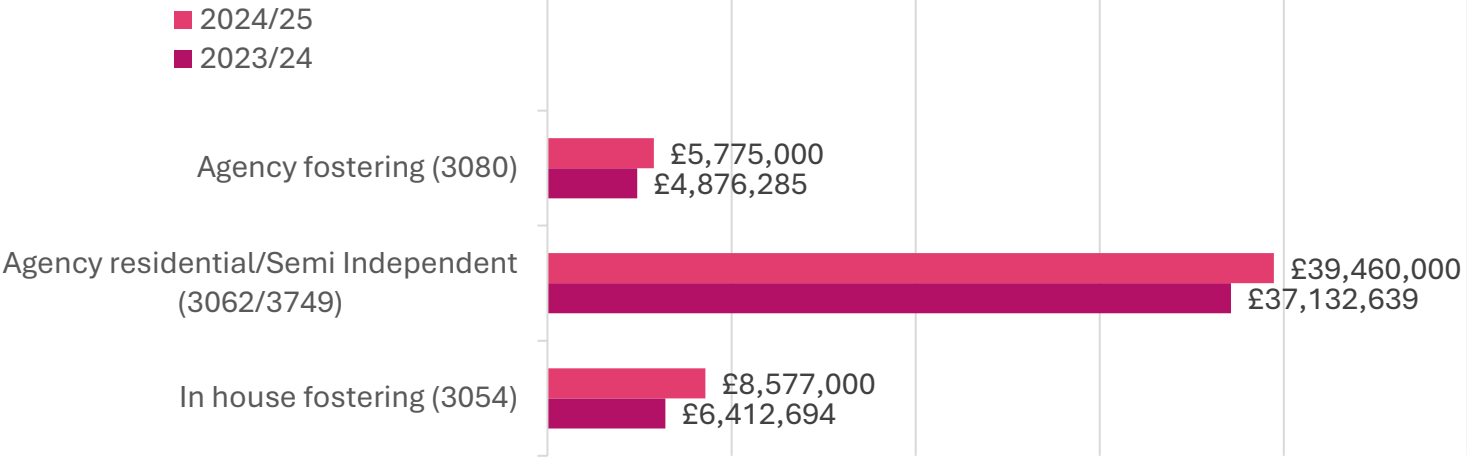
The net spend of the service exceeded the budget by £9m. A significant portion of this overspend was attributable to a small number of children with complex needs who required bespoke provision with high agency staff ratios

Agency Residential and Semi-Independent accommodation continue to represent the greatest pressure within the budget.

Use of Resources 2024/25



Outturns 2023/24 to 2024/25



Pressures

National Increase: England saw a 24% rise in looked after children from 2010 to 2020, with rates increasing from 57 to 67 per 10,000 children.

East Sussex Trends: 13% increase in looked after children from 2021 to 2025 (611 to 691). Rate rose from 59.7 to 66.7 per 10,000 — above statistical neighbours but below the IDACI expected rate of 70.0.

Complexity of Need: Post-COVID, children's needs have become more complex, prompting changes in placement types.

High-Cost Placements:

- Reflecting national trends, ESCC has seen a rise in placements costing £10,000+ per week.
- Average weekly cost of high-cost placements rose 8% to £16,063; placement duration in this category increased by 43%.
- Access to Tier 4 and Continuing Care framework remains challenging due to health service capacity.

Market Pressures:

- New Supported Accommodation Regulations have led to increased costs and risk transfer to local authorities.
- Providers' reduced risk appetite has driven up solo, high-cost placements, especially for children requiring DoLs (Deprivation of Liberty Orders) or intensive staffing.
- Local DoLs usage has increased, mirroring national trends and highlighting secure bed shortages.

Mitigation Measures and Impact

Family Support

Connected Coaches: £0.65m in savings through reunification, £6.02m in cost avoidance keeping children safely at home
CFIP: £1.86m in cost avoidance by reducing: Child Protection and Child in Need plans, assessments, re-referrals, and pre proceedings meetings

Market Management

New Placements & Commissioning Service:
Actively challenges provider price increases, strengthens accountability, expected to deliver further impact in 2025/26
Continued use of local frameworks with regional partners during RCC rollout and Regional Fostering Collaboration
In-house Fostering and Residential occupancy scrutinised through a business lens to ensure efficient use of resources

Reunification Strategy

Heading Home: Local Framework developed using evidence-based best practice
Training Programme refreshed with Webinars, operational guidance, practice-led drop-ins
Valuing Care Panel removes barriers to reunification. Strategy integrates wrap around support
Social Workers lead reunification plans with tracked timescales and reparative work

Integrated Commissioning & Care

Ongoing work to increase health contributions to care packages
Working with Regional Care Cooperative (RCC) to address cost of increased complexity of need.
Regional work through SESLIP on Continuing Care framework for children and young people

Strategic Context

All actions aligned with wider change agenda: Children's Social Care reform, Devolution and Regionalisation,
Legislative change under the Children's Wellbeing and Schools Bill
Placement spend mitigation continues as business as usual

Priorities for 2025 - 2026

Whole Service

Review and embed language that cares throughout all our documentation and when speaking to children, carers and professionals

Digital strategy – enhance overall data capture and analysis by contributing to the Data and Dashboard project / implementation of the Provider Portal / Digital Life Skills Solution / launch of ePEP and roll out of ClearCare

Continue to ensure child's needs-led discussions via a Valuing Care approach

Engage with ESCC Children's Services' Transformation Agenda, and the opportunities offered through the Regional Care Cooperative

Develop closer relationship with Public Health to better understand and respond to the mental and physical health needs of the children in our care as well as enhancing our approach to community safety, housing supply and the needs of Separated Migrant Children

Operational Services

Implement Heading Home strategy to increase the number of children successfully enabled to return to family networks

Review the Contact Service to better deliver Family Time

As part of Families First Transformation, transition care proceedings work across to LAC Services

Embed Care Experience as an additional protected characteristic

Assist key partners to understand Corporate Parenting responsibilities, how they can contribute to the local offer

Focus on ensuring opportunity and engagement in learning

Development of permanence strategy and action plan to improve conversations around permanence throughout the child's journey

Respond to the opportunities of LGR and Devolution particularly in relation to housing supply for children who are moving through care into independence

Provider Services

Strengthen market management of children's residential care to ensure services deliver value for money, while maintaining high standards of care and improving outcomes for children

Invest in closer partnership with neighbouring authorities to increase the number of foster carers across Sussex

Embed Mockingbird and deliver a second constellation,

Open Seaside Short Breaks Service for children with complex needs and learning disabilities.

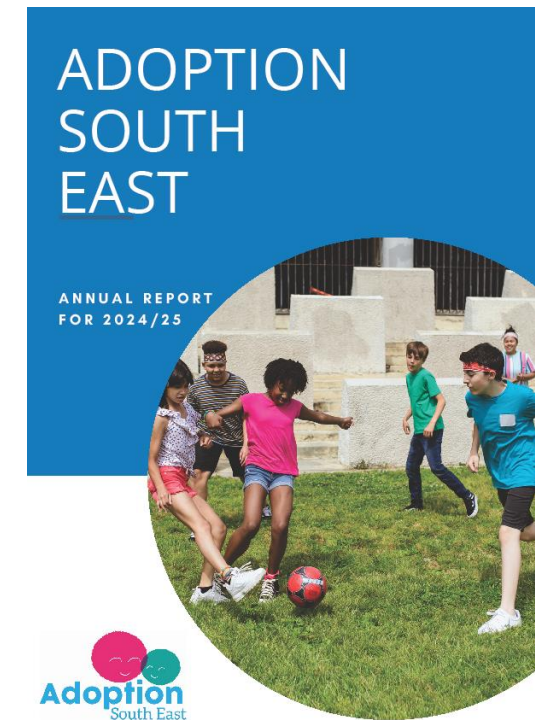
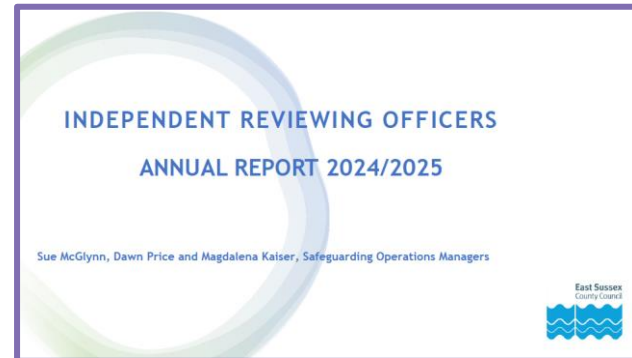
Increase capacity at Lansdowne Secure Home

Continue to invest in a resilient, skilled residential workforce

Review the Placement Support Service to increase flexible support for children and their carers

Enhance quality and meaning of supervision

Children's Services Annual Reports 2024/25



Report to: Cabinet

Date: 16 December 2025

By: Chief Finance Officer

Title of report: Treasury Management – Stewardship Report 2024/25 and Mid-Year Review 2025/26

Purpose of report: To present a review of the Council's performance on Treasury Management for the year 2024/25 and Mid-Year Review for 2025/26.

RECOMMENDATION:

Cabinet is recommended to note the Treasury Management performance in 2024/25, incorporating the Mid-Year Review for the first half of 2025/26.

1. Background

1.1 The annual stewardship report presents the Council's treasury management performance for 2024/25 and Mid-Year performance for 2025/26, as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management.

2. Supporting Information

2.1 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance. The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector (the 'Code') and operates the treasury management function in compliance with this Code. These require that the prime objective of the treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis and that treasury management practices are in accordance with the Council's risk appetite. The Code requires the regular reporting of treasury management activities to:

- Forecast the likely activity for the forthcoming year (in the annual Treasury Management Strategy Report);
- Review actual activity for the preceding year (this Stewardship Report); and
- A mid-year performance review (this Stewardship Report).

2.2 This report sets out:

- A summary of the original strategy agreed for 2024/25 and the economic factors affecting this strategy (Appendix 1);
- The treasury management activity during the year 2024/25 (Appendix 2);
- The treasury management mid-year activity for 2025/26 (Appendix 3); and
- The Prudential Indicators, which relate to the Treasury Management function and compliance with limits (Appendix 4).

Summary of original Strategy agreed for 2024/25 and the economic factors affecting this Strategy

2.3 The Strategy for 2024/25, agreed in February 2024, continued the ongoing prudent approach and ensured that all investments were only to the highest quality rated institutions with regard to security, liquidity and yield. The Strategy and the economic conditions prevailing in 2024/25 are set out in Appendix 1 with an updated economic summary set out in Appendix 3.

2.4 The economic situation since the original Strategy formulation saw heightened uncertainties in the UK economy, particularly from inflationary, geopolitical and domestic political factors. As a result, The Bank of England (BoE) Base Rate was cut on 3 occasions during 2024/25, from 5.25% in April 2024 to a closing rate of 4.50% at 31 March 2025.

Treasury Management activity during 2024/25

2.5 The total amount received in short term interest from investments during 2024/25 was £9.8m at an average rate of 5.26%. The implemented benchmark of SONIA (Standard Overnight Index Average; a rate administered by the BoE based on actual transactions of overnight borrowing by financial institutions) over the period was 4.94%.

2.6 The average Bank of England Base Rate during the same period was 4.95%. The Council's average return was above the average returns achieved with peer authorities from treasury advisors (MUFG formerly named Link Asset Services) investment benchmarking. The return for 2024/25 was against a backdrop of ensuring, as far as possible in the financial climate, the security of principal and the minimisation of risk about liquidity to support the Council's cashflow.

2.7 The Council's investment balances during the period were in steady decline to March 2025. Investment balances at 31 March 2025 totaled £115.3m (compared to £202.5m at 31 March 2024).

2.8 The planned use of reserves, creditor spend and debt maturities have all contributed to the falling investment balances during 2024/25. The cashflow forecast is monitored on a rolling 18-month basis and a steady investment maturity profile ensures liquidity is available when required.

2.9 Details of long term borrowing are included in Appendix 2 of the report. The important points to note are:

- No new borrowing was undertaken in 2024/25.
- Public Works Loan Board (PWLB) debt maturing during 2024/25 totalled £5.0m and was at an average rate of 7.67%.
- The average interest rate of all debt at 31 March 2025 (£211.6m) was 4.44%.

Treasury Management 2025/26 Mid-Year Review

2.10 The Treasury Management and Annual Investment Strategy for 2025/26 was approved by Full Council on 11 February 2025 and was prepared within the context of the financial challenge being faced by the County Council.

2.11 The Bank of England Base Rate as of 30 September 2025 was 4.00%. During the first 6 months of the year, it decreased on the 8 May and 7 August 2025. The economic commentary provided by MUFG as at the mid-year point is set out as part of Appendix 3

2.12 Opportunities to place fixed term deposits during the period have been limited due to the reduction in available investment balances. At 30 September 2025 £71.8m was placed on deposit (September 2024, £166.9m) a reduction of £95.1m over the year.

2.13 Fixed term deposits have been placed over the period with regard to the cashflow forecast and will secure a fixed rate of return for a duration of up to 12 months. This approach locks in returns into a future decreasing interest rate environment. During the period fixed term deposits totaling £69m were placed at rates between 4.09% and 4.90%.

2.14 The rolling cashflow forecast and steady maturity investment portfolio ensures liquidity is available as and when required. The current forecast suggests there may be a short-term borrowing requirement during the second half of the year to cover temporary month end cash flow for payroll and creditor payment settlements. The treasury team will seek to limit the term of any borrowing to minimise the financial impact.

2.15 The total amount received in short term interest for 6 months to 30 September 2025 was £3.1m at an average rate of 4.63%. This was above the benchmark of SONIA in the same period of 4.19%.

2.16 During Q1 an opportunity was taken to repay a Barclays Market Loan with the assistance of the Council's Treasury Advisors MUFG. The last remaining non-PWLB loan of £6.45m (maturity date October 2058), was repaid early from available balances at an appreciable discount to loan value. Savings from the discounted repayment of approximately £0.1m per year will be spread over the next 10 years in line with accounting standards. Further restructuring opportunities are constantly monitored.

2.17 No PWLB borrowing was undertaken in the period, with the Council's long-term debt at 30 September 2025 being £200.1m held at an average rate of 4.38%.

Prudential Indicators which relate to the Treasury function and compliance with limits

2.18 The Council is required by the CIPFA Prudential Code to report the actual prudential indicators after the end of each year. There are eight indicators which relate to treasury management as are set out in Appendix 4, demonstrating that the Council is fully compliant with these indicators.

3. Conclusion and reason for recommendation

3.1 This report updates on treasury management performance and fulfils the requirement to submit an annual/half yearly report in the form prescribed in the Treasury Management Code of Practice. The key principles of security, liquidity and yield are still relevant. Officers are currently investigating opportunities within the strategy to secure investment income whilst minimising costs and maintaining security.

IAN GUTSELL
Chief Finance Officer

Contact Officer: Ian Gutsell
Email: ian.gutsell@eastsussex.gov.uk
Tel No. 01273 481399

BACKGROUND DOCUMENTS

Ministry of Housing, Communities and Local Government– Finance and Capital Assets
[Capital finance: guidance on minimum revenue provision \(5th edition\) - GOV.UK](#)

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A summary of the strategy agreed for 2024/25 and the economic factors affecting this strategy.

1. Background information

1.1 Full Council approved the annual Treasury Management Strategy report in February 2024, which set out the proposed strategy for the 2024/25 financial year. This strategy included the limits and criteria for organisations to be used for the investment of cash surpluses and has to be approved by Full Council.

1.2 This Council has always adopted a prudent approach to its investment strategy and in the last few years, there have been regular changes to the list of the approved organisations used for investment of surpluses. This list is regularly reviewed to ensure that the Council is able to invest in the best available rates consistent with low risk; the organisations are regularly monitored to ensure that their financial strength and low risk has been maintained.

1.3 The original strategy for 2024/25 was prepared within the context of the financial challenge being faced by the County Council over the Medium Term Financial Plan:

- maximising investment income by seeking ways to increase cash balances.
- A review of the Capital Programme profile to assist with reducing borrowing and to delay expenditure.
- utilising cash balances to fund the Council's borrowing need in order to minimise borrowing costs as far as possible.
- ensuring the investment portfolio is working hard to maximise income by seeking appropriate investment opportunities that meet the Council's security requirements during 2024/25.
- ensuring effective management of the borrowing portfolio by exploring rescheduling opportunities and identifying and exploiting the most cost effective ways of funding the Council's borrowing requirement.

1.4 At the same time, the Treasury Management Policy Statement was agreed as unchanged for 2024/25.

East Sussex County Council defined its treasury management activities as:

"The management of the organisation's cash flows, its banking, money market and Capital market transactions (other than those of the Pension Fund) the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

This authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

2. Investment

2.1 When the strategy was agreed in February 2024, it emphasised the continued importance of taking account of the current and predicted future state of the financial sector. The Treasury Management Advisors (MUFG) commented on short term interest rates, the UK economy, inflation, the outlook for long term interest rates and these factors were taken into account when setting the Strategy.

2.2 The Strategy was set in the context of the Council's deficit revenue budget forecast for 2024/25 and medium-term financial plan for 2025/26 to 2027/28. The Investment Strategy appropriately contributes to mitigating the Council's deficit revenue position. Cash balances and therefore investment balances were expected to reduce to support the authority's borrowing need. However, in this context, the Council's risk appetite for investments is not be modified to increase income. The strategy continued to prioritise security of the Council's funds. New investment options could be explored within the risk appetite and strategy parameters.

2.3 The Council continued to explore Investment options that meet Environmental, Social and Governance (ESG) aims. The parameter acts as an added 4th consideration to investment decisions behind Security, Liquidity and Yield. The preservation of capital is the Council's principal and overriding priority.

2.4 The Council, in addition to other tools, uses the creditworthiness service provided by MUFG. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- credit default swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

3. Borrowing

3.1 The capital expenditure plans of the Council were set out in the Capital Strategy Report sent to Council in February 2024. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

3.2 The Borrowing Strategy and the Capital Programme identified a borrowing need of £94m over the next 3 years (between 2024/25 and 2026/27). This level of borrowing was identified following a review and reprofiling of the Capital Programme. The objective of the review was to minimise borrowing costs within the Treasury Management revenue budget. This review reduced the borrowing requirement by £48m from £142m originally planned for the period between 2024/25 and 2026/27.

3.3 Officers utilised cash from the Council's own reserves to initially fund borrowing. This decreased the Council's cash balances, reduced counterparty risk, and reduced borrowing costs. Modelling of the Council's capital plans and cashflows identified an appropriate level of internal borrowing of around £50m in the longer term. This was increased to £75m to 2024/25 on the basis that it is preferable to maximise internal borrowing as far as possible at a time where interest rates were higher. The strategy was kept under review as there are risks that are required to be managed and balanced during the year. The Capital Programme needs to be funded in the most cost-effective way. Maximising internal borrowing will reduce investment balances and therefore investment income.

3.4 The budget within the Medium Term Financial Plan (MTFP) is calculated using the Treasury Management Tool that reflects the costs of borrowing in support of the targeted basic need programme offset by returns on investment of the Council's balances. It is therefore reflective of a point in time. The treasury management tool, developed as part of the Capital Strategy, is reviewed regularly for reasonableness.

3.5 The liability benchmark demonstrated that if the Council were to internally borrow to utilise its cash-backed reserves and balances whilst maintaining a buffer for cash requirements, external borrowing could be avoided until 2027/28. This indicator will be used to assist with future borrowing decisions, in conjunction with the Treasury management Tool.

4. The economy in 2024/25 MUFG (Treasury Management Advisors) in April 2025

4.1 UK inflation has proved somewhat stubborn throughout 2024/25. Having started the financial year at 2.3% y/y (year-over-year) (April), the CPI measure of inflation briefly dipped to 1.7% y/y in September before picking up pace again in the latter months. The latest data shows CPI rising by 2.8% y/y (February), but there is a strong likelihood that figure will increase to at least 3.5% by the Autumn of 2025.

4.2 Against that backdrop, and the continued lack of progress in ending the Russian invasion of Ukraine, as well as the potentially negative implications for global growth as a consequence of the implementation of US tariff policies by US President Trump in April 2025, Bank Rate reductions have been limited. Bank Rate currently stands at 4.5%, despite the Office for Budget Responsibility reducing its 2025 GDP forecast for the UK economy to only 1% (previously 2% in October).

4.3 UK, Moreover, borrowing has becoming increasingly expensive in 2024/25. Gilt yields rose significantly in the wake of the Chancellor's Autumn Statement, and the loosening of fiscal policy, and have remained elevated ever since, as dampened growth expectations and the minimal budget contingency (<£10bn) have stoked market fears that increased levels of borrowing will need to be funded during 2025.

4.4 The table below provides a snapshot of the conundrum facing central banks: inflation pressures remain, labour markets are still relatively tight by historical comparisons, and central banks are also having to react to a fundamental re-ordering of economic and defence policies by the US administration.

	UK	Eurozone	US
Bank Rate	4.50%	2.5%	4.25%-4.5%
GDP	0.1%q/q Q4 (1.1%y/y)	+0.1%q/q Q4 (0.7%y/y)	2.4% Q4 Annualised
Inflation	2.8%y/y (Feb)	2.3%y/y (Feb)	2.8%y/y (Feb)
Unemployment Rate	4.4% (Jan)	6.2% (Jan)	4.1% (Feb)

4.5 The Bank of England sprung no surprises in their March meeting, leaving Bank Rate unchanged at 4.5% by a vote of 8-1, but suggesting further reductions would be gradual. The Bank of England was always going to continue its cut-hold-cut-hold pattern by leaving interest rates at 4.50% but, in the opposite of what happened at the February meeting, the vote was more hawkish than expected. This suggested that as inflation rises later in the year, the Bank cuts rates even slower, but the initial impact of President Trump's tariff policies in April 2025 on the financial markets underpin our view that the Bank will eventually reduce rates to 3.50%.

4.6 Having said that, the Bank still thinks inflation will rise from 2.8% in February to 3¾% in Q3. And while in February it said “inflation is expected to fall back thereafter to around the 2% target”, this time it just said it would “fall back thereafter”. That may be a sign that the Bank is getting a bit more worried about the “persistence in domestic wages and prices, including from second-round effects”. Accordingly, although we expect a series of rate cuts over the next year or so, that does not contradict the Bank taking “a gradual and careful” approach to cutting rates, but a tepid economy will probably reduce inflation further ahead and prompt the Bank to cut at regular intervals.

4.7 From a fiscal perspective, the increase in businesses’ national insurance and national minimum wage costs from April 2025 is likely to prove a headwind, although in the near-term the Government’s efforts to provide 300,000 new homes in each year of the current Parliament is likely to ensure building industry employees are well remunerated, as will the clamp-down on immigration and the generally high levels of sickness amongst the British workforce. Currently wages continue to increase at a rate close to 6 y/y. The MPC would prefer a more sustainable level of c3.5%.

4.8 As for equity markets, the FTSE 100 has recently fallen back to 7,700 having hit an all-time intra-day high 8,908 as recently as 3rd March. The £ has also endured a topsy-turvy time, hitting a peak of \$1.34 before dropping to \$1.22 in January and then reaching \$1.27 in early April 2025.

The Treasury Management activity during the year 2024/25

1. Investment activity and interest rates

1.1 Investments were placed with reference to the core balance and cash flow requirements and the outlook for interest rates. The Bank of England (BoE) Base Rates averaged during the period were 4.95%.

1.2 During 2024/25 the Bank of England increased bank rate on three consecutive opportunities, the movements summarised below.

	New Rate	Movement
1 August 2024	5.00%	-0.25%
7 November 2024	4.75%	-0.25%
6 February 2025	4.50%	-0.25%

1.3 The total amount received in short term interest for 2024/25 was £9.8m at an average rate of 5.26%. The Councils benchmark rate for the same period was 4.94%. The Standard Overnight Index Average (SONIA). Performance was above the benchmark as a result of the investment portfolio being locked into higher rate investments during a falling base rate environment.

1.4 Throughout the year bank notice accounts, fixed term deposits with banks and Local Authorities were used to invest core balances up to duration of 12 months. Instant access cash money market funds were used to hold liquidity balances to meet day to day creditor requirements.

1.5 The rolling 18 month cashflow forecast was reviewed before new deposits placed during the year to ensure the lower points of the Council's cashflow cycle were covered for liquidity purposes. The steady maturity profile of investments ensures that liabilities can be funded without the need for temporary borrowing.

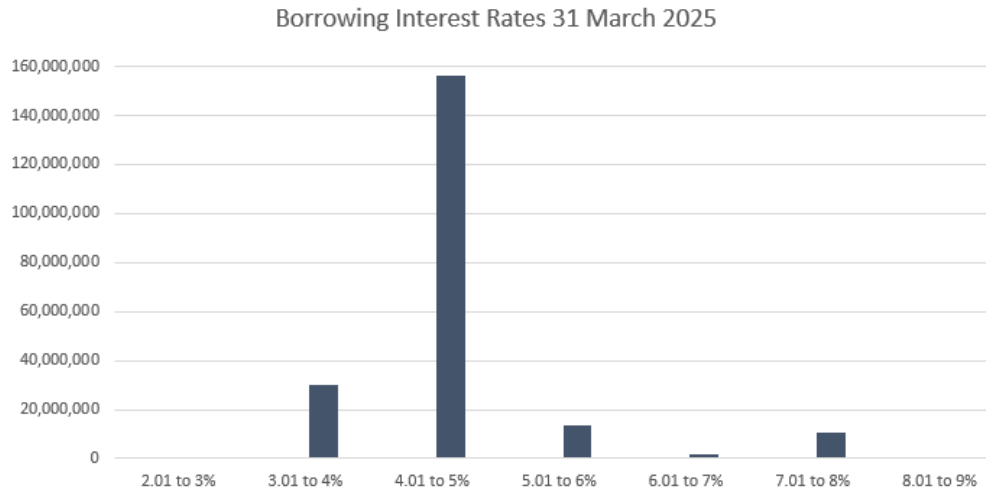
2. Long term borrowing

2.1 Officers constantly reviewed the need to borrow taking into consideration the potential movements in borrowing costs, the need to finance new capital expenditure, refinancing maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

2.2 During 2024/25 £5.0m of Public Works Loan Board (PWLB) debt matured at an average rate of 7.67%. This historic maturing debt was not replaced with additional in year new borrowing to maintain the strategy to maximise use of reserves to initially fund borrowing. The average interest rate of all debt at 31 March 2025 of £211.6m was 4.44%. The average interest rate of debt will reduce marginally year on year as historic debt falls out of the debt portfolio.

2.3 No PWLB rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates has made rescheduling unviable.

2.4 The range of interest rates payable in all the loans is illustrated in the graph below:



3. Short term borrowing

3.1 No borrowing was undertaken during 2024/25 to cover temporary overdraft situations.

4. Treasury Management Advisers

4.1 The Strategy for 2024/25 explained that the Council uses MUFG as its treasury management consultant on a range of services which include:

- Technical support on treasury matters, Capital finance issues and advice on reporting;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- Credit ratings from the three main credit rating agencies and other market information;
- Assistance with training on treasury matters:

4.2 Whilst the advisers provide support to the internal treasury function, under current market rules and the Code of Practice the final decision on treasury matters remained with the Council. This service remains subject to regular review.

The Treasury Management Activity Mid-Year Report – 2025/26

1. Background

1.1 The Treasury Management and Annual Investment Strategy for 2025/26 was approved by Full Council on 11 February 2025.

1.2 The Strategy was prepared within the context the financial challenge being faced by the County Council over the Medium Term Financial Plan and seeks to compliment the Council Plan by:

- ensuring the investment portfolio is working hard to maximise income by seeking appropriate investment opportunities that meet the Council's security requirements during 2025/26.
- reviewing the Capital Programme to reduce the level of investment of core council funded programmes that would otherwise increase the Council's borrowing requirement.
- utilising cash balances to fund the Council's borrowing need in order to minimise borrowing costs as far as possible.
- ensuring effective management of the borrowing portfolio by exploring rescheduling opportunities and identifying and exploiting the most cost effective ways of funding the Council's borrowing requirement.

1.3 There were no changes in the Annual Investment Strategy recommended for 2025/26.

2. Investment Activity to 30 September 2025

2.1 The Bank of England cut bank rate twice, the movement summarised below.

	New Rate	Movement
8 May 2025	4.25%	-0.25%
7 August 2025	4.00%	-0.25%

2.2 During the first half year investments have been held in Money Market Funds, high quality Banking names, other Local Authorities and the CCLA Local Authority Property Fund. Counterparty credit quality remains a primary concern for the treasury team, with security, liquidity and yield in that order a priority.

2.3 Measures have been undertaken to ensure that levels of liquidity are available during the last 6 months but also opportunities explored to lock in returns in a falling interest rate environment to secure investment returns. However, balances available in the first 6 months of the year have averaged at the lowest level for over a decade.

2.4 Deposits held for liquidity purposes in Money Market Funds have provided a return inline to the prevailing base rate.

2.5 Where possible, fixed term bank deposits have been reinvested up to a period of 12 months securing a fixed rate of return between 4.09% - 4.90% within a low credit risk parameter. Local Authority deposits have been placed in the period at rates ranging between 4.10% - 4.90%, for durations between 3 to 12 months. Their inclusion forms part of a balanced portfolio.

2.6 The average investment balance to September 2025 was £135m and generated investment income of £3.3m. The forecast for 2025/26 is £4.9m and dependent on cashflow and the future interest rate environment.

Investment Risk

2.7 During the half year monitoring of the security of the Council's investment has taken place, to assess the risk of investments losing their value. These risks were assessed using the financial standing of the groups invested in, the length of each investment, and the historic default rates. The investment strategy sets an allowable risk level of 0.050% (i.e. that there is a 99.95% probability that the Council will get its investments back). The actual indicator ranged between 0.007% and 0.008%, reflecting the high proportion of investments held in highly secure and/or very liquid investments.

Investment Risk benchmark	0.050%
Maximum investment risk experienced Q1-Q2	0.008%

Investment Benchmarking

2.8 The average investment return during the period was 4.63% over-performing the benchmark rate by 44 basis points (or 0.44 percentage points). The over performance can be attributed to the falling interest rate environment and a number of investments yet to mature in the portfolio previously placed at higher rates.

Average Investment Balance Q1-Q2 £m	Average Investment return Q1 & Q2	Average Benchmark Rate*	Difference
134.974	4.63%	4.19%	0.44%

**the Benchmark rate used is the Standard Overnight Index Average; a rate administered by the Bank of England based on actual transactions of overnight borrowing by financial institutions.*

3. Borrowing Activity to 30 September 2025

3.1 No short term loan borrowing was arranged during the period. Future short-term borrowing in the current year is not forecasted but remains an option to cover temporary cashflow requirements.

3.2 During Q1 an opportunity to reduce the cost of borrowing was undertaken. The last remaining non Public Works Loan Board (PWLB) loan (with Barclays) was repaid early at a discount to the initial loan value. The principal of £6.45m with a maturity date of October 2058 was repaid at a final settlement figure of £5.39m and funded from existing cash resources. Savings from the discounted repayment of approximately £0.1m per year will be spread over the next 10 years in line with accounting standards. Further restructuring opportunities are constantly monitored.

3.3 The level of Council long-term debt at 30 September 2025 was £200.1m, two loans matured with the PWLB during the period on the 30 June (£2m & £3m) held at 7.625% and 7.125%. The next PWLB maturities are on the 30 June 2026, totalling £5.5m at a rate of 7.125%. This maturing debt was not replaced to maintain the strategy to maximise use of reserves to initially fund borrowing

3.4 The forecast for interest paid on long-term debt in 2025/26 is approximately £8.9m and is within the budgeted provision.

Borrowing Benchmarking

3.5 The table below shows the Council's total external borrowing and average rate as at 30 September 2025:

	Balance as at 30 September 2025 £m	Average Rate
PWLB	200.142	4.38%
Market Loan	-	-
Total borrowing	200.142	4.38%

3.6 The table below shows the forecast of the Capital Financing Requirement (CFR) compared to the estimate within the 2025/26 strategy approved in February 2025. The CFR is expected to give rise to new borrowing required of £105.737m by the end of the year, compared to the original estimate of £70.000m following an increased capital programme borrowing need in 2024/25 carried forward. The strategy currently forecasts that the level of reserves and balances in the medium term allows for internal borrowing (using internal resources such as useable reserves or temporary working capital) of at least £75.000m in 2025/26. It is therefore expected that new borrowing of £30.737 may be required to support the capital programme during 2025/26, although the timing of borrowing will be considered in the context of the wider treasury management position and economic environment.

Capital Financing Requirement (CFR) (Underlying Borrowing Need)	Original Estimate 2025/26 £m	Revised forecast as at 30 September 2025 £m
Opening CFR	268.971	292.380
Borrowing Need	15.812	21.835
Minimum Revenue Provision	(8.111)	(8.336)
Closing CFR	276.672	305.879
External Borrowing as at 30 September 2025		200.142
Forecast Under borrowing (if no action taken)		105.737

3.7 The table below shows that the Council is operating within the Operational Boundary and Authorised Borrowing Limits set within the Treasury Management strategy and has sufficient headroom to cover the borrowing need arising from the year's capital programme.

Borrowing Limits	Operational Boundary £m	Authorised Borrowing Limit £m
Limit set for 2024/25	362.000	382.000
Less: PFI & Leases	(76.000)	(76.000)
Limit for Underlying Borrowing	286.000	306.000
Actual External Borrowing at 30 September	200.142	200.142
Headroom*	85.858	105.858

**Authorised Borrowing headroom cannot be less than zero*

3.8 The maturity profile of the Authority's borrowing is within the limits set within the strategy.

Maturity Structure of borrowing	Lower Limit set	Upper Limit set	Actual as at 30 September 2025
Under 12 Months	0%	25%	1%
12 months to 2 years	0%	40%	4%
2 years to 5 years	0%	60%	5%
5 years to 10 years	0%	70%	23%
Over 10 years	0%	90%	67%

4 Economic update (commentary supplied by MUFG) - September 2025.

4.1 The first half of 2025/26 saw:

- A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
- The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
- CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
- The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.

4.2 From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.

4.3 Sticking with future economic sentiment, the composite Purchasing Manager Index for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.

4.4 Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.

4.5 With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.

4.6 The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.

4.7 A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).

4.8 CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause for breath in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, we finish the half year in a similar position to where we started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.

4.9 An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year

gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%.

4.10 More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.

4.11 The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025

4.12 There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.

4.13 In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.

4.14 The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction).

4.15 The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that “a gradual and careful” approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.

5. Interest rate forecast to September 2028

5.1 MUFG, has provided the following forecast as at 30 September 2025.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

5.2 MUFG Corporate Markets' latest forecast sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

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1. Prudential Indicators which relate to the Treasury function and compliance with limits for 2024/25

1.1 The Council is required by the Prudential Code to report the actual prudential indicators after the end of each year. These indicators which relate to treasury management and are set on an annual basis and monitored, they comprise:-

- Operational and authorised borrowing limits which includes short term borrowing (section 2 below)
- Capital Financing Requirement (section 3 below)
- Interest rate exposure (section 4 below)
- Interest rate on long term borrowing (section 5 below)
- Maturity structure of investments (section 6 below)
- Compliance with the Treasury Management Code of Practice (section 7 below)
- Interest on investments (section 8 below)

2. Operational and authorised borrowing limits.

2.1 The tables below sets out the estimate and projected underlying Capital financing requirement and long-term borrowing in 2024/25.

Capital Financing Requirement (CFR) (Underlying Borrowing Need)	Original Estimate 2024/25 £m	Outturn Position 2024/25 £m
Opening Capital Financing Requirement	280.571	275.676
In year borrowing requirement	32.143	24.279
Minimum Revenue Provision	(7.406)	(7.743)
Long Term Capital Debtors Movement	-	0.168
Closing CFR	304.684	292.380
External Borrowing as at 31 March 2025	229.684	211.592
Under Borrowing Position	75.000	80.788

2.2 The table below shows that the Council has complied with the Operational Boundary and Authorised Borrowing Limits set within the Treasury Management strategy.

Borrowing Limits	Operational Boundary £m	Authorised Borrowing Limit £m
Limit set for 2024/25	393.000	413.000
Less: PFI & Leases	58.000	58.000
Limit for Underlying Borrowing	335.000	355.000
External Borrowing at 31 March 2025	211.592	211.592
Headroom*	123.408	143.408

**Authorised Borrowing headroom cannot be less than zero*

2.3 The Operational Boundary was consistent with the Council's current commitments, existing plans and the proposals for Capital expenditure and financing, and with its approved treasury management policy statement and practices. It was based on the estimate of most likely, prudent but not worst case scenario. Risk analysis and risk management strategies were taken into account as were plans for Capital expenditure, estimates of the Capital financing requirement and estimates of cash flow requirements for all purposes. The Operational boundary represents a key management tool for in year monitoring and long term borrowing control.

2.4 The Authorised Limit for borrowing was based on the same estimates as the Operational Boundary but includes additional headroom for a short term borrowing to allow, for example, for unusual cash movements or late receipt of income.

2.5 The Authorised limit is the “Affordable Borrowing Limit” required by S3 of the Local Government Act 2003 and must not be breached. The Long Term borrowing at 31 March 2025 of £211.6m is under the Operational boundary and Authorised limit set for 2024/25. The Operational boundary and Authorised limit have not been exceeded during the year.

3. Capital Financing Requirement

3.1 The 2024/25 actual Capital Financing Requirement of £393m included PFI Schemes and Finance Leases totalling £101m, excluding these balances the underlying need to borrow was £292m.

3.2 The Council’s actual and forecast CFR is shown below. It includes PFI and leasing schemes on the balance sheet, which increase the Council’s borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
	£m	£m	£m	£m
Total CFR*	393	352	347	336
Movement in CFR*	-	(41)	(5)	(11)

*CFR including appropriate balances and MRP charges for PFI Schemes and Finance Leases.

4. Interest rate exposure and maturity structure of debt

4.1 The Council continued the practice of seeking to secure competitive fixed interest rate exposure 2024/25. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs or improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the council’s exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

	2024/25	2025/26	2026/27
Interest rate exposure	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	15%	15%	15%
Maturity structure of fixed interest rate borrowing 2024/25			
	Lower	Upper	Actual 2024/25
Under 12 months	0%	25%	2%
12 months and within 24 months	0%	40%	3%
24 months and within 5 years	0%	60%	7%
5 years and within 10 years	0%	80%	21%
10 years and within 20 years	0%	80%	14%
20 years and within 30 years	0%	80%	44%
30 years and within 40 years	0%	80%	8%
40 years and above	0%	80%	0%

4.2 The Council has not exceeded the limits set in 2024/25. Not more than £20m of debt should mature in any financial year and not more than 15% to mature in any two consecutive financial years. Borrowing has been undertaken giving due consideration to the debt maturity profile, ensuring that an acceptable amount of debt is due to mature in any one financial year. This helps to minimise the authority's exposure to the risk of having to replace a large amount of debt in any one year or period when interest rates may be unfavourable. The bar chart in the attached Annex 1 shows the maturity profile.

5. Interest rate on long term borrowing

5.1 The rate of interest taken on any new long term borrowing will be defined with the assistance of MUG.

6. Maturity structure of investments

6.1 The Investment Guidance issued by the government, allowed local authorities the freedom to invest for more than for one year. All investments over one year were to be classified as Non-Specified Investments. The Council had taken advantage of this freedom and non-Specified Investments are allowed to be held within our overall portfolio of investments and in line with our prudent approach in our strategy.

7. Compliance with the Treasury Management Code of Practice

7.1 East Sussex County Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA), Code of Practice for Treasury Management in the Public Services. In December 2018, CIPFA, issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. The outcome is a new Capital Strategy document which now forms part of the annual budget papers.

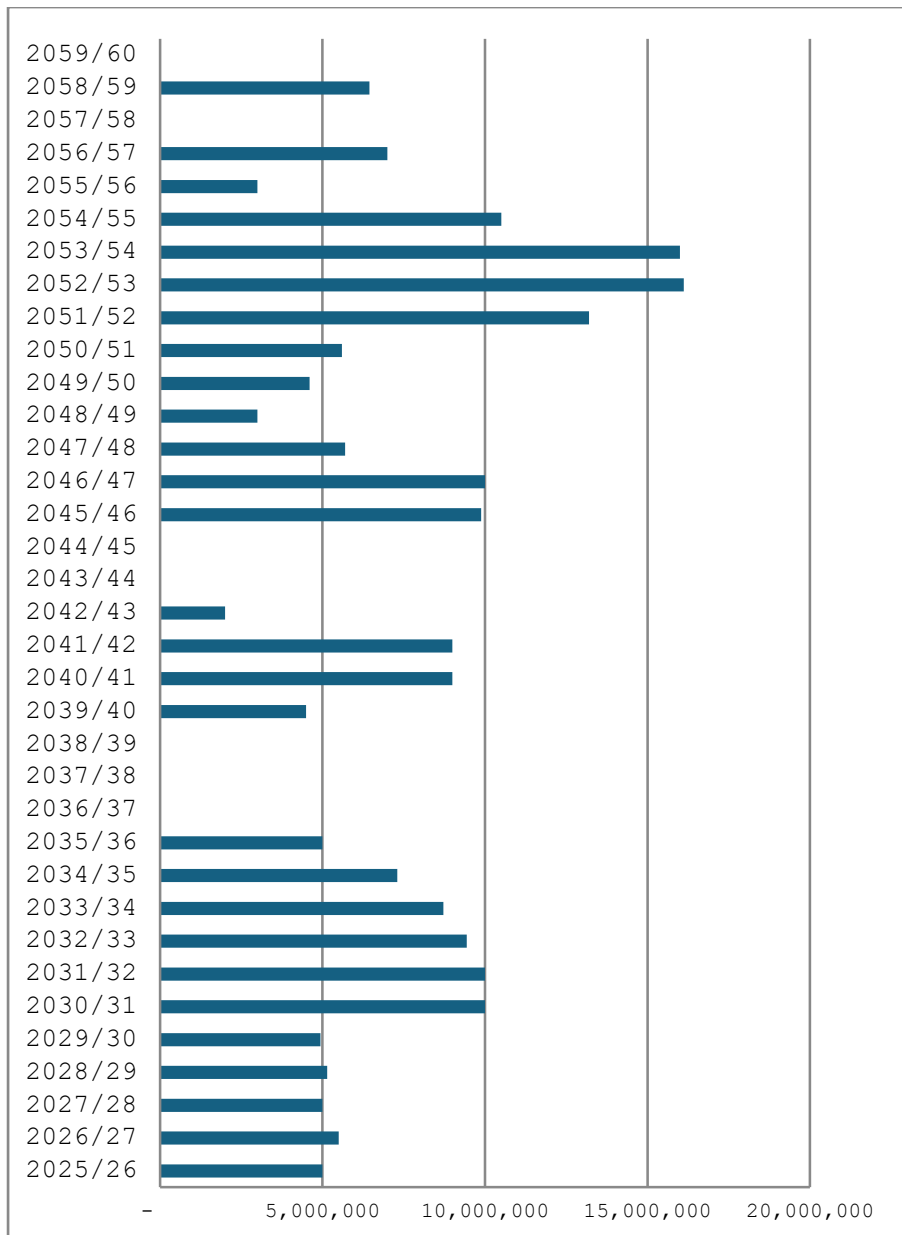
8. Interest on investments 2024/25

8.1 The table below sets out the average monthly rate received on investments placed and compares it to the benchmark of the Standard Overnight Index Average (SONIA); a rate administered by the Bank of England based on actual transactions of overnight borrowing by financial institutions. This performance is monitored quarterly.

Month	Amount £'000	Monthly rate	Average SONIA Rate	Margin against Benchmark Rate
April	1,006	5.50%	5.20%	+0.30%
May	1,027	5.48%	5.20%	+0.28%
June	941	5.47%	5.20%	+0.27%
July	1,005	5.43%	5.20%	+0.23%
August	945	5.32%	4.95%	+0.37%
September	807	5.27%	4.95%	+0.32%
October	827	5.19%	4.95%	+0.24%
November	761	5.07%	4.75%	+0.32%
December	699	5.03%	4.70%	+0.33%
January	665	5.01%	4.70%	+0.31%
February	548	4.93%	4.50%	+0.43%
March	530	4.94%	4.46%	+0.48%
Total for 2024/25	9,761	5.26%	4.94%	+0.32%

8.2 The total amount received in short term interest for the year was £9.761m at an average rate of 5.26%. This was above the average of SONIA in the same period (4.94%) but ensuring, as far as possible in the financial climate, the security of principal and the minimisation of risk. This Council has continued to follow a prudent approach with security and liquidity as the main criteria before yield.

East Sussex County Council Debt Maturity Profile 31 March 2025



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Report to:	Cabinet
Date of meeting:	16 December 2025
By:	Director of Communities, Economy and Transport
Title:	Annual Accounts for Lewes Public Library and Museum Charitable Trust
Purpose:	Provide annual statement of accounts for Lewes Public Library and Museum Charitable Trust

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) Note the final accounts for 2024/25 for the Lewes Public Library and Museum Charitable Trust; and**
 - 2) Note that there are no issues that require any further action by the County Council as the Corporate Trustee.**
-

1 Background Information

1.1 The Charitable Trust was established by a Conveyance dated 21 June 1872, relating to the old library and museum at Albion Street, Lewes (the 'Original Library') when that property was conveyed 'on trust to permit the same premises and all buildings to be erected thereon to be and forever hereafter appropriated and used as and for a school of children and adults in drawing, painting, modelling, designing for architecture, manufactures and decorations and for no other purpose'. This created a permanent endowment of the Original Library which became known as the Lewes School of Science and Art. By Orders made by the Board of Education in 1934 and 1956 the scheme was modified and extended to include 'Public library' and 'museum'. The County Council became the owner of the Original Library and museum by virtue of a transfer of functions under the Local Government Act 1972.

1.2 In 2008 the Council signed a Declaration of Trust after detailed consultation with the Charity Commission regarding the disposal of the Original Library. By the 2008 Declaration, the Council confirmed the current name of the Charity as the Lewes Public Library and Museum. East Sussex County Council also declared that the current Lewes Library at Styles Field would be held on trust and used for the Charity in place of the Original Library.

1.3 The charitable use of the Library is: "use as a public library and museum for the safe custody exhibition and study of objects of educational artistic or scientific interest and such other collections and objects of a similar nature as the ...council may think fit"; constituting the objects of the Charity.

1.4 From 1 July 2018, the Library and Information Service entered into an initial seven-year lease with NSL Limited, providing a local area hub for traffic rule enforcement administration, parking and traffic attendants at Lewes Library. This lease has been extended in line with the NSL Limited parking contract extension until 30 June 2028. This hub includes the use of office space and shared facilities for NSL staff.

1.5 A rental income of £22,000 per year has been achieved for the Charity, however as the gross income exceeds the statutory threshold for registration (£5,000 per annum) the Charity has been registered with the Charity Commission.

1.6 The registration was completed in December 2019, and subsequent annual returns have been completed annually during quarter three of the following financial year as per the Charity Commission guidance. The return for 2024-25 has again been completed in the same format.

1.7 The Governance Committee on 26 June 2018 agreed that annual accounts will be prepared and reported annually to Cabinet, in line with the current practice where the County Council is a Corporate Trustee.

2 2024/25 Accounts

2.1 The annual return for Lewes Public Library and Museum Charitable Trust has been completed by the Council's Finance Manager and been submitted to the Charity Commission.

2.2 The Trust's Income and Expenditure Account and Balance Sheet are set out in the Table below:

Lewes Public Library and Museum Charitable trust

Income and Expenditure Account for the year ended 31 March 2025

2023/24	Income	2025/25
£		£
0	Fees	0
(22,000)	NSL Ltd shared facilities	(22,000)
(22,000)		0
		(22,000)
	Less Expenditure	
22,000	Other expenses	22,000
0		0
0	(Surplus)/Deficit	0

Balance Sheet as at 31 March 2025

2023/24		2024/25
£		£
0	Fixed Assets: Land and Buildings	0
	Current Assets:	
0	Cash at Bank	0
	Current Liabilities:	
0	Sundry creditors	0
0		0
	Representing:	
	Reserves:	
0	General Reserve	0
0		0

2.3 Please refer to Appendix 1 of this report to review the submission for the annual return to the Charity Commission.

3 Conclusion and Reasons for Recommendations

3.1 Cabinet is recommended to note the final accounts for the Lewes Public Library and Museum Charitable Trust as submitted to the Charity Commission.

3.2 Cabinet is also recommended to note that there are no issues that require any further action by the Council as the trustees.

RUPERT CLUBB

Director of Communities, Economy and Transport

Contact Officer: Natalie Anderson, Head of Customer, Library and Registration Services

Email: Natalie.Anderson@eastsussex.gov.uk

Tel. No. 07523 944866

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Charity Commission Annual Return 2025

LEWES PUBLIC LIBRARY AND MUSEUM CHARITABLE TRUST

Charity registration number: 1186860

Most of the information you give in this form will become publicly available on the Register of Charities. Any field that the Charity Commission will not display will be clearly marked.

This document is a record of the information provided in the Annual Return 2025.

Financial period

Financial period start date

01/04/2024

Financial period end date

31/03/2025

Income and spending

Income £

£22,000

Spending £

£22,000

Number of contracts from government

How many contracts (other than grant agreements) did your charity receive from central government or a local authority during the financial period for this return?

0

Number of grants from government

How many grants did your charity receive from central government or a local authority during the financial period for this return?

0

Income breakdown

Donations and legacies (excluding Endowments Received)

£0

Charitable activities

£0

Other trading activities

£22,000

Investments

£0

Other

£0

Recipients of grants

Please round all figures to the nearest pound (do not enter decimal points or commas).Individuals

£0

Other charities

£0

Other organisations that are not charities

£0

Trustee payments

Excluding out of pocket expenses, for what were any of the trustees paid during the financial period for this return?

☒ e. None of the trustees have been paid

Did any of the trustees resign and take up employment with your charity in the financial period of this return?

No

Income from outside the UK

Did your charity receive income from outside of the United Kingdom in the financial period of this return?

No

Delivering activities outside the United Kingdom

Did your charity deliver charitable activities outside of the United Kingdom in the financial period of this return?

No

Spending outside of the United Kingdom

Did your charity spend funds outside of the United Kingdom in the financial period of this return?

No

Trading subsidiaries

Does the charity have any trading subsidiaries?

No

Property

Were any of your charity's properties held by holding or custodian trustees on behalf of your charity (excluding the Official Custodian) during the financial period for this return?

No

Employment contract types

People were permanently employed by your charity

0

People were on fixed-terms contracts with your charity

0

Self-employed people were working for your charity

0

Governance policies

Internal charity financial controls policy and procedures

Not applicable

Safeguarding policy and procedures

Not applicable

Financial reserves policy and procedures

Not applicable

Complaints policy and procedures

Not applicable

Serious incident reporting policy and procedures

Not applicable

Internal risk management policy and procedures

Not applicable

Trustee expenses policy and procedures

Not applicable

Trustee conflicts of interest policy and procedures

Not applicable

Investing charity funds policy and procedures

Not applicable

Campaigns and political activity policy and procedures

Not applicable

Bullying and harassment policy and procedures

Not applicable

Social media policy and procedures

Not applicable

Engaging external speakers at charity events policy and procedures

Not applicable

External risk and impact**Donations,**

Not applicable

Other income - grants

Not applicable

Other income - contracts

Not applicable

Other income - investment

Not applicable

Expenditure on charitable activities

Not applicable

Expenditure on overheads

Not applicable

Number of volunteers

Not applicable

Number of employees

Not applicable

Number of trustees

Not applicable

Fundraising activities

Not applicable

Capacity to deliver services

Not applicable

Total service demand

Not applicable

Volunteers

Excluding trustees, provide an estimate of the number of volunteers who carried out charitable activities on behalf of your charity in the United Kingdom during the financial period of this return?

0

Privacy statement

Any information you give us will be held securely and processed only in accordance with the rule on data protection. We will not disclose your personal details to anyone unconnected to the Charity Commission unless:

- you have consented to their release; or
- we are legally obliged to disclose them; or
- we regard disclosure as either (a) necessary so that we can properly carry out our statutory functions or (b) necessary in the public interest.

We may share and disclose information about you with relevant public authorities, regulatory bodies and agencies, outside the Charity Commission but only if:

- we can lawfully do so; and
- we decide that disclosure is necessary for national security, crime detection, prevention, and law enforcement, or other issues in the public interest

Information we collect about you

We will use this information:

To enable us to carry out our statutory functions and duties;

This will include the following actions:

- (a) update, consolidate, and improve the accuracy of our records;
- (b) undertake crime detection and prevention and law enforcement and assist the third parties specified above to investigate or prevent crime and carry out law enforcement;
- (c) data analysis, testing, research, statistical and survey purposes

Information we receive from other sources.

Information we receive from other sources

We may combine this information with information you give to us and information we collect about you.

We may use this information and the combined information for the purposes set out above (depending on the types of information we receive).

We will ensure that any such disclosure and use is proportionate; considers your right to respect for your private life; and is done fairly and lawfully in accordance with the data protection principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of 'personal data', which is essentially any information, however stored, about identifiable living individuals.

As a 'data controller' under the Act, the Charity Commission must comply with it. Any changes we may make to our privacy statement in the future will be set out in the replacement version of this form.

Please check back frequently to see any updates or changes to our privacy policy.

Declaration

Your role at the charity (select one):

☒ Employee

Given names

Jane

Family name	Clarke
Telephone number	01273482506
Email	jane.clarkecet@eastsussex.gov.uk
Date submitted	02/10/2025

It is a criminal offence under section 60 of the Charities Act 2011 for anyone to knowingly or recklessly provide false or misleading information to the commission; this includes suppressing, concealing or destroying documents.