

CABINET

TUESDAY, 27 JANUARY 2026

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

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

AGENDA

1. Minutes of the meeting held on 16 December 2025 (*Pages 3 - 8*)
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. Reconciling Policy, Performance and Resources (RPPR): Draft Council Plan 2026/27, Revenue Budget and Capital Programme (*Pages 9 - 198*)
Report by the Chief Executive
6. Devolution and establishment of Mayoral Combined County Authority (*Pages 199 - 210*)
Report by the Chief Executive.
7. Auditor's Annual (Value for Money) Report on East Sussex County Council 2024/25 (*Pages 211 - 250*)
Report by the Chief Finance Officer
8. Treasury Management Strategy Statement 2026/27 (*Pages 251 - 286*)
Report by the Chief Finance Officer
9. The Conservators of Ashdown Forest 2025/26 forecast outturn position and updated medium term financial plan including the 2026/27 budget (*Pages 287 - 292*)
Report by the Chief Operating Officer
10. Any other items considered urgent by the Chair
11. To agree which items are to be reported to the County Council

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19 January 2026

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Agenda Item 1

CABINET

MINUTES of a meeting of the Cabinet held on 16 December 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 Beaver	- item 5 (minute 41)
Councillor Bennett	- item 6 (minute 42)
Councillor Bowdler	- items 5, 7 and 8 (minutes 41, 43, and 44)
Councillor Collier	- item 5 (minute 41)
Councillor Claire Dowling	- item 7 (minute 43)
Councillor Daniel	- items 6 & 7 (minutes 42 & 43)
Councillor Denis	- items 5 & 6 (minutes 41 & 42)
Councillor Field	- item 8 (minute 44)
Councillor Hollidge	- item 5 (minute 41)
Councillor Maynard	- item 5 (minute 41)
Councillor Maples	- items 6 & 7 (minutes 42 & 43)
Councillor Murphy	- item 6 (minute 42)
Councillor Standley	- items 5 & 6 (minute 41 & 42)
Councillor Swansborough	- item 7 (minute 43)
Councillor Tutt	- items 5 & 6 (minutes 41 & 42)

36. MINUTES OF THE MEETING HELD ON 11 NOVEMBER 2025

36.1 The minutes of the Cabinet meeting held on 11 November 2025 were agreed as a correct record.

37. APOLOGIES FOR ABSENCE

37.1 There were none.

38. DISCLOSURES OF INTERESTS

38.1 All Members have been granted with a dispensation, in relation to their membership of the Council and any membership of a district or borough council, under the Localism Act 2011

and the Council's Code of Conduct to enable them to participate and to enable the Cabinet to vote on the items on the agenda.

38.2 Councillor Collier declared a personal interest in item 5 of the agenda as a Cabinet Member for Lewes District Council. He did not consider this to be prejudicial.

38.3 Councillor Denis declared a personal interest in item 5 of the agenda as a Cabinet Member for Lewes District Council. He did not consider this to be prejudicial.

39. URGENT ITEMS

39.1 There were none.

40. REPORTS

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

41. 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

41.1 The Cabinet considered a report by the Chief Executive.

41.2 It was RESOLVED 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 of the report; and
- 2) approve the submission to Government by the closing date of 11 January 2026.

Reasons

41.3 The report outlines that the 'One East Sussex' 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 remaining unchanged, is underpinned by a clear evidence base.

41.4 The 'One East Sussex' proposal 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.

42. COUNCIL MONITORING REPORT - QUARTER 2 2025/26

42.1 The Cabinet considered a report by the Chief Executive.

42.2 It was RESOLVED 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 of the report; and
- 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 of the report.

Reasons

42.3 The 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.

42.4 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.

42.5 Installing suppression systems will safeguard infrastructure, reduce operational and environmental risk, and ensure compliance with Environment Agency guidance, providing long-term resilience.

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

43.1 The Cabinet considered a report by the Chief Executive.

43.2 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 further savings proposals set out in Appendix 2 of the report;
- 4) note the reserves summary set out in paragraph 3 of the report;

- 5) note ongoing engagement with MHCLG in relation to Exceptional Financial Support as set out in paragraph 4 of the report; and
- 6) agree to undertake further lobbying of Government for sustainable funding to meet the needs of the residents of East Sussex.

Reasons

43.3 The report reinforces the substantial challenges the Council faces, 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.

43.4 The Council will not have certainty on the 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.

43.5 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.

43.6 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.

44. ANNUAL LOOKED AFTER CHILDREN (LAC) REPORT 2024 - 2025

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

44.2 It was RESOLVED to note the annual progress report of Looked After Children's Services in 2024/25.

Reasons

44.3 The report summarises the performance of Looked After Children's Services in 2024/25.

45. TREASURY MANAGEMENT - STEWARDSHIP REPORT 2024/25 AND MID-YEAR REVIEW 2025/26

45.1 The Cabinet considered a report by the Chief Operating Officer.

45.2 It was RESOLVED to note the Treasury Management performance in 2023/24, incorporating the Mid-Year Review for the first half of 2024/25.

Reason

45.3 The report 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.

46. ANNUAL ACCOUNTS FOR THE LEWES PUBLIC LIBRARY AND MUSEUM CHARITABLE TRUST

46.1 The Cabinet considered a report by the Director of Communities, Economy and Transport.

46.2 It was RESOLVED 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.

Reason

46.3 The report fulfils the requirement for the annual accounts for the Lewes Public Library and Museum Charitable Trust to be submitted to the Cabinet.

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

47.1 It was agreed that items 6 and 8 should be reported to the County Council.

[Note: the items being reported to the County Council refer to minute numbers 42 and 44.]

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Agenda Item 5

Committee:	Cabinet
Date:	27 January 2026
Title of Report:	Reconciling Policy, Performance and Resources (RPPR): Draft Council Plan 2026/27, Revenue Budget and Capital Programme
By:	Chief Executive
Purpose of Report:	To ask Cabinet to approve the draft Council Plan, Council Tax levels, Revenue Budget and Capital Programme for recommendation to the County Council.

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) recommend the County Council to:
 - i) approve in principle the draft Council Plan 2026/27 at Appendix 1 and authorise the Chief Executive to finalise the Plan in consultation with the relevant Lead Members;
 - ii) increase Council Tax by 2.99% in 2026/27;
 - iii) increase the Adult Social Care Precept by 2% in 2026/27;
 - iv) issue precepts to be paid by borough and district councils in accordance with the agreed schedule of instalments at Appendix 5 (draft);
 - v) approve the net Revenue Budget estimate of £693.2m for 2026/27 set out in Appendix 2 (Medium Term Financial Plan) and Appendix 3 (draft) (Budget Summary) and authorise the Chief Executive, in consultation with the Chief Finance Officer, Leader and Deputy Leader, to make adjustments to the presentation of the Budget Summary to reflect the final settlement and final budget decisions;
 - vi) note that the Council has written to Government to request Exceptional Financial Support in the form of a £70m capitalisation direction to support the budget in 2026/27;
 - vii) amend the Treasury Management Strategy, as set out separately on the agenda, to allow borrowing to fund the revenue budget;
 - viii) note the comments of the Chief Finance Officer on budget risks and robustness, as set out in Appendix 6;
 - ix) agree the Reserves Policy set out in Appendix 6;
 - x) approve the Capital Strategy and Programme at Appendix 8;
 - xi) note progress with the Council Plan and Budget 2025/26 since quarter 2 set out in section 4;
 - xii) note the Medium Term Financial Plan forecast for 2026/27 to 2028/29, set out in Appendix 2;
 - xiii) note the comments from engagement exercises set out in Appendix 7; and
 - xiv) note the schedule of fees and charges that have increased above 4% at Appendix 9.
- 2) agree to continue lobbying as strongly as possible for sustainable funding to meet the needs of East Sussex residents, using all available avenues.
- 3) approve the Highways investment in advance as set out in section 10.

1 Introduction

1.1 This report marks an important, if unwelcome, milestone in this Council's relentless drive to meet local needs as effectively as possible with inadequate resources. Despite a solid foundation of sound and prudent financial management over many years, as endorsed by multiple external assessments, and taking very difficult decisions to reduce services over time to manage within increasingly limited resources, we will now need to rely on borrowing to balance the budget for the coming year. For the first time, we are not able to present a balanced budget drawing on our own resources and the proposed revenue budget for 2026/27 presented in this report is contingent on Government's agreement to additional support in the form of exceptional permission to borrow to fund day to day services.

1.2 The past year has seen the Council rise to significant new challenges, as well as continuing to deliver the effective services local people need and deserve, despite considerable pressures and resource constraints. The vital difference our services make for residents and communities has been recognised in a range of external reviews. From the positive assessment of our adult social care provision by the Care Quality Commission, to Ofsted's praise for work on child protection and the Chartered Institute of Public Finance and Accountancy's (CIPFA) endorsement of the organisation's strong financial management and governance, time and again independent evaluations clearly demonstrate that we are doing all we can to make the best possible use of our resources for the benefit of East Sussex residents. The commitment of Members, staff and strong East Sussex partnerships is vital in delivering these achievements and continuing to progress our priorities, which are based on the evidenced needs of the county's diverse communities.

1.3 We have also experienced growing demands on the organisation during this time as local needs continue to evolve and funding to meet those needs has come under ever greater strain. Demands on the statutory, need-led services for vulnerable children and adults which account for around three quarters of our budget, combined with ongoing cost increases across the Council, mean that the expenditure required to maintain services has grown further. These local trends are in line with national developments, but the impacts are especially stark here in East Sussex due to the demographic make-up of our population, the challenges in the local economy and the actions we have already had to take over many years to respond within increasingly stretched resources. These factors, combined with funding mechanisms which do not accurately reflect the level of need, particularly affect places like East Sussex, with high demand for social care from a much older than average population and significant areas of deprivation.

1.4 On top of these sustained pressures in our major service areas we have responded, at pace and in partnership, to Government's reforms to the overall structure of local government, ensuring that we are in pole position to secure maximum benefits for our residents. Within one year of intensive activity, the groundwork has been laid for both local government reorganisation and devolution and the opportunities they will bring to the county. We and our local partners have done all that has been asked of us to map out a positive future direction for the county and we will continue to do all we can to secure the best possible outcomes for local people from these developments as they progress.

1.5 Changes to the structure of local government will not, however, address the basic mismatch between the level of demand for support and the resources we have available locally to provide it. The growing costs the Council faces have not been offset by sufficient additional income. The Government's Fair Funding Review 2.0, whilst recognising an increased level of need in East Sussex, has resulted in a significant loss of funding, worsening our already substantial budget gap. Despite extensive lobbying by the County Council, with partners and across the local government sector, the Autumn Budget Statement provided no additional funding for local authorities and included updates which further increase our costs. The provisional Local Government Finance Settlement confirmed the impact of the significant changes to the way funding is allocated to councils. Independent modelling confirms a loss of almost £17m funding to East Sussex over the next three years compared to what the Council would have received under previous funding formulae. This translates to a cash loss of over £12m over the next three years, failing to fairly reflect the increasing costs and demand for statutory services which we need to meet locally.

1.6 This leaves the County Council in a critical financial position. Without sufficient national support to meet unavoidable costs in the coming year, and limited ability to raise funds locally, the Council has been left with no choice but to seek Exceptional Financial Support from Government, in the form of permission to

borrow in order to sustain essential services and set a balanced budget. This is not additional funding. In reality, it only compounds the funding gap, since further borrowing comes with a long-term cost which will also have to be accounted for in future budgets. Although we are not alone in being in this position, with numerous councils now making similar requests to Government, it is significant that a council as widely recognised as effective and efficient as East Sussex is in this situation. It highlights the underlying funding issues that must still be addressed, as well as the need for appropriate national reforms to put statutory services on a sustainable footing for the future.

1.7 We have done everything possible over the past decade and a half to live within our means, including making tough decisions to deliver over £156m in savings and service reductions since 2010. On top of this we have implemented strict spending controls, with senior management approval required for recruitment and all significant purchasing, and worked hard to transform services. As signalled in December, this report sets out a further £3.5m savings proposals, representing more difficult choices to be made over the next three years. But the scope for savings is now very limited and, having drawn on reserves in recent years to balance the books, those remaining cannot come close to bridging the funding gap. Council Tax would need to increase by over 19% to cover the coming year's gap, and well beyond that in future years, which would require a referendum, and even if passed would place a significant burden on residents. Whilst we will maintain all our discipline in managing resources and containing spend, ultimately it is essential that national funding accurately recognises the real need for services in East Sussex, and the true cost of delivering them. Funding reforms have redistributed available funding, to the detriment of East Sussex, and there continues to be an urgent requirement for additional overall resources for local government to meet growing demands. We will continue, with determination and evidence, to make this case to Ministers on behalf of local people who ultimately bear the impact of sustained underfunding in their day to day lives.

1.8 Our latest assessment of our financial and operating context underpins our planning for 2026/27 and beyond, and our detailed Council Plan which covers what we will do and the specific targets we will use to judge our performance. Through our robust business planning process, Reconciling Policy, Performance and Resources (RPPR), the Council Plan, revenue budget and capital programme are fully integrated. In the context of the significant financial and service delivery challenges we are responding to, a clear and ongoing focus on our four priority outcomes and their supporting delivery outcomes is vital. These remain consistent, and our ability to deliver against these within the current context has been factored into the service and financial plans presented in this report, but is dependent on additional funding. We are maintaining our ambition for the county whilst also being realistic about matching our delivery plans with the resources we have. RPPR also ensures we have the demographic trends and performance information to monitor our progress throughout the year.

1.9 As well as relying on Government granting Exceptional Financial Support, the budget proposed in this report reflects the continued national reliance on Council Tax to fund ongoing pressures from rising demand, particularly in social care. Council Tax represents over 60% of our net budget. Government has continued the approach of expecting local authorities to apply an Adult Social Care Precept on bills to provide essential funding for care services. The level of Council Tax flexibility has also been maintained, and it is assumed in Government funding calculations that this will be taken by all councils. It is also expected that authorities requesting exceptional support will maximise local resources, including the full allowable Council Tax increase, first. Without additional Council Tax income we would see a reduction in our Core Spending Power (CSP) of almost 6% in the next three years. Even assuming Council Tax income at the maximum allowable level, spending power would increase by only 11% in that time, well below the national average of 15% and well behind the pace of demand and cost increases expected.

1.10 Given the financial position we face in the coming year and beyond, we do need to apply the allowable Council Tax increase as part of delivering a balanced budget. We have long highlighted to Government that individual authorities' ability to raise Council Tax is unrelated to need for services and is particularly problematic for areas such as East Sussex with high need for social care services, but where capacity for local people to pay more to support these services is limited. Further detail on the revenue budget position is provided at section 5.

1.11 We continue to make substantial investments in services to meet the growing and changing needs of local residents for statutory support, and to adopt digital and artificial intelligence (AI) technology which

will help enable services to maximise efficiency with the resources available. However, our funding gap means we are not able to invest to the level we would want to in other important areas, such as the roads which support the county's economy and communities. Whilst long-term funding allocations for highways are welcome, as is the increase in grant, available national funding falls short of our ambition which requires more central government investment to maintain road condition. Without the capacity in the revenue budget to support borrowing to invest for the future, as funding fails to match growing demand for care and support services, we must continue to restrict our plans in planned roads maintenance and other areas to match only the grant funding we receive. Detail of the revised capital programme is provided at section 10.

1.12 Although the year ahead will undoubtedly have many challenges, we continue to be hugely optimistic about the capacity of the people, communities and organisations in East Sussex to work together to find the best possible way forward. The coming months will also bring some certainty about structural change. We will have significant opportunities to help shape future democratically-led organisations which reflect the unique needs, assets and aspirations of this vibrant county. Through this once in a generation change we will continue to press Government, individually and through our networks and partnerships, to make the fundamental reforms needed to put more control and choice in the hands of local people and leaders and enable better use of the resources available locally. We will also continue to highlight the consequences of funding shortfalls, now and in the future, for people, communities and businesses in the county, and for the delivery of national priorities.

1.13 This report sets out:

- key changes to the national and local context since the report to Cabinet on 16 December 2025;
- the draft Council Plan 2026/27 and updated Medium Term Financial Plan (MTFP);
- key updates on performance since quarter 2;
- proposals for the 2026/27 revenue budget, taking account of further financial information received since December's report and based on an increase in Council Tax of 2.99% and an Adult Social Care Precept of 2%;
- the savings planned for the next year;
- the position in relation to reserves;
- the updated capital programme; and
- feedback from engagement exercises and equalities impacts.

2 National and Local Context

2.1 Since the last report to Cabinet in December there have been further national policy developments we need to take into account in our planning for the coming year and beyond:

2.2 **National economic outlook and Government spending plans:** Since the Autumn Budget Statement on 26 November, which was accompanied by new national economic forecasts from The Office for Budget Responsibility (OBR), there have been further developments in the economic outlook. Latest figures from the Office for National Statistics showed that the economy grew by 0.3% in November 2025, driven by an increase in industrial output and services and increased certainty following the national Budget. Inflation, as measured by the Consumer Prices Index (CPI) fell further than expected to 3.2% in the year to November 2025, down from 3.6% in October. The Bank of England cut interest rates from 4% to 3.75% in December, the lowest level since February 2023, following the sharper than expected fall in inflation, but indicated that any further reductions were likely to be gradual. The Chancellor has set 3 March 2026 as the date of the Spring Budget Statement and has commissioned updated OBR forecasts to be released alongside it.

2.3 **Local government funding:** The provisional Local Government Finance Settlement, received on 17 December, provided the first multi-year settlement for councils in a decade. The settlement translated the policy intentions outlined in November's finance policy statement and Fair Funding Review (FFR) 2.0 consultation response into detailed funding allocations for individual authorities, confirming for the first time exactly how specific councils are impacted by significant changes to the distribution of funding. Overall, the provisional settlement indicated that Core Spending Power (CSP) would increase by an average 15% for local authorities in England over the three year period, based on the presumption that all councils will levy

the maximum increase in Council Tax. As previously indicated, the Council Tax referendum limit was maintained at 3% and the Adult Social Care precept at 2% and this is the intention throughout the settlement period. Total CSP for local government in 2026/27 was confirmed as £77.7bn, up from £73.5bn in 2025/26, including Council Tax income. Grant funding was allocated largely in line with the FFR 2.0 methodology with the exception of a small number of specific grants, transitional arrangements and the continuation of the Recovery Grant. The FFR 2.0's significant negative impact on funding for East Sussex was confirmed, with well below average increases in CSP despite the high levels of need for services in significant parts of the county and growing demand which is not reflected in the allocations the Council received. We have responded robustly to the Ministry of Housing, Communities and Local Government's (MHCLG) consultation on the provisional settlement which closed earlier in January. The detailed implications of the provisional finance settlement announcements for the Council's MTFP are set out in section 5.

2.4 Local government reorganisation: Consultation on local government reorganisation in Sussex closed on 11 January and a Government decision on the future shape of councils in the area is expected in the coming weeks.

2.5 Children's Services: In December the Department for Education (DfE) announced investment of £3bn to fund an expansion of specialist places in mainstream schools for children with special educational needs and disabilities (SEND) across the country, with allocations to local areas for 2026/27 to be made in the spring. This comes ahead of the Schools White Paper, due in early 2026, which is expected to set out significant reforms to the SEND system with a focus on inclusion in mainstream settings. All local authorities are being provided with advisers to support the application of learning from national SEND support programmes. Government has also confirmed community-based early intervention for SEND support through Family Hubs. Councils are being tasked with recruiting a dedicated SEND practitioner in every hub to provide direct, family-facing support. The Budget announced that from 2028/29 the Government would cover the costs of SEND incurred from that financial year and beyond. However, there was no funding announced to support the current SEND deficit position. By the end of the financial year 2027/28, the national SEND deficit is estimated to be in the region of £14bn, which it is currently expected by Government that local government will need to address. The financial risk for SEND remains.

2.6 DfE has also launched a consultation on the powers and structure of a new national Child Protection Authority (CPA), intended to provide national leadership and oversight as part of a shift towards a more proactive multi-agency child protection system, linked to the significant social care reforms being introduced through the Children's Wellbeing and Schools Bill. The CPA is expected to use data and intelligence to identify risks early, advise on policy at local and national level, and spread good practice, and it will absorb the work of the Child Safeguarding Practice Review Panel. The Department for Culture, Media and Sport has launched a National Youth Strategy, a 10 year plan outlining cross-Government support for young people aged 10 to 21, and up to 25 years for those with SEND. The strategy includes £500m investment in youth facilities and activities, with a focus on deprived or under-served areas, and to widen access to youth workers and other trusted adults. It also includes plans to strengthen youth services through improving local partnerships, better information sharing, and digital infrastructure.

2.7 Adult Social Care and Health: A National Plan to End Homelessness was published in December by MHCLG, setting out a cross-Government approach to preventing and addressing homelessness and rough sleeping. The strategy sets out roles and responsibilities across central and local government and wider public services, including services such as public health, the NHS, adult and children's social care, the police, jobcentres, prisons and immigration services. Every council with housing responsibilities will be required to publish an action plan to accompany their local homelessness strategy, which should include local targets aligned with the metrics in the new Local Outcomes Framework. In addition, new legal duties will be placed on key public services to identify, act and collaborate to prevent and address homelessness. In relation to social care support, Government intends to review and update the relevant areas of the Care Act 2014 statutory guidance, particularly in relation to councils' safeguarding responsibilities and how they should act on these to support people at risk of homelessness and rough sleeping. The strategy also commits that, by summer 2026, a cross-government action plan will be developed to reduce the proportion of care leavers under 25 experiencing homelessness. The East Sussex Housing Partnership recently developed a shared housing strategy, which reflects the priorities in the national plan. The partnership is now developing an action plan for the next 12 months, which will support the implementation of the national plan locally.

2.8 As part of a new Violence Against Women and Girls (VAWG) Strategy, launched in December, Government announced an uplift of £19m to national funding for councils to support delivery of the Domestic Abuse Safe Accommodation Duty. The VAWG Strategy focuses on prevention and tackling the root causes of abuse, including new approaches to education, additional support for young people at higher risk and a review of the legal framework for domestic abuse to ensure it properly represents adolescents' experiences.

2.9 **Transport and environment:** Allocations of active travel funding from a £626m national package announced as part of the Government's Spending Review in June were confirmed by Active Travel England in December. East Sussex County Council (ESCC) has been allocated £3.38m for active travel over the next 4 years. Allocations of road maintenance funding for 2026/27 were confirmed in December. ESCC was allocated funding of £21.7m, in line with our previous planning assumptions, with a further £25.3m in 2027/28 and £27.4m in 2028/29. This has been included within the grant funding available to support our planned highways capital programme. The funding allocations were issued in a format aligned with the new Combined County Authority (CCA), and the implications of this approach for future funding and governance will need to be fully understood.

2.10 The Planning and Infrastructure Act gained Royal Assent in December. MHCLG has also launched a consultation on proposed significant further changes to the National Planning Policy Framework (NPPF) which aim to support delivery of the Government's house building targets. The proposed changes aim to optimise land use through well-designed, higher-density development, simplify biodiversity rules for smaller sites and fast-track housing projects that meet national standards for energy efficiency. The revised NPPF separates out policies for plan-making and decision-making. The changes are designed to make planning policy easier to use, underpin the development of faster and simpler local plans, and be more directive of decision-making in support of both appropriate housing and commercial development.

2.11 **Looking ahead**, the coming year is likely to see further significant policy developments and reforms affecting ESCC services. Implications for the Council will continue to be factored into our ongoing planning through RPPR.

3 Council Plan

3.1 The draft Council Plan is attached at Appendix 1. The Council Plan continues to be built on the Council's four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future. Making best use of resources now and for the future is the priority test through which any activity must pass. The remaining three priority outcomes guide our activities, direct our resources and are reflected in our Council Plan activities and targets. The priority outcomes are supported by 21 delivery outcomes which were agreed by Cabinet as part of the June State of the County report.

3.2 The Council Plan is aligned to the MTFP and covers the same three-year period of 2026/27-2028/29. The Council Plan includes details of the key activity that we need to take forward over this period to support the delivery of the priority outcomes. Business planning for this period is particularly challenging as we need to respond to national policy reforms at a time when we are facing both an increase in demand for services and a real-term reduction in funding. There are also likely to be changes in how services are delivered resulting from the creation of the Sussex and Brighton Combined County Authority and local government reorganisation over this period. We have reviewed and updated the activity in the Council Plan based on the latest information. The plan reflects the changes that we expect to take place and will continue to be updated ahead of publication based on the latest available information. It should be noted that the Council Plan only includes planned activity for 2028/29 that will continue under any new unitary authority.

3.3 Clearly defining the outcomes we wish to achieve and monitoring our success in delivering these outcomes for the county's residents, communities and businesses is critical. The Council Plan contains the targets and milestones used to judge our performance against our priority outcomes. The Cabinet and County Council actively consider performance during the year and may decide to adjust targets to reflect any changed circumstances. We have reviewed and updated our targets where necessary, ensuring these

are both realistic and reflect the best performance we can deliver with the resources available to us. We also keep track of a wide range of key data about East Sussex and related to our priority outcomes. These help us to assess our impact more fully and respond appropriately when we need to do so. Key data will be monitored annually as part of the State of the County report.

3.4 The Council Plan is still a work in progress until final budget allocations are made and firm targets can be set. It will be published in March 2026 and refreshed in July when final performance outturn figures for 2025/26 are available. Authorisation is sought for the Chief Executive to make final changes pre and post publication in consultation with Lead Members as appropriate.

4 Progress with Council Plan and Budget 2025/26 since quarter 2

4.1 Overall, our services are continuing to perform well despite challenging circumstances. There are two performance measures where forecasted performance has changed since the quarter 2 monitoring report which need to be considered in advance of the quarter 3 monitoring report which will go to Cabinet on 10 March 2026. We continue to see rising levels of demand for core services including Adult Social Care (ASC).

4.2 **Average Attainment 8 score for state funded schools** – provisional results for the academic year 2024/25 have been released and these suggest that the final result may be below target for the year. The provisional result for East Sussex is 43.0, against our target of 44.0. The provisional result for England is 45.9. This measure will be reported as amber in quarter 3. Final data for this measure will be issued by the Department for Education early in 2026 and reported in the quarter 4 monitoring report.

4.3 **The average Attainment 8 score for disadvantaged pupils** – provisional results for the academic year 2024/25 have been released and these suggest that the results may be below the target for the year. The provisional result for East Sussex is 30.3 against our target of 30.5. The provisional result for England is 34.9. This measure will also be reported as amber in quarter 3. Final data for this measure will be issued by the Department for Education early in 2026 and reported in the quarter 4 monitoring report.

4.4 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 a 6.9% increase in assessments (Care Act, Carers, Continuing Health Care, Occupational Therapy and Sensory) completed between January and November 2025 compared to the same period in 2024, and a 22.2% increase compared to the same period in 2019 (pre-Covid).
- Safeguarding enquiries for adults (S42) have increased by 2.2% when comparing January to November 2025 to the same period in 2024. Safeguarding enquiries completed have increased by 80.6% when compared to the same period in 2019.
- Contacts to our Health and Social Care Connect Access are continuing to increase, with a 3.5% increase when comparing January to November 2025 to the same period in 2024, and a 23% increase when compared to January to November 2019 (17,284 more contacts).
- There has been a 3.8% increase in people receiving Long Term Support when comparing a snapshot on 30 November 2025 to the same point in 2024, and a 11.5% increase compared to the pre-pandemic snapshot on 30 November 2019.

4.5 There is currently no significant change to the projected quarter 2 revenue budget forecast.

5 Revenue Budget, Pressures and Savings 2026/27

5.1 The provisional Local Government Finance Settlement published on 17 December 2025 has confirmed the assumptions in our initial modelling of the Fair Funding Review 2.0 (FFR 2.0). As anticipated, the changes to formulae have significantly reduced the Council's share of settlement funding, now known as the Fair Funding Assessment (FFA), which will reduce by £12.6m over the settlement period. As a result, the Council's non-Council Tax Core Spending Power (CSP) will reduce by 5.8% by 2028/29. The change in grant funding from 2025/26 to 2026/27 is cash neutral, but with inflation currently between 3% to 4%, represents a significant reduction in real terms.

5.2 This loss of funding is driven by several key factors in the new funding methodology: the impact of council tax equalisation; the absence of a metric that reflects the significant proportion of residents aged over 85; the limitations of using median wages as a proxy for the labour costs borne by the Council; and the Government's decision, announced with the Policy Statement, that rurality was to be removed as a factor from all but the ASC needs formulae. This is compounded by the continuation of the Recovery Grant (which has been top-sliced from the overall quantum to be paid to qualifying authorities). These changes fail to capture the true cost pressures in delivering statutory services in a county with high social care demand and a dispersed population, with limited opportunities to raise income locally.

5.3 When including Council Tax, CSP increases by 11.0% from 2025/26 to 2028/29. This is significantly below the national average of 15.1% and far short of the scale of cost increases that the Council has incurred in recent years. For example, the net budgets for ASC and Children's Services increased by 40% and 54% respectively in the three-year period between 2022/23 and 2025/26.

5.4 The impact of the settlement on the Council's CSP is set out in the table below:

Core Spending Power – ESCC	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Revenue Support Grant (RSG)	103.5	94.3	113.0	105.7
Baseline Funding	81.4	87.6	89.6	91.4
Local Authority Better Care Grant	26.9	26.9	0.0	0.0
Fair Funding Assessment	211.8	208.8	202.6	197.1
Families First Partnership (within Children, Families and Youth Grant)	3.5	6.7	6.7	5.7
Homelessness, Rough Sleeping and Domestic Abuse Grant	1.4	1.4	1.4	1.4
Total non-Council Tax (CT) Core Spending Power	216.8	216.8	210.7	204.2
Council Tax Requirement*	394.5	419.4	445.9	474.1
Total Core Spending Power	611.2	636.2	656.6	678.2
Cumulative non-CT Core Spending Power (% Change)	-	0.0%	-2.8%	-5.8%
Cumulative Council Tax Requirement (% Change)	-	6.3%	13.0%	20.2%
Cumulative Total Core Spending Power (% Change)	-	4.1%	7.4%	11.0%

*N.B. Figures are from MHCLG's settlement publication so there will be roundings. Council Tax Requirement shown will differ slightly from figures in the ESCC MTFP due to local projections.

5.5 In addition, the settlement introduces a consolidation of several specific grants into new, simplified funding streams which, while simplifying administration, creates uncertainty over future allocations and flexibility. A detailed comparison of the grants rolled into the Fair Funding Assessment and Consolidated Grants is set out in Annex 2 of Appendix 2.

5.6 Despite the challenge of ongoing service pressures, particularly in social care, and a growing deficit, compounded by the impact of FFR 2.0, the Council continues to make necessary investments to meet residents' needs. Following an increase of £54.9m in 2025/26, a further £71.7m investment is planned for 2026/27, against additional funding of just £21.2m and savings of £6.3m, leaving an annual unfunded deficit of £44.2m and an underlying deficit of £55.6m after accounting for the one-off reserves in 2025/26. Departments have been asked to identify savings and efficiencies to help close this gap, but the scope for reductions is extremely limited after more than a decade of sustained cuts to services:

Summary of Budget Growth and Funding 2025/26 and 2026/27	2025/26 (£m)	2026/27 (£m)
Non-Pay Inflation	25.1	19.5
Pay Awards	6.4	5.9
Service Investment:		
Adult Social Care	7.5	18.9
Children's Services	9.4	22.8
Other service budgets	4.9	3.8
Other corporate budgets	1.6	0.8
Total Budget Growth	54.9	71.7
Council Tax	(25.8)	(21.5)
Business Rates (within the Fair Funding Assessment from 2026/27)	(0.5)	0.0
Government Grants (within the Fair Funding Assessment from 2026/27)	(15.3)	0.0
Impact of FFR 2.0 on non-Council Tax CSP	0.0	0.3
Total Additional Funding	(41.6)	(21.2)
Savings	(16.2)	(6.3)
Annual Budget Deficit	(2.9)	44.2
Deficit carried forward from previous year	14.3	11.4
Total Budget Deficit	11.4	55.6
One-off use of reserves	(11.4)	0.0
Budget Deficit	0.0	55.6

Savings

5.7 As set out to Cabinet in December 2025, in light of the serious financial position, departments have undertaken work to identify how any further savings could be delivered as part of work to address the funding gap and to put the Council in a position to set a balanced budget for 2026/27. The approach taken by each department was outlined in more detail in the December report and recognised the limited scope for further service reductions after a decade and a half of savings which have removed or scaled back most discretionary functions and reduced supporting services to a minimum. After many years of service reductions, transformation and efficiencies, and with ongoing growth in demand for support, there is very limited opportunity to make further savings whilst still meeting our statutory duties and basic operating requirements. There will also be considerable demands on the organisation over the coming year to deliver major national reforms.

5.8 In total, potential further reductions of £3.5m have been identified across all departments. Added to those set out earlier last year this means a total of £8.0m savings have been identified for the period 2026/27-2028/29, with £6.3m proposed for delivery in 2026/27. The detailed proposals are set out at Appendix 4a. The provisional Local Government Finance Settlement has not removed or reduced the requirement to identify savings wherever we can, given the legal requirement to balance the budget. Given the hard decisions already made, and current pressures on services, 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.

5.9 It is not the purpose of the budget setting meeting to take decisions on proposed savings. Full Council sets the budget for the Council, and in so doing determines the allocation of resources to each of the Council's service areas and essentially sets financial limits within which the Council must operate. The budget does not determine how particular services are delivered and, in setting the budget, Full Council does not take decisions on specific proposals and cannot direct or require the Executive to expend money in a particular way.

5.10 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. Decisions will be taken as required on individual savings following consideration of the results of any consultations and all other relevant considerations.

5.11 The proposals set out, if implemented, go only a small way towards closing the substantial funding gap but make an important contribution to the Council's financial sustainability. As reported to Members throughout 2025/26, the Council continues to face significant cost and demand pressures, resulting in a large projected in-year service overspend which will require a further unplanned draw from very depleted reserves. In an effort to mitigate the overspend and to enable the Council to balance its budget for the year ahead, measures have been taken in year to reduce spend. These have been, and will continue to be, taken in accordance with the Council's decision-making framework.

5.12 Across all departments any opportunities to maximise income are considered on a regular basis. This includes pursuing opportunities to realise income from our assets, however planned income from the disposal of any surplus assets is already factored into the capital programme. We will continue to maximise these returns and minimise the costs of office and other accommodation and to review all other sources of income.

6 Robustness and Reserves

6.1 At Full Council in February 2025 there was an estimated total reserves balance of £50.5m by March 2029. Following usual updates, the balance at 31 March 2030 is now estimated at £46.0m.

6.2 The current reserves position is summarised in the table below. Total service and strategic reserves are projected to be £28.9m on 1 April 2026 and reflect draws to balance the budget and mitigate the overspend in 2025/26. This compares with a deficit of £55.6m in 2026/27. The projected balances at 1 April 2029 reflect further projected draws from reserves but do not assume any further reserves will be used for budget stabilisation:

Reserves Balance (£m)	Balance at 1 Apr 2025 £m	Estimated balance at 1 Apr 2026 £m	Estimated balance at 1 Apr 2030 £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
Subtotal named service reserves	36.6	18.4	10.9
Strategic Reserves			
Priority Outcomes and Transformation	5.2	4.4	1.9
Financial Management	11.3	6.1	3.3
Subtotal strategic reserves	16.5	10.5	5.2
Total Earmarked Reserves	78.6	50.1	36.0
General Fund Balance			
TOTAL RESERVES	88.6	60.1	46.0

6.3 In recent years, the use of reserves to cover budget deficits and overspends (which includes a further projected £12.2m to cover the in-year 2025/26 overspend reported at Quarter 2), means the Council has had to abandon its usual approach of maintaining reserves to help future proof Council services from unforeseen risks. The forecast balance of £10.5m remaining in strategic reserves at 1 April 2026 is the only flexibility the council will have left to mitigate in year pressures or volatile expenditure.

6.4 In addition to reserves, there is also a General Fund (unallocated reserve) balance of £10.0m, aligned to CIPFA best practice, plus a general contingency within the base revenue budget equal to £6.7m for 2026/27, to cushion the impact of unexpected events and emergencies in year. This general contingency is set at 1% of net revenue expenditure (NRE) less Treasury Management. For 2026/27, the General Fund and contingency total £16.7m, which represents 2.41% of NRE.

6.5 In addition to the reserves position set out above, Members should note the significant accumulated deficit in the Dedicated Schools Grant (DSG) relating to SEND. This deficit is currently subject to a statutory override, meaning it does not appear in the Council's usable reserves and is therefore not reflected in the figures presented above. However, the liability is real and represents a substantial future financial risk. The SEND deficit is forecast to be £20.1m on 1 April 2026, rising to £76.5m by 1 April 2028, when the statutory override is due to end. At that point, the Council will be required to recognise the full deficit on its balance sheet. While benchmarking shows that ESCC is in a better position than most authorities with SEND responsibilities, this will still have serious implications for the Council's financial position and borrowing requirement, as the deficit will need to be funded alongside existing pressures.

6.6 In accordance with Section 25 of the Local Government Act 2003, the Chief Finance Officer (CFO) has a legal duty to report on the adequacy of reserves and the robustness of estimates when setting the budget. Given the current financial position and the significant depletion of service and strategic reserves, the CFO considers the remaining reserves to be at the absolute minimum level required to safeguard the Council against unforeseen risks and volatility. Any further draw on reserves to support the planned revenue budget would compromise the adequacy of reserves and leave the Council exposed to an unacceptable level of financial risk. Consequently, no additional use of reserves can be recommended to bridge the budget gap for 2026/27, so the only recommended option to set a balanced budget will be the flexibility granted under the government's Exceptional Financial Support (EFS) framework.

6.7 Details of the reserves held, and the CFO Statement on Reserves and Budget Robustness, are set out in Appendix 6.

7 Balancing the budget and Exceptional Financial Support

7.1 The Council is legally required to set a balanced budget under the Local Government Finance Act 1992. This requires the Council to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget and Council Tax. The amount of the budget requirement must be sufficient to meet the Council's legal and financial obligations, ensure the proper discharge of its statutory duties, and lead to a balanced budget. The Council should be satisfied that the proposals put forward are a reasonably prudent use of resources in both the short and long term, and that the interests of both Council Taxpayers and ratepayers on the one hand and the users of Council services on the other are both taken into account. Failure to set a balanced budget would oblige the Section 151 Officer (the CFO) to issue a Section 114 report.

7.2 The Government's November 2025 policy statement confirmed that the EFS framework remains available to councils facing exceptional financial pressures and to avoid the need for the CFO to issue a Section 114 report. EFS provides flexibility through capitalisation directions, allowing specified revenue expenditure to be treated as capital. This enables councils to use borrowing or capital receipts to meet immediate pressures without breaching statutory requirements to set a balanced budget. The removal of the previous 1% borrowing premium improves the affordability of such directives. Councils must demonstrate a credible plan for financial sustainability and safeguard any community and heritage assets.

7.3 For 2026/27 the Council is facing an unfunded revenue gap of £55.6m. Whilst the Council has some reserves, the use of these at this stage would expose the Council to an unacceptable level of financial risk. Therefore, to address this position, the Council has submitted an indicative request for up to £70m of capitalisation to MHCLG. This includes a £12.5m contingency, which has been earmarked to cover

emergent financial pressures, as well as investment aimed at bringing the Council back into financial balance over the MTFP period. Any use of this fund will be subject to robust internal controls and be supported by a robust business case demonstrating a clear and measurable return on investment that contributes to financial recovery and long-term sustainability. This approach ensures compliance with the principles of the EFS framework, safeguarding resources while prioritising investments that strengthen the Council's financial position.

7.4 The statutory basis for capitalisation directions is set out in Section 16(2)(b) of the Local Government Act 2003. Given the unfunded deficit and lack of strategic and service reserves, if MHCLG do not grant the capitalisation request the Council will not be able to balance the 2026/27 budget. This situation, in the absence of other measures, would trigger the duty on the CFO to issue a Section 114 report.

7.5 Capitalisation does not provide additional funding; it is a temporary measure to enable councils to meet statutory duties while implementing sustainable solutions. If financed through borrowing, rather than the use of capital receipts, the financing cost will fall on the revenue budget over a 20-year period starting in 2027/28. For example, a £70 million direction used in full would result in an annual cost of approximately £2.9m in Minimum Revenue Provision (MRP) and £3.7m in interest, totalling £6.6m per annum. Given ESCC's limited asset base, it is anticipated that the whole capitalisation will need to be financed by borrowing, with any future capital receipts continuing to be used to reduce the borrowing requirement in the Council's 10-year capital programme, in line with the council's capital and treasury management strategies.

7.6 Members should note that this proposed budget is therefore contingent upon the Government granting a capitalisation direction of £70m under the EFS framework. This permission is essential to enable the Council to meet its statutory duty to set a balanced budget for 2026/27 without further depletion of reserves, which are already at the minimum level required to safeguard against financial risk.

7.7 The capitalisation request includes provision for a contingency to manage emergent pressures and targeted investment to support financial recovery over the Medium Term Financial Plan (MTFP) period. While this measure provides short-term stability, it does not represent additional funding and will result in future borrowing costs that will need to be managed within the Council's financial strategy. Members are therefore asked to approve the budget on the basis that this capitalisation direction is secured and to recognise the significant implications on future years.

7.8 The MTFP has been updated for regular calculated adjustments, identified savings, the impact of FFR 2.0, and the additional year of 2028/29, with the movements summarised below. This MTFP is presented as balanced for 2026/27 on the basis the capitalisation directive will be granted. The MTFP is also presented in the context that local government reorganisation will impact from 2028/29. As such, year three of the MTFP is to be taken as indicative at this stage. The full MTFP is provided at Appendix 2:

Medium Term Financial Plan Summary	2026/27	2027/28	2028/29	Total
	(£m)	(£m)	(£m)	(£m)
	Annual	Annual	Annual	Cumulative
Council 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	(14.255)	(5.602)	5.444	(14.413)
Pressures added to / (removed from) the MTFP	35.572	5.877	31.457	72.906
Savings	(3.051)	(0.464)	(0.008)	(3.523)
BUDGET DEFICIT	55.631	18.542	36.893	111.066
Exceptional Financial Support (EFS)	(70.000)	70.000		0.000
Cost of Financing EFS	1.833	4.714	0.058	6.605
Contingency	12.536	(12.536)		0.000
BUDGET DEFICIT AFTER EFS	0.000	80.720	36.951	117.671

8 2026/27 and beyond

8.1 The provisional Local Government Finance Settlement for 2026/27 marks the first multi-year settlement for many years. While the move towards longer-term certainty is welcome, the level of funding provided remains insufficient to meet the needs of East Sussex residents. The settlement does not address the structural gap created by rising demand for statutory services, particularly in social care. Without a significant increase in the overall quantum of funding or fundamental reforms to statutory services at a national level, the Council's financial position will remain extremely challenging.

8.2 In the absence of further funding or major statutory reforms, it is anticipated that further EFS will be required in 2027/28 to enable the Council to set a balanced budget. While EFS provides the ability to meet need in the short term, reliance on this mechanism in future years will increase the Council's borrowing requirement and result in higher debt financing costs over the MTFP period. In addition, the national requirement to recognise and address the accumulated SEND deficit from April 2028 will add further pressure to the already limited reserves, compounding the financial challenge.

8.3 Local government reorganisation, expected to take effect from 2028/29, is not anticipated to resolve the underlying financial issues facing the Council. While structural changes may deliver efficiencies over the longer term, they will not address the immediate funding gap or the growing demand for services. As such, even with reorganisation, significant financial challenges are expected to continue beyond the current MTFP period.

9 Council Tax requirement

9.1 The provisional Local Government Finance Settlement provided the ability for the Council to increase Council Tax by a maximum of 5% (3% council tax and 2% social care levy) without a referendum. Considering the financial position, it is proposed that this additional flexibility be included.

9.2 It is therefore proposed that the County Council be asked to consider increasing Council Tax in 2026/27 by 4.99% (2.99% Council Tax plus 2% social care levy). If agreed, the proposed band D charge for 2026/27 would therefore be:

Changes in Council Tax	£ per house at Band D	
	Council Tax Annual	Council Tax Weekly
Band D 2025/26	1,867.05	35.90
Council Tax increase*	93.24	1.80
Indicative Band D 2026/27*	1,960.29	37.70

* Council Tax is rounded to allow all bands to be calculated in whole pounds and pence.

9.3 The formal precept notices for issue to the district and borough councils will follow the formal recommendation by County Council. The current position is subject to change following final figures on Collection Fund and Business Rates provided by borough and district councils at the end of January 2026. The draft precept calculation is therefore set out at Appendix 5.

10 Capital Programme

10.1 Through the RPPR process the Capital Strategy and programme are reviewed annually to ensure that they support the Council's responsibilities and departmental service strategies. To manage investment to a sustainable level, the Capital Strategy focuses on the delivery of targeted basic need for the Council to continue to deliver services as efficiently as possible.

10.2 The current approved programme has now been updated to include normal updates in accordance with Capital Strategy principles and additional investment proposals considered by the Corporate Management Team. The planning horizon has also been extended to 2035/36 to maintain the 10 year programme.

10.3 It is proposed that a capital programme of £331.0m (net of the slippage risk factor) be set over the MTFP period from 2025/26 to 2028/29 (current year plus three), requiring £80.2m of borrowing, with the

remaining years to 2035/36 being indicative to represent longer term planning. The update to the capital programme can be found at Appendix 8a.

10.4 The Council's 20-year Capital Strategy recommended for approval can be found at Appendix 8c. The Capital Strategy covers the period 2026/27 to 2046/47 and has been updated to reflect emerging risks, principles and corporate priorities. The strategy has been revised to recognise investment in digital and artificial intelligence (AI) being part of basic need, and confirmation that there will be no change in the approach to using capital receipts in light of EFS.

10.5 Within the Highways programme, several roads scheduled for inclusion in the 2026/27 resurfacing programme are already showing early signs of deterioration and may require intervention before the end of the current financial year. While the extent of this need will depend on winter weather conditions, it is recommended that £1.5m from the 2026/27 capital programme be earmarked for potential early use, ensuring the Council can act promptly should conditions worsen – as is consistent with previous years' practice. Cabinet is asked to approve this spend in advance.

11 Engagement Feedback

11.1 The views of the Scrutiny Committees are set out in Appendix 7. The views of partners and business ratepayers are also included in the appendix. The outcomes of engagement with Trades Unions and young people will be made available to Members once the meetings have been held and comments recorded.

12 Equality Duty Considerations

12.1 An initial Equality Impact Assessment (EqIA) of each of the revenue savings proposals has been undertaken to identify potential impacts on people sharing legally protected characteristics and is set out in Appendices 4a and 4b. Where a detailed EqIA has been identified as required and completed it is available to Members. Further EqIAs will be undertaken where appropriate when individual proposals are being considered.

12.2 All proposed capital spending has been subject to an initial equalities assessment to identify potential impacts on people sharing legally protected characteristics and to identify whether a detailed EqIA is required (including if one has already been completed or is planned). Where the need for a further equality assessment has been identified, this will be undertaken when individual proposals are being planned in more detail, to enable accurate analysis. A summary of the equality consideration of proposed capital spending is set out in Appendix 8b and where a detailed EqIA has been completed it is available to Members.

12.3 In considering the proposals in this report, Cabinet Members are required to have 'due regard' to the duties set out in Section 149 of the Equality Act 2010 (the Public Sector Equality Duty) as summarised in Appendices 4 and 8b. EqIAs are carried out to identify any specific adverse impacts that may arise as a result of proposals for people sharing legally protected characteristics and to identify appropriate mitigations. The full version of relevant completed EqIAs for capital projects and savings proposals are available on the Cabinet pages of the Council's website. They can be inspected upon request at County Hall. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

12.4 Whilst the Cabinet is being asked to recommend, and subsequently the County Council asked to agree, the revenue budget and capital programme, the budget decision does not constitute final approval of what policies would be or what sums of money will be saved or spent under the service proposals. The recommendations in the report do not commit the Council to implement any specific saving or spending proposal. When the Executive come to make specific decisions on budget reductions or expenditure, where necessary, focussed consultations and the full equalities implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equalities or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the Council.

13 Fees and Charges

13.1 The Chief Finance Officer is delegated to approve all fees and charges and to report to Cabinet and County Council those set at a level above inflation; a reasonable inflation level with regard to the Consumer Price Index (CPI), Retail Price Index (RPI) and pay inflation. The inflation rates applied for 2026/27 are the actual rates at July 2025: 6.8% CPI and 6.5% RPI, and estimated pay inflation for 2026/27 is 2.5%. As such, it has been determined that fees increasing above 4% be reported. Appendix 9 is for noting and shows a schedule of the fees and charges approved at quarter 3 that have increased by more than 4%.

13.2 Within the RPPR process, discretionary fees and charges (as set by the Council) are reviewed by services and Finance to ensure that they are reasonable, comparable with other authorities and seek to cover the costs of service delivery, where possible. Some fees and charges are set by Government, other external bodies or frameworks for which we have no control. Fees and charges can be amended any time in the year, and services seek to maximise income through exploring options for additional fees and charges to be levied.

14 Conclusion

14.1 Factors beyond local control driving increased costs, and national funding reforms which have failed to recognise the growing needs of East Sussex's population in funding allocations, mean our income is no longer sufficient to meet basic operating requirements. This is the case even after asking local people to continue to contribute through a Council Tax rise in line with Government assumptions. The recommendation to make a further increase is not made lightly, given that many household budgets continue to be under pressure, but it is essential given the funding gap we face. Support will continue to be available through local Council Tax Support Schemes for those residents eligible and we will continue to work with partners to signpost local people to sources of support with the cost of living, including access to benefits they may be entitled to.

14.2 Our tried and tested RPPR process will enable us to direct the substantial budgets we continue to deploy as effectively as possible towards priorities, in particular protecting services for the most vulnerable in our county as far as we can. We continue to invest significantly to maintain vital services and to ensure we capitalise on the opportunities presented by new technologies to get more from the resources we have. We will maintain our strong record of financial discipline and our focus on evidence-based approaches which maximise outcomes and make best use of resources.

14.3 Reliance on Exceptional Financial Support is unsustainable and will embed further costs for the future. In this context, and with significant reforms underway or awaited, our lobbying will continue to be vitally important. We will press for more overall funding for local government and service reforms that address the underlying issues of sustainability and limits on local flexibility, as well as improving outcomes wherever possible. We will ensure the hard choices having to be made, and the impacts these will have on local residents, business and communities, are heard loud and clear. We continue to keep all East Sussex MPs updated on the Council's position and to seek their ongoing support with our lobbying; the most recent correspondence to MPs is attached at Appendix 10. We will continue to work with our local, regional and national partners to highlight the specific needs of East Sussex and to press for truly fair, sustainable funding that enables us to meet the requirements of our residents for essential support. Until this is delivered our medium term financial position will remain very serious and present significant risk to our ability to meet local needs in the future.

BECKY SHAW
Chief Executive

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Council Plan 2026/27

Introduction

This Council Plan sets out our ambitions and what we plan to achieve by 2029 for our four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future.

The Council provides services used by all residents, businesses and communities in East Sussex, including providing care and support for children, families and adults, maintaining the roads, providing library services, and working to boost the local economy.

We provide services to some of the most vulnerable people in the county. These services are vital in helping to keep people safe and in helping them to help themselves.

Ongoing cost of living challenges and the legacy of COVID-19 have had a significant impact on the lives of many people in East Sussex. As a result of national factors beyond local control, the Council has seen a significant increase in the demand for, and cost of providing, vital services for our residents, particularly for the most vulnerable. Current and forecast economic conditions, combined with the increased demand for services contribute to a very challenging period for the Council over the coming years. The Council is facing the most difficult financial outlook in its history.

The cost of providing services for the most vulnerable children and adults in the county makes up around three quarters of our budget. The Council provides good value for money but without significant additional funding the current demand for services and ongoing projections presents an increasingly difficult financial position in the short and medium term, which may impact on our ability to provide certain services. Since 2010 we have identified substantial savings of £156m, and there are few remaining options to further reduce our spending. We will continue to focus our stretched resources on helping those most in need and where we can make the most impact.

We are planning for and responding to national reforms in major, demand-led service areas, such as adults' and children's early help and social care and special educational needs and disability.

We do not work in isolation. We will continue to work with all our partners to make sure there is a shared view of priorities and that we make the most of opportunities and resources available. We lobby hard to protect and promote the interests of East Sussex. The Government's devolution plans offer the opportunity for greater decision making at a local level. Subject to Government decisions, we will work with West Sussex County Council, Brighton & Hove City Council, local stakeholders and the Government to support the formation of a new Mayoral Combined County Authority for Sussex.

We will also take advantage of the chance to shape, with local district and borough councils, the future model of unitary local government for our area. We will work together to develop a new unitary authority for East Sussex that will build upon successes of all current councils and provide efficient and effective services, helping to improve outcomes for local people.

We remain committed to addressing and adapting to the impact of climate change on our county. With that in mind, we will consider the impact of the choices we make about using resources across all that we do. The Council has updated its corporate Climate Emergency Plan. As a member of the Environment Board for East Sussex the Council will input to the proposals on the environment and climate change that will continue to be developed during 2026/27 as part of the work for devolution and local government reorganisation.

We work closely with partners through Team East Sussex, our strategic economic growth board, to identify and promote the conditions needed to grow our economy in a sustainable way, helping businesses thrive, improving access to quality jobs, goods and services for our communities. We will continue to make the case for investment working with our strategic partners including the Mayoral Combined County Authority to deliver on our shared priorities for the Sussex region.

We will build on our long-established partnerships with health and care organisations to help deliver joined-up care. This will ensure that the most vulnerable receive the support they need in a timely manner. A key partner in East Sussex is the voluntary, community and social enterprise (VCSE) sector. By working together we can ensure that our residents get help to access the different types of support they need to live an independent life.

We consider equality, diversity and inclusion impacts throughout all aspects of our business planning processes. This ensures that we understand local needs and diversity when planning our priorities. We work to identify and respond to opportunities to remove barriers and maximise positive outcomes. We monitor the outcomes for people sharing different characteristics so that we understand our impact.

Our planning for the years ahead continues to be underpinned by good evidence and a relentless focus on our priority outcomes and their supporting delivery outcomes. These priority and delivery outcomes shape the Council Plan performance measures and targets that are the main tool we use to assess our progress. We also keep track of a wide range of related key data evidencing local need in East Sussex.

The performance measures help us assess our impact more fully and respond appropriately when we need to do so. We review this data when making our plans and publish them with our State of the County report each year. A selection of this information is provided throughout the plan and listed in more detail at the end.

Our priorities and delivery outcomes

The Priority Outcomes

The Council has four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future. Making best use of resources now and for the future is the gateway priority through which any activity and accompanying resources must pass. For each priority outcome there are specific delivery outcomes.

Driving sustainable economic growth - delivery outcomes

- East Sussex businesses are supported to succeed and grow sustainably
- The county is an attractive place to live, work and do business
- Individuals, communities and businesses thrive in East Sussex with the environmental, and social infrastructure to meet their needs
- The workforce has and maintains the skills needed for good quality employment to meet the needs of the current and future East Sussex economy
- The value of our role as both a significant employer and a buyer of local goods and services is maximised
- All children progress well from early years through school and into post-16 education, training and employment

Keeping vulnerable people safe - delivery outcomes

- All vulnerable people in East Sussex are known to relevant local agencies and support is delivered together to meet their needs
- People feel safe at home and well supported by their networks
- Children grow up supported by enduring, loving relationships
- People feel safe with support provided
- We work with the wider health and care system to support people to achieve the best outcomes possible

Helping people help themselves - delivery outcomes

- Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs
- The most vulnerable get the support they need to maintain their independence and this is provided at or as close to home as possible
- Through working well with the voluntary, community and social enterprise sector, individuals, families and communities are supported to thrive
- We work to reduce health inequalities and maximise opportunities for our residents to live healthier lives

Making best use of resources now and for the future - delivery outcomes

- To help tackle Climate Change East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050
- We work as One Council
- We work in strong and sustained partnership with the public, voluntary community, social enterprise and private sectors to ensure that our collective resources and influence are used to deliver maximum benefits
- Ensuring we achieve value for money in the services we commission and provide

- Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex
- We are an employer of choice and support our staff to achieve and develop, ensuring we have the workforce we need to deliver services both now and in the future

Priority - Driving sustainable economic growth

Priority Overview

A thriving economy in East Sussex is key to the wellbeing of the county. Ensuring that local people have access to relevant training and employment, well designed local infrastructure and services, a positively managed environment and accessible cultural activities, will have a positive impact on their wellbeing, enabling them to live independently of public sector support or benefits. Supporting our economy to grow sustainably will help our communities to be more resilient and our businesses to be more competitive.

1.1 Economic Recovery

Delivery outcome: East Sussex businesses are supported to succeed and grow sustainably

The new Mayoral Combined County Authority (MCCA) will be established in April 2026. Whilst the structure of the MCCA has not yet been finalised, we expect that many functions will be strengthened and evolved as part of its establishment, including economic growth. We will continue to work with partners locally focusing on the actions contained in East Sussex Prosperity, the economic growth strategy for the county. This will create a more productive economy which will mean increased wealth for our businesses, residents and communities. We will work to ensure that the economic needs of East Sussex are clearly articulated and understood by the MCCA. We will also work to build on the success of the East Sussex Growth Hub, which delivers support to businesses across the county and which is a network partner for the Government's new Business Growth Service.

Trading Standards will continue to offer assistance to businesses in East Sussex to ensure they continue to adapt and thrive. We provide advice and training to businesses, enabling them to market their goods, confident that they are legally compliant. We will advise businesses on legislative requirements, particularly for businesses importing or exporting goods and services to other European countries. We also work with Newhaven Port to develop and support inspection regimes which ensure that only safe and compliant goods are imported and available to the public.

1.2 Employment and productivity

Delivery outcome: The county is an attractive place to live, work and do business

We will build on the county's economic strengths and unique characteristics to drive economic growth in sectors with the most potential to grow and provide employment. We will build on the areas where the county performs strongly, such as the creative industries, the visitor economy, construction, engineering, health and social care, and food and drink production. We will also look to the future to attract and retain new businesses that will provide the jobs of tomorrow.

We will launch a new loans programme to support businesses to grow sustainably and contribute to job creation across the county.

We will continue to deliver the [Experience Sussex](#) tourism service in 2026/27, promoting the How to Sell Sussex to Visitors toolkit, supporting businesses to attract high spending visitors and enabling environmentally sustainable practices.

We will also continue to work with the district and borough councils in East Sussex to implement the schemes and projects funded by the Government through the Local Regeneration Fund, which is a single pot that consolidates existing capital funding streams to provide greater flexibility, including Town Deals, the Levelling Up Fund, Levelling Up Partnerships and the Plan for Neighbourhoods.

Following the Government re-organisation Local Enterprise Partnerships (LEP), the South East LEP closed in 2024/25. The Council has established an East Sussex Local Growth Assurance Framework to manage the functions of the LEP that have transitioned to the Council. These functions include oversight of the legacy SELEP funded projects/programmes and the Growth Hub, as well as any potential new Government funded programmes. We have also taken on the former LEP functions of strategic economic planning and business representation and will ensure that these carry on as both the MCCA and Local Government Reorganisation take shape.

1.3 Local infrastructure

Delivery outcome: Individuals, communities and businesses thrive in East Sussex with the environmental and social infrastructure to meet their needs

Businesses can only thrive if they have the local infrastructure they need and access to the right skills in the local workforce. The Council's highway maintenance contract with Balfour Beatty Living Places includes strong quality requirements, carbon reduction targets and social value benefits, including providing apprenticeships and training and community benefits. We are continuing to put resources into our highways to maintain safe road conditions. This includes a programme of resurfacing and patching work along with a programme of surface dressing, which helps prolong the life of a road.

We also coordinate street works, deliver public realm schemes and local transport infrastructure improvements to cope with the changing but increasing demand on the network. A number of infrastructure projects will continue or be delivered in 2026/27, including improvements to Terminus Road in Eastbourne, walking and cycling improvements in Eastbourne and Bexhill, the Hastings Green Connections project and progressing the project to replace Exceat Bridge. Following the adoption of the Local Transport Plan 4 in October 2024, we will update both the Local Cycling and Walking Infrastructure Plan with the public consultation undertaken in early 2026 and our Bus Service Improvement Plan. Following public consultation on an updated Rail Strategy and a new Freight Strategy in spring 2025, both strategies were adopted in December 2025.

Transport for the South East (TfSE) is a sub-national transport body representing 16 Local Transport Authorities. TfSE's [Transport Strategy](#), first published in 2020, sets out how transport improvements can grow the economy of the South East. This was followed up by a 30-year strategic investment plan detailing the evidence-based interventions to meet the ambitions of the Transport Strategy. TfSE is refreshing the strategic investment plan to help provide a blueprint for investment for local authorities and the proposed new mayoral strategic authorities.

The Council will continue to deliver its Bus Service Improvement Plan in 2026/27. The plan was developed following the launch of the National Bus Strategy 'Bus Back Better'. The East Sussex Bus Service Improvement Plan has begun to deliver the highest possible quality bus services to East Sussex residents and visitors that

provide frequent and comprehensive choice, reduces congestion, and makes a positive contribution to better air quality and decarbonisation. East Sussex received a funding allocation of £41.4m to March 2026, the third highest for shire/rural authorities, and the highest per head of population amongst these authorities. This is alongside securing a further Bus Service Improvement Plan allocation of over £10m in 2025/26. Changes to services that have been rolled out, or will be rolled out in 2026/27, include improvements to existing services, delivering flexible services, fare reductions, improvements to bus stop infrastructure, bus priority measures in Eastbourne and Newhaven, and a significant contribution to the cost of replacing the Exceat bridge.

Business in the 21st century needs modern digital infrastructure. We will continue to work with Government through its agency Building Digital UK (BDUK) to find ways to continue improving access to higher broadband speeds for residents and businesses and ensuring that East Sussex receives as much investment as possible.

Over 99% of the county now has access to superfast speeds of over 30mbps and 78% having access to gigabit-capable speeds. We will also ensure that the Government's contract with Cityfibre to rollout gigabit capable infrastructure generates as much social value benefit as possible for our businesses and residents

The Council is part of the Environment Board for East Sussex, hosts the Sussex Nature Partnership and is also a member of the Sussex Air Partnership. The Council will work with partners to implement our Local Nature Recovery Strategy for East Sussex and Brighton and Hove in 2026/27, which is a requirement of the Environment Act. The Act also outlined a number of changes to waste and recycling services. We are working with our partners to implement these changes by 31 March 2026.

1.4 Workforce skills

Delivery outcome: The workforce has and maintains the skills needed for good quality employment to meet the needs of the current and future East Sussex economy

We want all local people to have the skills they need to succeed and for businesses to have access to a skilled workforce. We will work with post-16 providers, strategic partners, and businesses through Skills and Employment East Sussex (SEES) and priority sector task groups to understand and respond to local skills needs and economic priorities. This includes the priorities set to be achieved by 2030 for recovery, upskilling the workforce, supporting the unemployed and looking ahead to the skills the economy will need for the future.

Through our partnerships we will deliver a range of programmes to improve careers provision for young people and promote and deliver work-based training via schemes such as Apprenticeships, T-Levels and Skills Bootcamps, alongside delivering the Connect to Work programme supporting unemployed residents back into employment. We will also support those who are furthest from the workplace through careers, pre-employment and digital inclusion initiatives.

With our partners in West Sussex and Brighton and Hove, we will deliver the Get Sussex Working Plan, to support residents into work in priority sectors. The ten-year plan will aim to ensure that 80% of working age residents in Sussex are economically active by 2035.

We will work alongside the Sussex Chamber of Commerce and other authorities in Sussex to create a new Local Skills Improvement Plan for Sussex 2026-2029. The plan is scheduled to be considered by the new Mayoral Combined County Authority (MCCA) in 2026/27, and the authority will then oversee its delivery in partnership with the Chamber of Commerce.

We will work to support the development of a Strategic Skills Plan in 2026. The MCCA 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 due to be considered by December 2026.

We are a major employer in East Sussex and are committed to supporting the ongoing investment in continuous professional development of our staff. The Council has been paying the Apprenticeship Levy of approximately £1m per year since 2017. We have successfully implemented a workforce-based approach and have developed a strategy and action plan to maximise our draw down of the levy to support employing new apprentices and to support current staff receiving qualifying apprenticeship training. Following the plans announced by the Government in 2024, the Apprenticeship Levy transitioned into the Growth and Skills Levy in April 2025. Some of the key changes will mean that we will be able to use levy funds for a wider range of training programmes, including shorter courses and upskilling initiatives. We will also continue to address identified areas of skills and employment shortages within the county by transferring 50% of our levy to fund apprenticeships in local small and medium businesses. From 2024/25 we have been able to pass on up to 50% of our annual levy spend in this way, compared to 25% previously. Given the new higher amount we are working to maximise this opportunity.

1.5 Our role

Delivery outcome: The value of our role as both a significant employer and a buyer of local goods and services is maximised

As a body with significant spending power in the county we constantly review our procurement processes to ensure they are accessible to local suppliers, maximise the use of local providers in the supply chains, and secure added economic, social and environmental benefits. The Council is also dedicated to its responsibilities on mitigating modern slavery in supply chains. Our updated Supplier Code of Conduct provides suppliers and officers with a practical approach to delivering positive activities and behaviours related to ethical and sustainable outcomes and aligns with our social value, net zero and modern slavery priorities.

We have revised our approach to achieving social value through procurement, and are implementing a new outcomes-based model based on the national social value methodology. The new Social Value Model is linked to our priority outcomes and provides greater flexibility in the ways in which contractors can deliver social value, which will help to maximise the social value which is delivered.

In response to the current recruitment and retention challenges within certain occupational groups, the Council is seeking to maximise the use of apprenticeships, traineeships, intern arrangements and more flexible working arrangements in these areas as a way of attracting new talent. To support this, we will attend events such as careers fairs to maximise our presence with job seekers. We are also reviewing our new recruitment website 'East Sussex County Council Careers' to ensure the

content is engaging and interesting and attracts individuals to apply for our jobs, as well as delivering inclusive recruitment training to our managers and providing guidance on making reasonable adjustments for disabled candidates.

The adult social care sector in East Sussex provides employment for around 20,500 people. We will continue our key role in shaping and supporting a sustainable market so that the wider adult social care sector can continue to make a valuable contribution to the local economy.

1.6 Children

Delivery outcome: All children progress well from early years through school and into post-16 education, training and employment

We want local people to have the skills they need to succeed and all children to progress well from early years through school and into education, training and employment.

Our vision, as set out in our [Excellence for All Vision](#) 2024-2030, is for all children and young people in East Sussex to be part of an excellent, inclusive, and equitable education system. This system fosters a meaningful sense of belonging from early years through school and into post-16 education, training, and employment. Our inclusive system will be driven by outstanding leadership and supported by good governance. Young people and their families will feel confident, cared for and ready to reach their full potential. Excellence for All is a shared, long-term vision for our education system in East Sussex. It underpins the strategic work of our partnerships, the Council, and our education providers as we drive towards an ambitious set of goals for 2030.

Our partnership infrastructure remains the key local mechanism for delivering our shared vision. This will be further supported as we work collaboratively to build capacity across the system for school-led improvement. It will also strengthen our multi-agency partnership across education, health, care, and economy. This is particularly important to fulfil our set of responsibilities relating to vulnerable children and young people. This includes those with special educational needs and disabilities (SEND).

To deliver this vision we will focus on improving outcomes for all pupils including those with SEND. We will work with educational settings, including nurseries, schools and colleges, to provide advice, support and training to enable them to deliver inclusive high-quality education to all children. We will continue to develop and commission a range of alternative provision for pupils who have been excluded or are at risk of exclusion.

The transfer of our alternative provision to the Academy Trust (London South East Academies Trust) was completed in the 2025 autumn term, and we have expanded our alternative provision directory to offer a broader range of options for pupils. The Academy Trust continues to provide outreach support to all East Sussex schools, building on the work commissioned by the local authority since spring 2025. Working with partners, we have developed and published the School Readiness Strategy. This strategy focuses on ensuring children are prepared for school and lifelong learning, with early support where needed. Across all our work, we remain committed to building leadership capacity at every level of the education system and improving transitions between phases of education. We achieve this through

targeted services for vulnerable pupils at key transition points and by strengthening coordination of support across our partners.

Educational attainment is negatively affected by poor rates of attendance. We will maintain our focus on supporting schools. We will work closely with providers to secure good attendance. We aim to reduce the level of suspensions and exclusions for all groups of children and young people. We have set out how we will do this in our [Attendance Delivery Plan](#). We will provide support to families and monitor children and young people who have long-term poor attendance.

We will work with our partners to promote and secure participation in post-16 education and training. This includes support for vulnerable groups, and young people with SEND. We will ensure that we prepare young people for work. We will do this by providing good-quality careers guidance and work experience. We will continue to provide targeted 1-to-1 support for vulnerable groups via the Youth Employability Service. We will implement robust tracking and data analysis. This will help inform interventions that will improve transition and progression to post-16 education, training, and employment.

We anticipate further national policy reforms and will reflect these in our future plans to deliver shared priorities for children and young people with SEND.

1.7 Planned work

Examples of planned work during 2026/27

- We will develop and deliver further improvement schemes in Eastbourne and Hastings town centres
- We will deliver at least 60% of the Council's circa £400m procurement spend through local companies
- We will launch a new loans programme to support businesses to grow and create jobs
- We will aim to increase international tourism to Sussex, through marketing, destination development, sector training and facilitating partnership activity and collaboration
- We will make full use of the newly implemented Procurement Act 2023 and National Procurement Policy Statement to drive additional benefit from procurement
- We will work with stakeholders to further evolve the approach to social value, targeting areas where sector-specific factors require tailored approaches. This includes working with areas where supply chains are characterised by high levels of VCSE sector contribution
- We will work to improve the transition for children to post-16 education and to develop the range of provision on offer at post-16 including supported employment opportunities

Priority - Keeping vulnerable people safe

Priority Overview

Safeguarding vulnerable children and adults is one of our key priorities and responsibilities to the community.

There will always be children and adults who cannot be looked after at home by their families. For vulnerable children who cannot be looked after at home by their families, we aim to intervene early and find permanent or long-term placements for them through fostering or adoption where appropriate. We will be ambitious so that they can achieve their best. We will also ensure that vulnerable adults are safeguarded whether they are looked after at home or somewhere else.

2.1 Vulnerable people

Delivery outcome: All vulnerable people in East Sussex are known to relevant local agencies and support is delivered together to meet their needs

One of our key objectives is that there is an effective multi-agency early help and child protection system, which ensures that children and young people who are, or are likely to be, at risk of harm are identified, supported and protected. This is part of a wider multi-agency safeguarding system, underpinned by strong statutory multi-agency governance and scrutiny by the East Sussex Safeguarding Children Partnership.

We are investing in transformation programmes across the children's system, responding to national change to help drive improvements in outcomes and reduce costs. We will be responding to the national policy changes in guidance alongside our statutory agency partners to help drive improvements in outcomes and ensure that families receive the right help at the right time.

The number of children in our care and the complexity of children's needs has continued to rise. We want children to stay close to the people and places they know, where it is best for them to do so. This is not always possible because demand outstrips supply of care placements locally and nationally. We are working to overcome these challenges through investing in earlier intervention and support to families, further investment in recruitment and retaining our foster carers, and our ability to secure the right care for the right child for the right length of time, through an approach called Valuing Care.

As part of our preventative agenda, we continue to work with partners to promote a whole system, whole family approach to early intervention. We take evidence based approaches and monitor the impact of our work to ensure it improves outcomes for children, young people and their families.

The Council has set five priorities for our Adult Social Care and Health services. These are prevention, waiting times, safeguarding, quality, and value for money. 'Prevention' refers to our work to ensure that people can stay healthy and independent for as long as possible. 'Quality' refers to how we define, measure and continually improve the quality of our services and those we pay others to provide for us. These priorities will help drive a range of improvements to help us deliver our statutory duties and achieve the Council's vision for Adult Social Care and Health, where we want everyone in East Sussex to 'live in the place we call home, with the people and things we love, in communities where we look out for one another, doing

the things that matter to us'. They align to our residents' priorities in our adult social care strategy and will help us to deliver positive outcomes for residents.

The Council will work to ensure both adults and their carers can receive timely Care Act assessments and reviews through our Adult Social Care and Health teams and partners to support them to live as independently as possible. Where people are required to wait, we will ensure we prioritise their wellbeing and safety and strive for excellent communication.

We will continue our work to safeguard vulnerable adults through the Safeguarding Adults Board (SAB). This is a multi-agency partnership, made up of statutory and voluntary partners as well as lay members, established to promote wellbeing and oversee Safeguarding Adults work county-wide. We will also build on our safeguarding practice and outcomes to ensure there are better checks and reporting systems in place through our safeguarding improvement plan.

It is important that vulnerable adults and their families can access the information and support they need. Health and Social Care Connect, the Adult Social Care and Health contact centre, continues to provide a single point for information, advice and access to community health and social care services seven days a week, from 8am to 8pm. A Health and Social Care Connect transformation programme will run during 2026/27 to develop the service for the future, provide a high standard of service for our residents and manage demand within our resources.

The Council is a lead member of the Sussex Integrated Care System (ICS) which brings together the NHS, local authorities, and other partners in Sussex through the statutory Sussex Health and Care Assembly and NHS Sussex Integrated Care Board. The Council also jointly facilitates the East Sussex Health and Care Partnership with the local NHS, to ensure a strong focus on the health and care needs of the East Sussex population. This is driven by the Joint Strategic Needs Assessment (JSNA) and the priorities set out in our East Sussex Health and Wellbeing Strategy Healthy Lives, Healthy People 2022-2027. To support Integrated Care Board (ICB) reforms, NHS England has agreed that NHS Sussex ICB and NHS Surrey ICB will formally merge from 1 April 2026.

We will continue to pursue a range of projects and initiatives aimed at improving the mental health and wellbeing of East Sussex residents. We are committed to supporting people in crisis, including those at risk of suicide. We will collaborate with colleagues across Sussex to progress the recommendations of the Sussex Suicide Prevention Strategy (2024-27). This is delivered through a local programme of activity, including work to reduce gambling harm and continuation of our efforts to reduce deaths at coastal locations.

We will continue to work in a cross-county partnership to ensure all migrants and the communities they settle in can achieve independence and wellbeing. East Sussex has welcomed arrivals from many countries through dedicated resettlement and visa schemes. We will continue to facilitate the East Sussex Migration Partnership to make sure we fulfil our duties and coordinate our activities with partners, including ensuring our communications about and with migrant communities are positive and inclusive, implementing strategic priorities and associated actions with partners.

2.2 Safe at home

Delivery outcome: People feel safe at home and well supported by their networks

We work with partners, including health services, police, ambulance, and fire and rescue services, to ensure people are safeguarded and able to live independently and free from abuse. We will raise awareness of safeguarding issues and enquire into concerns of abuse.

We support the most vulnerable families, helping them to find ways to manage independently and cope with problems so that they can stay together where possible and achieve better outcomes for children and parents.

Early Help services support families to tackle their problems before they become more difficult to reverse. We continue to deliver this through an integrated service with health visitors as part of the 0-19 Early Help service alongside the continued development of Family Hubs. The aim is to provide earlier support and prevent escalation to more intensive specialist services as this is better for families and helps to manage demand for higher cost services. The Early Intervention Partnership Strategy sets out a system wide approach, working with health, education and community and voluntary services to shape our priorities. Part of the delivery of the strategy work includes earlier identification of needs, keywork with vulnerable families and early years family support services integrated with delivery of the Healthy Child Programme by our health visitors. It will also include provision of earlier emotional wellbeing support and evidence-based youth work with vulnerable young people.

Our Early Help offer has been further enhanced by an investment in our Early Help level 2 keywork team. The team works in collaboration with education colleagues to ensure a joined-up approach to improving attendance, working with schools, young people and their families.

We also offer universal, open-access and drop-in early help services for children, families and young people where these are fully externally funded. We provide support to young people and families through our network of 11 family hubs and four youth centres.

We work in partnership to reduce crime, anti-social behaviour and domestic abuse and help victims to stay safe from harm. This includes providing support services, raising awareness of domestic abuse across the county, and delivering our White Ribbon action plan. Through our partnership work we also continue to support East Sussex residents to address drug and alcohol misuse, sustain their recovery and to reduce the number of deaths of people receiving drug and alcohol treatment.

Our Trading Standards service helps to protect vulnerable people from exploitation such as rogue traders and cold callers. We also investigate food fraud, illicit tobacco and counterfeit alcohol to protect people from the increased risks associated with these. These services are provided in partnership with the police and other agencies to ensure an effective level of prevention and support work is offered to the residents and businesses of East Sussex.

2.3 Supportive relationships

Delivery outcome: Children grow up supported by enduring, loving relationships

Our aim is to ensure that all children grow up supported by enduring, loving relationships. We will continue to embed the family safeguarding approach and our Connected Families team which delivers earlier intensive multi-disciplinary support and interventions to families of children in need and children subject to child protection planning. This model involves professionals from different agencies working together to support families to identify and implement the changes they need to make to ensure children can remain safely at home.

2.4 Support services

People feel safe with support provided

While we aim to help people stay safe and independent, this is not always possible. For children, we will intervene early, for the minimum time necessary. Where children do need to be cared for, we will work with their wider family network. Where this is not possible, we will identify the right placement for the children's needs for the right amount of time, focusing on quality and best value. We are committed to enabling children to be reunified with their families where this is possible and safe to do.

Vulnerable adults that cannot cope by themselves need to have support services that are safe and of good quality. We will continue to monitor satisfaction with our commissioned services including through service user evaluations. Services we provide include homecare, respite care, and technology enabled care services such as sensors, detectors, lifeline alarms, key safes, medicine reminders, and wellbeing checks. The equipment is monitored 24 hours a day to help people stay safe and live independently at home.

2.5 Health

Delivery outcome: We work with the wider health and care system to support people to achieve the best outcomes possible

We will work collaboratively with partners in education, employment, housing and planning to achieve better health, building on community assets, social prescribing and resilience aligned to the wider programmes of the Sussex Shared Delivery Plan. The Council's One You East Sussex service provides support to people to quit smoking, improving their lives and the lives of those around them.

The [Sussex Integrated Care Strategy](#) Improving Lives Together builds on our [East Sussex Health and Wellbeing Strategy](#), and sets out our 5-year ambition for a healthier future for everyone in Sussex. The approach will have a greater focus on keeping people healthy, supporting all aspects of people's lives and the specific needs of children and young people, as well as living well and ageing well as adults and having a good end of life. To support this a 5-year Shared Delivery Plan (SDP) has been developed. As part of the Shared Delivery Plan we are working to strengthen the vision and leadership role of the Health and Wellbeing Board, which will support the development of our Neighbourhood Health Plan in East Sussex. This will be built on the work to develop Integrated Community Teams (ICTs) and will

include our wider plans for joint commissioning and delivery, and greater integration and collaboration in our local neighbourhoods.

The Council continues to work to support the care market in the county and ensure people receive the most appropriate level of care in the most appropriate setting. Discharge To Assess / Home First pathways support timely discharges from hospital freeing up capacity in the NHS. Our Joint Community Reablement team also support people discharged from hospital with their recovery, helping them to maintain their independence and reduce their need for ongoing care.

2.6 Planned work

Examples of planned work during 2026/27

- We will continue to ensure adults can receive timely Care Act assessments and reviews to support them to live as independently as possible, and stay informed and safe while they wait
- We will continue to deliver the Safeguarding Adults Board strategic plan and safeguarding improvement plan to keep adults safe from abuse and neglect
- We will deliver a Health and Social Care Connect transformation programme to develop the service, manage demand and ensure residents receive a high standard of service
- We will work with partners to continue to implement Integrated Community Teams, establishing multi-disciplinary neighbourhood teams to provide proactive care for those with complex needs
- We will further develop our early help offer, working in partnership with schools, health and VCSE sector to deliver even earlier support to children, young people and families and reduce demand on statutory services
- We will continue to implement the Connected Families service to enable more children and young people to live safely within their families
- We will work with the South East Regional Commissioning Co-operative to improve our ability to access the right homes for our looked after children, and develop integrated commissioning with health partners for children with more complex needs
- We will support people who have been a victim of sexual violence and domestic abuse through the specialist domestic abuse and sexual violence service
- We will continue to help prevent vulnerable people from becoming a victim of mass marketing fraud and intervene if people have already become a victim
- We will continue to protect people from the increased risks associated with food fraud, illicit tobacco and counterfeit alcohol through the risk based investigations undertaken by Trading Standards

Priority - Helping people help themselves

Priority Overview

Whilst we must keep vulnerable people safe, people also prefer and need to be independent. If we can encourage families and communities to work together to build better local communities, meet local need, and support individuals to stay independent, we can meet our objectives of breaking dependency, while reducing demand for services and therefore costs. Helping people to be self-supporting will become increasingly important as the resources available to public services decline.

3.1 Putting people first

Delivery outcome: Commissioners and providers from all sectors put people first when providing services and information to help them meet their needs

One of the best things we can do to support people is to focus very clearly on their needs when designing and providing services and when we make information available so people can help themselves.

Our focus is to provide people with the support they need as early as possible to help them remain healthy and independent. When they need them, our services will be provided by integrated health and care teams, meaning their care will be more efficient and personal, delivered by one system.

By providing support as early as possible it should mean that people don't need health and care services as much. But when they do, we will make sure they can get services quickly, easily and, before they reach crisis point.

We want to ensure that local people receive the right support, in the right place, at the right time. This may mean they access support and use services differently. We aim to empower them with the knowledge of how to best to live well, use available health and social care services, and get the support they need.

We will provide information and advice for all those seeking care and support. We will provide support that reduces the need for social care in the longer term and/or prevents the need for a more expensive service. We use resources such as secure online costing tools that support the Council to have open and transparent negotiations with providers, ensuring the best use of resources to provide adults with the right level of support to meet their needs. We will continue to work with health partners to support hospital discharge. We have worked with partners in the NHS and the VCSE, and with carers and carers' organisations, to develop and launch a new strategic Carers Partnership Plan to help support the needs of carers. This includes increased identification of carers who may not access services as early as others, access to respite or carers breaks and other types of support, training or use of technology that can support carers.

We provide online access to information, for children and young people with special educational needs and disabilities (SEND) and their families, about services and expertise available in the area from a range of local organisations, including providers of education, health and social care. We will use feedback from service users to improve the quality and accessibility of this information and address any gaps.

We help improve the lives and outcomes of children and young people with SEND, helping them to achieve their full potential at home, in school, educational settings

and in their communities. This includes being well-prepared for adult life. Our [Special Educational Needs and Disability Strategy](#) sets out how we will work across education, social care, and health to improve access to provision and support for children and families. We will carry out statutory assessments of children with SEND where there are significant barriers to learning and we will work with educational settings to secure the right education provision and support for them.

We are committed to ongoing co-production and participation activities to ensure the voice of children and young people, adults, families and carers is central to the development of services and decision making.

3.2 Maintaining independence

Delivery outcome: The most vulnerable get the support they need to maintain their independence and this is provided at or as close to home as possible

It is often best if people in need of care and support receive this at home, if possible, with the help of friends and family. We work to ensure that people's homes are safe, providing access to care services, and personal budgets so that people can choose the care and support they need.

We will continue to develop and improve our community equipment and Technology Enabled Care Services to ensure they are flexible in meeting increasing demand in efficient and cost-effective ways to keep adults and their carers safe. The Council's Occupational Therapy service will continue to offer preventative clinics around the county where adults and carers can access advice and information on maintaining their independence.

Education is a protective factor against many of the risks to good mental health and wellbeing that face children and young people across East Sussex. Working with partners to deliver the East Sussex SEND Strategy, we will provide opportunities for schools and settings to develop communities which promote good mental health and wellbeing.

We anticipate further national policy reforms and will reflect these in our future plans to deliver shared priorities for children and young people with SEND.

Mental Health Support Teams (MHSTs) now operate in 105 targeted schools, covering approximately 55% of our schools. The teams deliver high quality interventions to support children and young people with mild to moderate difficulties who are referred to the service. 30% of referred children are identified by schools as having SEND and all staff are trained in adapting materials for neurodivergent children. Since summer 2023, the team has expanded to offer support for all other schools in East Sussex to support the development of a whole-school approach to mental health and emotional wellbeing, as well as providing direct support for parents and carers.

Packages of training for school staff have now been developed, including support for Senior Mental Health Leads and training on understanding trauma and anxiety. Our priorities for the forthcoming year include improving schools' understanding of self-harm and suicide prevention, as well as working with Child and Adolescent Mental Health Services (CAMHS) to ensure schools are making appropriate referrals to services and consulting with MHSTs where children and young people have higher level needs to ensure children have their needs met. In addition, we have broadened our offer to all special schools, including support for parents and carers.

3.3 Local mutual support systems

Delivery outcome: Through working well with the voluntary, community and social enterprise sector, individuals, families and communities are supported to thrive

People, families and communities across East Sussex have huge potential to thrive and to support each other. There is a substantial infrastructure of both public and voluntary, community and social enterprise (VCSE) sector work across the county that can seek to help local people achieve their ambitions.

We work with partners and residents across the county to help local communities thrive and tackle some of the most difficult issues that impact on people's happiness and wellbeing, such as loneliness.

We are working with partners across health, social care, VCSE and others to increase community and personal resilience in East Sussex. We aim to increase volunteering, improve and coordinate support to strengthen communities, and help individuals to improve their own health and wellbeing and take action to prevent disease and ill health.

The Council will continue to support the VCSE sector through an ongoing commitment to the East Sussex VCSE Alliance, investment in VCSE infrastructure services, and responding to the VCSE State of the Sector research. This will include a follow-up strategic level Commissioning Excellence Programme focusing on sector resilience and long-term sustainability.

The Council provides [cost of living support webpages](#) to help residents access information about money advice, employment and skills, and how to access benefits and grants. The Council is also part of a multi-agency financial inclusion steering group with representatives from a range of statutory sector organisations and the VCSE sector. Amongst its priorities is to maximise income by administering Government funds to alleviate hardship and targeted communications to help residents access benefits, in particular people who are seldom heard or at risk of poor outcomes.

Collisions on our roads can have a terrible human cost. We will complete 24 infrastructure schemes at high-risk sites in 2026/27 to improve the safety on our road network. Cycling supports an active lifestyle, benefitting fitness and general wellbeing. To encourage cycling and improve road safety we will deliver Bikeability training to 4,000 pupils and complete 350 Wheels for All sessions in 2026/27.

3.4 Living Healthier Lives

Delivery outcome: We work to reduce health inequalities and maximise opportunities for our residents to live healthier lives

Health inequalities are avoidable, unfair and systematic differences in health between different groups of people. We will ensure that tackling health inequalities is a principle applied throughout all aspects of our business planning processes and service delivery.

Our Public Health service aims to improve life expectancy and the quality of life by addressing health inequalities with partners which include the Government, the Sussex Integrated Care System, district and borough councils, education, business,

and the VCSE sector. We will address local need and Public Health programmes will be delivered (in line with the conditions and statutory obligations of the Public Health Grant) to ensure our residents have better beginnings, and healthier and longer lives. We will work in a wide range of settings through local outbreak planning and management, screening, immunisation and emergency planning and preparedness, to ensure the combined efforts of all relevant agencies and professions have the maximum impact. We will take steps to reduce smoking prevalence, understand and reduce alcohol-related harm, and create healthy and green spaces – particularly for those living with highest levels of deprivation. This includes using behaviour change approaches to help entrenched smokers and supporting earlier diagnosis and smoother transitions of care to reduce alcohol-related harm. During 2026/27, we will work with our integrated health and wellbeing service to increase the proportion of service users who achieve clinically significant weight loss through face-to-face and digital weight management programmes.

Together with our residents and partners, the Council has developed What Matters to You, an adult social care strategy for the county. The strategy includes six residents' priorities for adult social care that complement and align to the strategic plans set locally in [Healthy lives, healthy people: East Sussex Health and Wellbeing Board strategy](#) and the [Improving Lives Together strategy - Sussex Health and Care](#). The strategy will support delivery of the Council's vision for Adult Social Care and Health, where we want everyone in East Sussex to 'live in the place we call home, with the people and things we love, in communities where we look out for one another, doing the things that matter to us.'

In addition to What Matters to You, we have also developed a prevention strategy for Adult Social Care. These strategies describe how we will support and enable people to grow and maintain their wellbeing and independence for as long as possible. The joint action plan to deliver these strategies for 2026/27-2028/29 will improve ways we can act early to help people maintain and improve their physical wellbeing; increase people's knowledge, skills, and connections and improve how we all build capacity within our local communities, to maintain wellbeing and independence.

3.5 Planned work

Examples of planned work during 2026/27

- We will continue to communicate our enhanced mental health and emotional wellbeing (MHEW) information, advice and guidance offer, working in partnership with the wider Sussex MHEW system to ensure consistency in signposting young people, families and professionals for MHEW support
- We will continue to work with partners to identify carers in the community and help them access the support they need, through our Carers Partnership Plan
- We will help people to maintain their independence by providing rehabilitation support services and intermediate care
- We will implement our joint action plan to deliver our Adult Social Care and Prevention Strategies including a systematic approach to prevention, maintaining independence and improving people's physical wellbeing
- We will help people to quit smoking through our One You service, reach entrenched smokers, and close smoking-related health inequalities

- We will deliver road safety training for the most vulnerable road users in the county through Bikeability training and Wheels for All sessions
- We will design and implement road safety infrastructure schemes at high-risk sites to make our roads safer

Priority – Making best use of resources now and for the future

Priority Overview

This priority underpins all our activities and is a key measure of success for all our priority outcomes. It applies to all the resources available for East Sussex, not only within the Council, but across the public sector, voluntary community and social enterprise (VCSE) sector and private partners, and within local communities. We will work as a single unified organisation to deliver our priorities; ensuring high quality, streamlined services are commissioned and developed in partnership; working to reduce demand for services and focusing on our residents and communities. We will ensure that the decisions we take are sustainable both now and for the future, ensuring they provide best value for money and support our ambitions to become carbon neutral.

4.1 Carbon Neutral

Delivery outcome: To help tackle Climate Change East Sussex County Council activities are carbon neutral as soon as possible and in any event by 2050

We will build on our earlier work to ensure Council activities are carbon neutral as soon as possible and in any event by 2050. We will implement our updated corporate Climate Emergency Plan for 2025-30. One of the actions is to continue reducing the carbon emissions from our buildings. Between 2009 and 2024 we invested £14.8m into over 260 projects. These have generated total estimated savings on energy bills of over £1m per year.

We aim to improve the environmental and financial sustainability of our assets. We work to make our premises more efficient, to reduce running costs and carbon emissions. To support this, during 2026/27, we will seek new opportunities for appropriate grant funding, as well as further areas to implement our buildings maintenance programme. We will also deliver energy efficiency training and support behavioural change to help deliver these outcomes. Alongside this we will also continue to encourage sustainable transport options for business travel and commuting.

We will continue to reduce carbon emissions from our supply chain, by asking more suppliers to report on, and reduce, their carbon emissions. We will begin to adapt key services to the unavoidable effects of climate change.

4.2 One Council

Delivery outcome: We work as one Council

We will ensure that we work in a unified way so that resources are focused on delivering our priority outcomes. We will focus on delivering services close to local people in the most cost-effective way possible.

We will continue to work to use our assets as effectively as possible, exploiting technology as an enabler for providing efficient services, and ensuring that we use our property assets as efficiently as possible by aligning them to our needs.

We will continue to review our office estate as part of this work, ensuring that it is the right size for our future needs. Continued hybrid working practices will drive efficiency, as well as significantly reducing carbon emissions through a reduced requirement for staff travel and a reduced office footprint.

We continue to identify new opportunities to harness technology, including automation and Artificial Intelligence (AI), to support new ways of working, connect with partners and support the delivery of resident and community outcomes. We put people at the centre of our approach to implementing new technologies, helping services to work confidently and efficiently whilst ensuring that these support our focus on reducing costs and enhancing productivity.

The Oracle programme will continue the work to implement a new Oracle Fusion system to replace the Council's core Finance and Human Resources systems. Finance, Recruitment and Procurement have moved to the new system, with HR and Payroll scheduled to be the next elements implemented.

4.3 Working in partnership

Delivery outcome: We work in strong and sustained partnership with the public, voluntary community, social enterprise and private sectors to ensure that our collective resources and influence are used to deliver maximum benefits

We will work in partnership across the public, VCSE, and private sectors to ensure that all appropriate available resources are used to deliver maximum benefits to local people. As part of our commitment to devolution we will work with West Sussex County Council, Brighton & Hove City Council, local stakeholders and the Government to support the formation of the Mayoral Combined County Authority (MCCA) for Sussex, subject to Government decisions. We will ensure the new MCCA has the information needed on local issues to shape the priorities for the new authority. The MCCA will have a range of powers and responsibilities relating to transport and local infrastructure, skills and employment support, housing and strategic planning, economic development and regeneration, environment and climate change, health and wellbeing and public service reform, and public safety. Together with the other councils across Sussex we will consider what changes may need to be made to facilitate joined up working across these themes.

We will work with East Sussex district and borough councils to prepare for a new unitary authority for East Sussex. This will seek to build on the existing strengths of the six councils, while taking advantage of opportunities to improve how we deliver services. We want to preserve and protect local identities, championing our local communities and ensuring that the support provided recognises the different strengths and challenges in different parts of the county. Building on the jointly agreed interim plan submitted to Government, we submitted our proposal in September 2025. If this is accepted by Government, we will jointly develop programmes of work to plan for and manage the transition to the new unitary authority in April 2028.

Over the next three years we will continue to be proactive in making the best use of our assets, sharing property, staff, technology and data with partners so we work as efficiently as possible, removing duplication and increasing flexibility.

Orbis, our partnership with Surrey County Council and Brighton & Hove City Council for some of our back-office services, has allowed us to provide efficient and resilient services while achieving savings which are being used to sustain services for residents of all three areas. We will continue to evolve the Orbis Partnership to ensure that those back-office services remain fit for purpose.

The Strategic Property Asset Collaboration in East Sussex (SPACES) is a partnership programme made up of the County Council, district and borough councils, NHS Trusts, Emergency Services, NHS Sussex, Further Education, the VCSE sector and other Government bodies from within East Sussex. The partnership aims to make best use of public sector assets, working together collaboratively where possible to deliver benefits in asset utilisation and in other property-based areas such as Carbon Net Zero, Regeneration and Housing, and Health and Social Care. During 2026/27 SPACES will continue to deliver One Public Estate (OPE) and Brownfield Land Release Fund projects ranging from medical centre investments to town centre regeneration and provision of housing. SPACES will continue to work in partnership to find new opportunities for improving efficiency within all the contributors' property portfolios, including securing external funding from One Public Estate to deliver new housing in different parts of the county.

4.4 Value for money

Delivery outcome: Ensuring we achieve value for money in the services we commission and provide

Across all our resources, services, and partnerships we will seek to achieve the maximum positive impact to deliver our priority outcomes for people in East Sussex.

We will ensure the best value for money from our spend with third parties. We are actively working to strengthen our planning processes to enable better strategic decision making in this area and maximise value for money.

We are continuing to review our properties (excluding schools) to assess the needs of the organisation and ensure these are being used in the most efficient way. This includes reviewing the potential for income generation, greater utilisation, or capital receipts from our non-core properties.

Work continues to ensure our office spaces are suitable for Council staff and services. We will continue to look for opportunities to rationalise our property estate, ensuring that the property portfolio is an appropriate size and fit for purpose. Any reduction will add to the strategic decisions we have made to reduce our occupied footprint and maintain suitable service standards. A reduction in occupied office space will also support the Council's commitment to reduce carbon emissions.

We continue to identify opportunities to use digital and data capabilities across the Council, in particular Generative Artificial Intelligence and process automation, to enhance productivity, improve user experience and service quality, and help free up staff capacity for key corporate priorities.

4.5 Maximising funding

Delivery outcome: Maximising the funding available through bidding for funding and lobbying for the best deal for East Sussex

We will continue to take all opportunities to raise the distinct funding needs of the Council with Government, to address the long-term fair funding needs of our services. We will work with partners to press for the best outcomes for the county, lobbying with our local MPs and with our local, regional and national partners including the South East 7, County Councils Network (CCN), Society of County Treasurers and Local Government Association (LGA).

However, the current and forecast economic conditions present the most difficult financial outlook ever facing the Council. There is a substantial and growing gap between the costs of delivering essential services and the incoming resources to support East Sussex residents, communities and businesses with the core services they need in the future.

4.6 Employer of choice

Delivery outcome: We are an employer of choice and support our staff to achieve and develop, ensuring we have the workforce we need to deliver services both now and in the future

We are committed to the development of our workforce and continue to embed our People Strategy into our culture. The current People Strategy, which covers the period 2024-2027, helps support our managers and staff to respond to the changing and challenging environment in which the Council is operating, most notably future savings requirements and recruitment and retention challenges. The Strategy is built around the four pillars of: i) Employee Health and Wellbeing, ii) Employee Engagement and Inclusion, iii) Performance and Development, and iv) Leadership and Management.

We will continue to develop our employer brand 'We Choose East Sussex' and continue our work to establish the Council as an 'employer of choice'. This work includes making updated recruitment materials available, as well as ensuring our workforce policies and approaches support individuals to remain in work, such as our financial wellbeing services, wellbeing offer, occupational health and absence management services.

We continue to support the development of our managers to ensure they are best equipped to meet the continuing challenges we face as an organisation. This is informed by our Leadership and Management Capability Framework which sets out the management and leadership expectations in support of the Council's priority outcomes and operating principles.

4.7 Planned work

Examples of planned work during 2026/27

- We will continue on the pathway towards our ultimate carbon reductions goals, seeking to reduce carbon emissions and make our buildings more energy efficient
- We will maintain or reduce the number of working days lost to sickness absence
- We will continue to harness technology, including automation and AI, to support new ways of working, connect with partners and support the delivery of resident and community outcomes
- We will continue to review our use of assets to ensure effective utilisation of our property and land, with consideration of cost and carbon implications
- We will continue to implement Phase 3 (Core HR and Payroll) of the Oracle Fusion programme

Equality objectives

The Council recognises the diverse needs of our communities and is committed to promoting equality of opportunity and diversity in employment and service delivery. We challenge discrimination and encourage respect, understanding and dignity for everyone living, working and visiting East Sussex. We do this through our influence

in the community, strategic planning and policy formation in employment and service delivery. The Council has reviewed its equality objectives and updated them to define our focus for 2026/27:

- We will lead by example, delivering services that are informed by the views, strengths and needs of our communities and providing an inclusive and supportive working environment for our staff. To help achieve this we will take practical actions on equality, diversity and inclusion as set out in the Corporate Equality Diversity and Inclusion Action Plan 2026-27.

Revenue budget: gross and net

The charts below show how we will spend your revenue budget money in 2026/27, and where the money will come from (gross and net). More information on our revenue budget can be found in our [financial budget summary](#) which explains the difference between the gross and net budgets.

Please note, Totals may differ from sum of components due to rounding.

How we will spend your money (gross)

Chart to be added when available

How we will spend your money (net)

Chart to be added when available

Where the money comes from (gross)

Chart to be added when available

Where the money comes from (net)

Chart to be added when available

Revenue Spending

The diagrams below are a visual representation of our gross revenue budget for 2026/27. They also show East Sussex County Council spend inclusive of partnership working, where we are the lead authority. More information on our revenue budget can be found in our [financial budget summary](#).

Please note that totals may differ from the sum of components due to rounding.

Chart to be added when available

Adult Social Care

Chart to be added when available

Public Health

Chart to be added when available

Business Services

Chart to be added when available

Children's Services

Chart to be added when available

Communities, Economy and Transport

Chart to be added when available

Governance Services

Chart to be added when available

Revenue Data

Table added online

Capital programme

Capital programme: projects in the year ahead 2026/27

The planned capital programme supports the Council's Capital Strategy to 2046/47. It comprises targeted basic need investment that supports services in the delivery of priority outcomes and is supported by a planned programme to 2035/36. It includes providing for essential school places, maintaining roads and transport infrastructure, supporting the Council's aim of reaching carbon neutrality, maintaining the life of existing assets and ensuring they are fit for purpose and managing investment to a sustainable level. Details of the full current capital programme are in our [financial budget summary](#) and updated as part of our State of the County report. Below are examples of key projects **(to be added)** that will be undertaken in 2026/27 at a cost of £**(to be added)** million.

Chart to be added when available

Economic Growth and Strategic Infrastructure

- Example work to be added

Community and Social Care Facilities

- Example work to be added

Highways and Structural Maintenance

- Example work to be added

Integrated Transport Schemes

- Example work to be added

Schools

- Example work to be added

Building Maintenance and Efficiency

- Example work to be added

Capital Resourcing 2025/26 to 2027/28

Because capital projects may take several years to deliver, we need to know how we will fund the full £229.4m million programme to 2027/28. Details of where this money will come from are given below.

Chart to be added when available

Promoting equality of opportunity

Equality impact assessment summary report for Council Plan 2026/27

Date of assessment: 26/11/2025

Summary of findings: There are no disproportionate negative impacts on people sharing any specific characteristics. The Council Plan as a whole is designed to support our objectives to promote equality and to address known inequalities. Many services or programmes will have benefits for all people in the county, across all legally protected characteristics. The Council's approach is to integrate consideration of equality impacts into planning, implementation and monitoring of all activities, so specific needs, assets, barriers and opportunities are assessed individually to maximise positive impacts and avoid or minimise negative impacts.

Summary of recommendations and key points of action plan: Our Council Plan priorities and delivery outcomes are designed to help address identified inequalities in outcomes for different groups in our local community and incorporate our equality objectives. We will take additional actions to mitigate against the potential issues we have identified.

Potential issues	Mitigating actions
Identification of potential disproportionate impacts or issues relating to people sharing specific characteristics that have not been identified at this stage.	The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual directorates. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts.
As a result of national factors beyond local control the Council has seen a significant increase in the demand for, and cost of providing, vital services for our residents, particularly for the most vulnerable.	Priorities will continue to be defined based on local evidence of need and what works and makes a difference locally. We will continue to be democratic, open and honest in determining the best level and quality of services we can provide, within available resources, and in communicating priorities. As above, decisions will continue to be assessed for their impact on equality and inclusion.
The population of East Sussex is changing, and people's needs and assets change.	We will work closely with partners, including the Voluntary, Community and Social Enterprise (VCSE) sector, to make the most of opportunities, resources and links with diverse communities locally. We recognise that VCSE organisations are often the first to recognise and respond to the needs of diverse communities and that they provide safe, accessible, and inclusive spaces for individuals, groups and the wider community, that support inclusion and belonging.
The legacy impact of COVID19 has impacted some people and communities sharing protected characteristics worse.	We continue to work to address the inequalities that were exacerbated by the COVID-19 pandemic. This includes continuing to review services and available support with statutory and VCSE partners for those affected, within available resources. Portfolio Plans and service plans identify tailored responses to identified needs.

The effects of the national rise in the cost of living are being disproportionately felt by some people more than others, linked to their characteristics.	Work across the Council and with statutory and VCSE sector partners is co-ordinating support and identifying ways to maximise access for vulnerable residents to the advice and support available. Portfolio Plans and service plans identify tailored responses to identified needs.
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We will also continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. We will also report on our progress in delivering the actions in this Council Plan that will advance equality as part of our Annual Report, which will be published in Autumn 2026.

More information on equality and diversity can be found on our [equality and diversity web page](#).

Performance measures and targets

Targets – Driving sustainable economic growth

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Deliver East Sussex Skills priorities	<ul style="list-style-type: none"> (a) Deliver six interventions that meet the Skills East Sussex priorities b) Eight Level 3 sector related Skills Bootcamp courses delivered) 	<ul style="list-style-type: none"> (a) Deliver six interventions that meet the Skills & Employment East Sussex priorities b) Eight Level 3 sector related Skills Bootcamp courses delivered 	To be set 2026/27 (subject to funding)	To be set 2027/28 (subject to funding)	Training providers are developing a curriculum which is informed by sector skills evidence and our local businesses are actively engaged in supporting training provision in the county, supporting sustainable economic development
East Sussex Careers Hub	<ul style="list-style-type: none"> (East Sussex Careers Hub to support schools to achieve an average of 5 national benchmarks 215 Industry Champions support schools and colleges in the county) 	220 Industry Champions support schools in the county (subject to funding)	To be set 2026/27 (subject to funding)	To be set 2027/28 (subject to funding)	Our young people and adults are helped to become aware of careers opportunities available to them, supporting sustainable economic development
Deliver new economic strategy	(Investment Plan developed)	To be set February 2026	To be set 2026/27	To be set 2027/28	Support the creation of the conditions needed to sustainably grow the East Sussex economy
Design and deliver a tourism digital marketing plan	(Deliver a marketing plan including 2 thematic headline campaigns)	Deliver a marketing plan including 2 thematic headline campaigns	To be set 2026/27	To be set 2027/28	The visitor economy is grown by raising the visibility of Sussex, enhancing perceptions, increasing the number of visitors to the coast, increasing length of stay and spend

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Number of businesses engaged through business support programmes	(125 businesses supported)	150 businesses supported	To be set 2026/27 (subject to funding)	To be set 2027/28 (subject to funding)	The East Sussex economy grows, and more businesses supported to grow and create jobs through targeted business support interventions.
Percentage of Principal roads requiring maintenance	(7%)	7%	To be set 2026/27	To be set 2026/27	A satisfactory standard of road condition across all road types is achieved and maintained
Percentage of Non-Principal roads requiring maintenance	(8%)	8%	To be set 2026/27	To be set 2026/27	A satisfactory standard of road condition across all road types is achieved and maintained
Percentage of Unclassified roads requiring maintenance	(25%)	25%	To be set 2026/27	To be set 2026/27	A satisfactory standard of road condition across all road types is achieved and maintained
Deliver a range of Family Learning programmes across East Sussex to provide high quality learning opportunities for parents/carers and their children to develop English, maths and language skills and to support a culture of learning in the family (subject to external funding)	(1,100 enrolments across Family Learning programmes)	1,100 enrolments across Family Learning programmes	To be set 2026/27	To be set 2027/28	Families, particularly those from areas of deprivation, have intergenerational learning opportunities and develop positive attitudes to learning

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Provide volunteer supported IT for You sessions in libraries	(1,750 people attend sessions)	1,750 session attendances	1,750 session attendances	1,750 session attendances	People have support to go online, improve their digital skills, increase their employment chances and have better access to health information and services
The number of businesses receiving advice and support through training and bespoke advice provided by Trading Standards	(350)	350	350	350	Businesses in East Sussex are equipped to thrive, comply with the law, and are supported to “get it right first time”
The Council's Growth and Skills Levy strategy supports the Council's workforce development and training plans	(Where appropriate Standards exist, to ensure apprenticeship training is available and taken up (subject to the needs of the business), which addresses skills shortages in the Council)	Ensure training that can be funded from the levy is available and taken up, subject to the needs of the business, which addresses skills shortages in the Council and in the wider Sussex economy	Ensure training that can be funded from the levy is available and taken up, subject to the needs of the business, which addresses skills shortages in the Council and in the wider Sussex economy	Ensure training that can be funded from the levy is available and taken up, subject to the needs of the business, which addresses skills shortages in the Council and in the wider Sussex economy	Apprenticeships in the Council provide a positive opportunity for staff to develop and grow, enhancing the Council's workforce and career opportunities
The percentage of Council procurement spend with local suppliers	(60%)	60%	60%	60%	Local businesses are supported and we help drive economic growth and employment in the county through use of our purchasing power

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
The percentage of in-scope Council procurements which include economic, social and environmental award criteria of 10% or greater	Not applicable, new measure 2026/27	60%	60%	60%	The Social Value Measurement Charter is used to provide robust measures in eligible contracts that commit suppliers to deliver the Council's social value objectives.
The percentage of eligible 3 and 4 year olds who take up a place with an eligible early years provider	(Equal to or above the national average)	Equal to or above the national average	Equal to or above the national average	Equal to or above the national average	All children engage, attain and progress well from early years into education, training and employment
The percentage of pupils achieving a "good level of development" at the Early Years Foundation Stage	(Ac Year 2024/25 Equal to or above the national average)	Ac Year 2025/26 Equal to or above the national average	Ac Year 26/27 Equal to or above the national average	Ac Year 27/28 Equal to or above the national average	All children engage, attain and progress well from early years into education, training and employment
Average Attainment 8 score for state funded schools	(Ac Year 2024/25 44.0)	Ac Year 2025/26 43.0	Ac Year 2026/27 43.0	Ac Year 2027/28 43.0%	All children engage, attain and progress well from early years into education, training and employment
The percentage of disadvantaged pupils achieving at least the expected standard in each of reading, writing and maths at Key Stage 2	(Ac Year 2024/25 40.5%)	Ac Year 2025/26 41.0%	Ac Year 2026/27 41.5%	Ac Year 2027/28 42.0%	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
The average Attainment 8 score for disadvantaged pupils	(Ac Year 2024/25 30.5)	Ac Year 2025/26 30.3	Ac Year 2026/27 30.3	Ac Year 2027/28 30.3	The gap for disadvantaged pupils at all Key Stages is kept as small as possible so that all children attain and progress well from early years into education, training and employment
The percentage of young people who are in Not in Education, Employment or Training (NEET) at academic age 16, including unknowns	(Equal to or below 5.0%)	Equal to or less than 5%	Equal to or less than 5%	Equal to or less than 5%	Young people participate in education, training or employment with training until they are at least 18 improving their long-term employment and health prospects
The percentage of young people who are in Not in Education, Employment or Training (NEET) at academic age 17, including unknowns	(Equal to or below 7.0%)	Equal to or less than 7%	Equal to or less than 7%	Equal to or less than 7%	Young people participate in education, training or employment with training until they are at least 18 improving their long-term employment and health prospects
Average Attainment 8 score for Looked After Children (LAC)	(Ac Year 2024/25 16.5)	Ac Year 2025/26 16.5	Ac Year 2026/27 16.5	Ac Year 2027/28 16.5	Looked after Children participate in education, training or employment with training until they are at least 18 improving their long-term employment and health prospects

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
The percentage of LAC participating in education, training or employment at academic age 16 (Year 12)	(80%)	80%	80%	80%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long-term employment and health prospects
The percentage of LAC participating in education, training or employment at academic age 17 (Year 13)	(70%)	70%	70%	70%	Looked after Children participate in education, training and employment with training until they are at least 18 improving their long-term employment and health prospects

Targets – Keeping vulnerable people safe

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Median waiting time for Adult Care Act assessments	(≤21 days)	≤21 days	≤21 days	≤21 days	Care Act assessments are provided in a timely manner to identify what needs the person may have and what outcomes they are looking to achieve to maintain or improve their wellbeing

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Median waiting time for Carers' Care Act assessments	(≤7 days)	≤7 days	≤7 days	≤7 days	Carers' Care Act assessments are provided in a timely manner to identify what needs the carer may have and what outcomes they are looking to achieve to maintain or improve their wellbeing
Median time from proposed start date to actual start for adult reviews	(≤6 days)	≤6 days	≤6 days	≤6 days	Adult reviews are provided in a timely manner to ensure the person's care and support plan remains relevant to their needs and aspirations
Median time from proposed start date to actual start date for carer reviews	(≤6 days)	≤6 days	≤6 days	≤6 days	Carer reviews are provided in a timely manner to ensure the person's care and support plan remains relevant to their needs and aspirations
Number of people with a Deprivation of Liberty Safeguards (DoLS) episode awaiting allocation of a Best Interest Assessor	(≤650 people)	≤650 people	≤650 people	≤650 people	People with a Deprivation of Liberty Safeguards (DoLS) episode are allocated a Best Interest Assessor (residential and nursing) in a timely way to assess whether the person needs to be deprived of liberty in their own best interests
Percentage of potential safeguarding concerns initially reviewed within 3 days	(≥99%)	≥99%	≥99%	≥99%	Potential safeguarding concerns are reviewed in a timely manner to protect the person's right to live in safety, free from abuse and neglect

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Percentage of Health and Social Care Connect referrals triaged and progressed to required services within 24 hours	(95%)	95%	95%	To be set 2026/27	Services are provided in a timely manner
Health and Social Care Connect – % of contacts that are appropriate and effective (i.e. lead to the provision of necessary additional services)	(95%)	95%	95%	To be set 2026/27	Contacts from health professionals are appropriate and effective
The percentage of people affected by domestic violence and abuse who have improved safety/support measures in place upon leaving the service	(90%)	90%	90%	90%	Vulnerable people who have been affected by domestic violence are enabled to feel more in control of their life, and better able to make decisions to increase their safety
When they leave the service the percentage of those affected by rape, sexual violence and abuse who have improved coping strategies	(88%)	90%	90%	90%	Vulnerable people who have been affected by rape, sexual violence and abuse, are protected and provided with skills which enable them to be more in control of their lives and more optimistic about the future
Deaths in drug and alcohol treatment as a proportion of all in drug and alcohol treatment	(≤1.2% rolling 12-month figure)	≤1.2% rolling 12-month figure	≤1.2% rolling 12-month figure	≤1.2% rolling 12-month figure	The number of drug and alcohol related deaths amongst people in treatment is reduced
Rate of children with a Child Protection Plan (per 10,000 children)	(51.6 (535 children))	To be set June 2026	To be set June 2026	To be set June 2026	Children at risk from significant harm are kept safe

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Rate (of 0-17 population) of referrals to children's social care services (per 10,000 children)	(≤556)	≤556	≤556	To be set 2027/28	Children at risk from significant harm are kept safe
Rate (of 0-17 population) of assessments started by children's social care services (per 10,000 children)	(≤558)	≤558	≤558	To be set 2027/28	Children at risk from significant harm are kept safe
Rate of Looked After Children (per 10,000 children)	(64.7 (670 children))	To be set June 2026	To be set June 2026	To be set June 2026	Children at risk from significant harm are kept safe
The number of active interventions for vulnerable people who have been the target of rogue trading or financial abuse	(200)	200	200	200	Residents of East Sussex are safe in their own home and protected from criminals. Residents are empowered to feel safe and supported to say "no" to criminals and deter and disrupt criminal activity

Targets – Helping people help themselves

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Road Safety: Deliver targeted cycle training activities to vulnerable road users	(Deliver Bikeability Training to 4,000 individuals and 350 Wheels for All sessions)	Deliver Bikeability Training to 4,000 individuals and 350 Wheels for All sessions	To be set 2026/27	To be set 2027/28	The confidence and skills of cyclists is improved by delivering cycle training to cyclists through targeted Bikeability training sessions delivered at Schools and training centres across the county

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Road Safety: Implement infrastructure schemes on identified high risk sites/routes to improve road safety	(Implement 24 safety schemes)	Implement 24 safety schemes	Implement 24 safety schemes	Implement 24 safety schemes	The number of crashes and casualties at identified high risk sites/routes sites is reduced through the implementation of infrastructure improvement schemes to improve outcomes for residents, businesses and visitors to East Sussex
National outcome measure: Proportion of working age adults and older people receiving direct payments	(≥25.2%)	≥25.2%	≥25.2%	≥25.2%	Adults who require support are able to live as independently as possible
Percentage of respondents who strongly agree or agree that the professionals who are involved in organising and providing their care communicate well with each other and share information to make sure their support is the best it can be (Listening To You)	(>56%)	>56%	>56%	>56%	Through joint and partnership working as part of the East Sussex Health and Care Partnership and Sussex Integrated Care System all available resources are used to deliver maximum benefits to local people and achieve value for money
The proportion of people who received short-term services during the year, where no further request was made for ongoing support	(>90.5%)	>90.5%	>90.5%	>90.5%	Effective early intervention is provided to ensure people are given the support they need as quickly as possible, also reducing the need for more expensive intensive interventions at a later date ensuring the most effective use of resources

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
National outcome measure: Achieve independence for older people through rehabilitation / intermediate care	(>90%)	>90%	>90%	>90%	Effective early intervention is provided to ensure people are given the support they need as quickly as possible; also reducing the need for more expensive intensive interventions at a later date ensuring the most effective use of resources
Proportion of all new EHC Plans issued within 20 weeks (a) Including Exception Cases (b) Excluding Exception Cases	((a) 65% (b) 70%)	(a) 35% (b) 37%	(a) 45% (b) 47%	(a) 50% (b) 60%	All children and young people with SEND with an agreed need for an EHCP receive their plan in a timely way to ensure that they receive appropriate support to achieve their full potential
The proportion of respondents (parents, carers, children and young people) to feedback surveys who are satisfied with their experience of Early Help	Not applicable, new measure 2026/27	80%	80%	80%	The services provided are making a difference to the lives of service users
The number of smokers that achieve a four-week quit of the smokers that have set a quit date	(≥50% four-week quits achieved)	≥60% four-week quits achieved	≥60% four-week quits achieved	≥65% four-week quits achieved	There is an increase in the number of people who quit cigarette smoking and lead healthier lives
The percentage of people who achieve 5% weight loss as part of a One You East Sussex intervention	(≥25%)	≥28%	≥30%	≥30%	There is an increase in the number of people who achieve clinically significant weight loss and lead healthier lives

Targets – Making best use of resources

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	(9.10)	9.10	9.10	9.10	The use of resources is maximised and staff and customer wellbeing improved
Deliver the Property Asset Investment Strategy	(8 business cases completed)	8 business cases to be completed	To be set 2026/27	To be set 2027/28	Income generation from property and capital receipts are optimised and our strategy helps promote economic growth across the county
Review use of corporate buildings	(Implement reduction of office footprint at County Hall identified in 2024/25)	To review office utilisation at three office hubs in Eastbourne, Lewes and Hastings and provide report on County Hall options	To consider future office needs pending LGR and Devolution decisions	To be set 2027/28	Our corporate buildings better utilise space and enable new ways of working, leading to reduced cost of occupancy in our core corporate buildings
Reduce the amount of CO2 arising from County Council operations	(57% reduction on baseline year (2019/20) emissions (emissions not to exceed 5,403 tonnes CO2e))	To be set 2025/26	To be set 2026/27	To be set 2027/28	A reduction in the amount of CO2 arising from Council operations is recorded on an annual basis, thus reducing the cost of energy to the Council and shrinking the carbon footprint in line with our <u>carbon budget</u>
Progress on implementation of Carbon reduction schemes	(10 carbon reduction schemes implemented)	10 carbon reduction schemes implemented	To be set 2026/27	To be set 2027/28	The Council's carbon footprint is reduced and our operations support a more sustainable approach going forward

Performance measure	2025/26 Outturn (Target)	2026/27 Target	2027/28 Target	2028/29 Target	2026 – 2029 Outcome Summary
Delivery of Corporate Equality Diversity and Inclusion Action Plan actions planned for the year	(Deliver the key actions within the action plan)	Deliver the key actions within the action plan	Deliver the key actions within the action plan	Deliver the key actions within the action plan	We lead by example, delivering services that are informed by the views, strengths and needs of our communities and providing an inclusive and supportive working environment for our staff

State of the County data

We review a wide range of data to help us understand the context for our plans and the impact we are having through our work and in partnership. We publish this data each year in [State of the County – Focus on East Sussex](#), when we start the planning process that leads to this Council Plan. A selection of this data is listed below. Unless otherwise stated the data refers to 2023/24. Where possible official national statistics are used for comparison with the England average.

Driving sustainable economic growth

2023/24

Measure	East Sussex	England
Percentage of working age residents (16-64) with a level 4 qualification or above (includes degrees, Higher National Certificate, Higher National Diploma and others)	33.8% (2021)	37.1% (2021)
Percentage of working age residents (16-64) with no qualifications or qualified only to National Vocational Qualification 1	10.6% (2021)	12.4% (2021)
Annual gross full-time earnings, median average (residence based)	£35,298 (2024 prov)	£37,617 (2024 prov)
Percentage of working age population (16-64) in employment	72.6% (July 2024 – June 2025)	75.5% (July 2024 – June 2025)
People claiming unemployment benefits (JSA and Universal Credit) percentage of population 16-64 year olds at March	3.7% (2025)	4.2% (2025)
New business registration rate per 10,000 people over 16	37.6 (2024)	48.2 (2024)
New houses built, total completed at market rate / total affordable completed	1,420 / 659 (2023/24)	-
Average Attainment 8 score per pupil state funded secondary schools	43.0 (2024)	46.1 (2024)

2023/24

Measure	East Sussex	England
Average Progress 8 score for state funded secondary schools	-0.19 (2024)	-0.03 (2024)
Percentage of pupils who achieved a 9-5 pass in English and maths GCSEs	42.5% (2024)	46.2% (2024)
Average point score (APS) per entry for level A levels (age 16-18)	32.46 (2023)	34.16 (2023)
Attainment of A level students (age 16-18) average point score (APS) per entry, best 3	31.27 (2023)	34.68 (2023)
Attainment of A level students (age 16-18) % achieving grades AAB or better at A level, of which at least two are in facilitating subjects	9.18% (2023)	15.8% (2023)

Keeping vulnerable people safe**2023/24**

Measure	East Sussex	England
Rate per 10,000 (aged 0 –17 population) of Looked After Children	66.0 (2025)	67.0 (2025)
Rate per 10,000 (aged 0-17 population) of children with a Child Protection Plan	66.1 (2024)	41.6 (2024)
Percentage of children who ceased to be looked after adopted during the year ending 31 March	8% (2025)	9% (2025)
Percentage of people (65 and over) who were still at home 91 days after discharge from hospital	90.4% (2023/24)	83.8% (2023/24)
Suicide rate per 100,000 of population three-year average	12.6 (2022 - 2024)	10.9 (2022 - 2024)

2023/24

Measure	East Sussex	England
Hospital admissions caused by unintentional and deliberate injuries in children aged 0-14 years, rate per 10,000 resident population	108.9 (2023/24)	72.7 (2023/24)

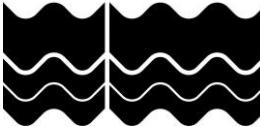
Helping people help themselves**2023/24**

Measure	East Sussex	England
Percentage of children aged 4-5 years with excess weight (overweight or obese), by postcode of child	22.8% (2024/25)	23.5% (2024/25)
Percentage of children aged 10-11 years with excess weight (overweight or obese) by postcode of child	32.4% (2024/25)	36.2% (2024/25)
Percentage of adults (aged 18+) classified as overweight or obese	63.1% (2023/24)	64.5% (2023/24)
Percentage of children aged 4-5 years who are underweight	0.8% (2024/25)	1.1% (2024/25)
Percentage of children aged 10-11 years who are underweight	1.4% (2024/25)	1.6% (2024/25)
Long-term support needs of younger adults (aged 18-64) met by admission to residential and nursing care homes, per 100,000 population per year	17.7 (2023/24)	15.2 (2023/24)
Long-term support needs of older adults (aged 65 and over) met by admission to residential and nursing care homes, per 100,000 population per year	462.5 (2023/24)	566.0 (2023/24)
Proportion of older people aged 65 and over who received reablement services following discharge from hospital	1.5% (2023/24)	3.0% (2023/24)

2023/24

Measure	East Sussex	England
The outcome of short-term services: sequel to service: proportion of people who received short-term services during the year, where no further request was made for ongoing support or support of a lower level	95.9% (2023/24)	79.4% (2023/24)
Emergency hospital admissions due to falls in people aged 65 and over per 100,000	2,523 (2021/22)	2,100 (2021/22)
Number of people killed or seriously injured on the roads	404 (calendar year 2024)	-

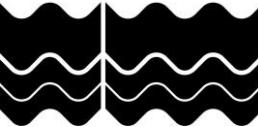
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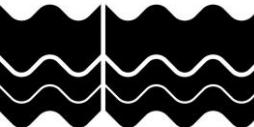
Equality Considerations

Assessing equality impacts enables us to make services and public policy better for all service-users and staff and supports value for money by getting council services right first time.

Title of Project/Service/Policy	Council Plan 2026/27-2028/29
Team/Department	Performance, Research and Intelligence
Directorate	Governance Services
Description of your Project (Service/Policy, etc.) including its Purpose and Scope	<p>The Council Plan sets out our ambitions and what we plan to achieve by 2029 for our four overarching priority outcomes:</p> <ul style="list-style-type: none"> • Driving sustainable economic growth, • Keeping vulnerable people safe, • Helping people help themselves and • Making best use of resources for now and the future. <p>It outlines the focus of our work with communities, businesses and partners. Performance measures and targets are set for the next three years that help us assess our progress against our aims and priorities. The plan includes a summary of our revenue budget and capital programme for 2026/27.</p> <p>The Council Plan is at the centre of our business planning processes. The activities outlined in the Council Plan feed through into the Portfolio Plans for each directorate. These activities are delivered across multiple services and programmes, often in collaboration with partners. There are designated leads for activities who are responsible for overseeing delivery and performance.</p> <p>We will continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the</p>



	<p>County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. Collectively this evidence gathering, prioritising, implementing and monitoring is called Reconciling Policy, Performance and Resources (RPPR).</p> <p>We consider equality, diversity and inclusion impacts throughout all aspects of our business planning processes. This ensures that we understand local needs and diversity when planning our priorities. We work to identify and respond to opportunities to remove barriers and maximise positive outcomes. We monitor the outcomes for people sharing different characteristics so that we understand our impact.</p> <p>The planned work set out in the Council Plan is intended to have a positive impact on all our residents, communities, businesses and visitors to the County. The priority outcomes and the corresponding activities, and measures have been identified based on evidence of need, taking into account any legislation, legislative change or service review outcomes which are relevant to that service area, and available resources.</p> <p>One of the delivery outcomes within the Council Plan is to ensure that we deliver through strong and sustained partnership working across the public, voluntary community and private sectors to ensure that all available resources are used to deliver maximum benefits. We consider as part of our business planning processes the collective impact of any proposed work.</p>
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Assessment of overall impacts and any further recommendations

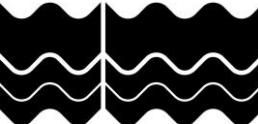
For clarity all potential disproportionate impacts on specific groups are highlighted in the single section below.

Overall impacts and notes:

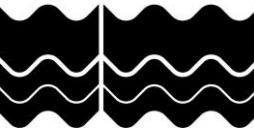
There are no disproportionate negative impacts on people sharing any specific characteristics. The Council Plan as a whole is designed to support our objectives to promote equality and to address known inequalities. Many services or programmes will have benefits for all people in the county, across all legally protected characteristics. The council's approach is to integrate consideration of equality impacts into planning, implementation and monitoring of all activities, so specific needs, assets, barriers and opportunities are assessed individually to maximise positive impacts and avoid or minimise negative impacts.

In addition, there are several activities or programmes of work outlined in the Council Plan that specifically seek to improve outcomes for people sharing one or more of the legally protected characteristics, where evidence indicates greater need or inequality – see all of the Portfolio Plans for full details of actions across all departments:

- We are implementing a new outcomes-based model to achieving social value through procurement, based on the national social value methodology. The new model is linked to our priority outcomes and provides greater flexibility in the ways in which contractors can deliver social value, which will help to maximise the social value which is delivered.
- To attract new and diverse talent, the council is delivering inclusive recruitment training to our managers and providing guidance on making reasonable adjustments for disabled candidates.
- We will work with our partners to promote and secure participation in post-16 education and training. This includes support for vulnerable groups, and young people with special educational needs and disabilities.
- We will continue to provide targeted 1-to-1 support for vulnerable groups via the Youth Employability Service. We will implement robust tracking and data analysis.
- We will work to improve the transition for children to post-16 education and to develop the range of provision on offer at post-16 including supported employment opportunities
- We are investing in earlier intervention and support to families, further investment in recruitment and retaining our foster carers, and our ability to secure the right care for the right child for the right length of time, through an approach called Valuing Care.

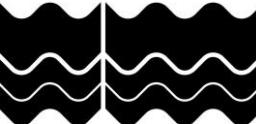


- We will continue to ensure adults can receive timely Care Act assessments and reviews to support them to live as independently as possible, and stay informed and safe while they wait.
- We will continue to deliver the Safeguarding Adults Board strategic plan and safeguarding Improvement Plan to keep adults safe from abuse and neglect.
- We will work with partners to continue to implement Integrated Community Teams, establishing multi-disciplinary neighbourhood teams to provide proactive care for those with complex needs.
- We will continue to pursue a range of projects and initiatives aimed at improving the mental health and wellbeing of East Sussex residents. We are committed to supporting people in crisis, including those at risk of suicide.
- We will continue to work in a cross-county partnership to ensure all migrants and the communities they settle in can achieve independence and wellbeing.
- We will further develop our early help offer, working in partnership with schools, health and VCSE sector to deliver even earlier support to children, young people and families and reduce demand on statutory services.
- We will continue to implement the Connected Families service to enable more children and young people to live safely within their families.
- We will work with the South East Regional Commissioning Co-operative to improve our ability to access the right homes for our looked after children, and develop integrated commissioning with health partners for children with more complex needs.
- We work in partnership to reduce crime, anti-social behaviour and domestic abuse and help victims to stay safe from harm.
- We will continue to help prevent vulnerable people from becoming a victim of mass marketing fraud and intervene if people have already become a victim.
- We will continue to communicate our enhanced mental health and emotional wellbeing (MHEW) information, advice and guidance offer, working in partnership with the wider Sussex MHEW system to ensure consistency in signposting young people, families and professionals for MHEW support
- We will continue to work with partners to identify carers in the community and help them access the support they need, through our Carers Partnership Plan.
- We will help people to maintain their independence by providing rehabilitation support services and intermediate care.
- We will deliver road safety training for the most vulnerable road users in the county through Bikeability training and Wheels for All sessions.
- The council has also set a specific equality objective to define our focus for 2026-27:

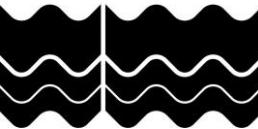


- We will lead by example, delivering services that are informed by the views, strengths and needs of our communities and providing an inclusive and supportive working environment for our staff. To help achieve this we will take practical actions on equality, diversity and inclusion as set out in the Corporate Equality Diversity and Inclusion Action Plan.

Potential issues	Mitigating actions
<ul style="list-style-type: none"> • Identification of potential disproportionate impacts or issues relating to people sharing specific characteristics that have not been identified at this stage. 	<ul style="list-style-type: none"> • The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual directorates. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts.
<ul style="list-style-type: none"> • As a result of national factors beyond local control the Council has seen a significant increase in the demand for, and cost of providing, vital services for our residents, particularly for the most vulnerable. 	<ul style="list-style-type: none"> • Priorities will continue to be defined based on local evidence of need and what works and makes a difference locally. We will continue to be democratic, open and honest in determining the best level and quality of services we can provide, within available resources, and in communicating priorities. As above, decisions will continue to be assessed for their impact on equality and inclusion.



<ul style="list-style-type: none"> The population of East Sussex is changing and people's needs and assets change. 	<ul style="list-style-type: none"> We will work closely with partners, including the Voluntary, Community and Social Enterprise (VCSE) sector, to make the most of opportunities, resources and links with diverse communities available locally. We recognise that VCSE organisations are often the first to recognise and respond to the needs of diverse communities and that they provide safe, accessible, and inclusive spaces for individuals, groups and the wider community, that support inclusion and belonging.
<ul style="list-style-type: none"> The legacy impact of COVID19 has impacted some people and communities sharing protected characteristics worse. 	<ul style="list-style-type: none"> We continue to work to address the inequalities that were exacerbated by the COVID-19 pandemic. This includes continuing to review services and available support with statutory and VCSE partners for those affected, within available resources. Portfolio Plans and service plans identify tailored responses to identified needs.
<ul style="list-style-type: none"> The effects of the national rise in the cost of living are being disproportionately felt by some people more than others, linked to their characteristics. 	<ul style="list-style-type: none"> Work across the Council and with statutory and VCSE sector partners is co-ordinating support and identifying ways to maximise access for vulnerable residents to the advice and support available. Portfolio Plans and service plans identify tailored responses to identified needs.

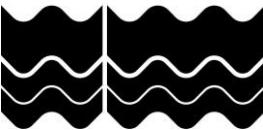


Actions planned

Our Council Plan priorities and delivery outcomes are designed to help address identified inequalities in outcomes for different groups in the county and to incorporate our equality objectives.

The planned work set out in the Council Plan will be taken forward through specific programmes of activity within individual departments. Robust equality analysis will be undertaken on each planned activity, to ensure that these are designed and implemented in a way that maximises opportunities to promote equality, whilst minimising any adverse impacts. The impacts of activities carried forward from the previous plan will be kept under review, which will include considering whether existing mitigating actions remain sufficient, or if any further measures are required.

We will continue to monitor our impact on outcomes for the people of East Sussex, including differences between outcomes for people sharing different protected characteristics. We will use this information to inform future business planning activities as part of our annual State of the County exercise. We will report quarterly on progress against the activities in the Council Plan, including any issues, as part of our Council Monitoring reports. We will also report on our progress in delivering the actions in this Council Plan that will advance equality as part of our Annual Report, which will be published in Autumn 2026.



EqIA sign-off: (for the EqIA to be final an email must be sent from the relevant people agreeing it, or this section must be signed)

Staff member competing Equality Impact Analysis:

Richard Miles, Senior Performance Manager, Performance Research and Intelligence

Date: 21/11/2025

Directorate Management Team rep or Head of Service:

Victoria Beard, Head of Performance Research and Intelligence

Date: 26/11/2025

Equality lead:

Sarah Tighe-Ford, Corporate Equalities Manager

Date: 21/11/2025

Medium Term Financial Plan (MTFP) Update

	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	(14.231)	(14.322)	(29.436)	(57.989)
Removal of previous Business Rates estimates	B	103.709	2.195		105.904
NEW Baseline Funding from 2026/27 - Business Rates top up and retained rates	B	(87.614)	(2.009)	(1.808)	(91.431)
CSD Home to School Transport - grant rolled into Revenue Support Grant (RSG) 2025/26	C	0.992			0.992
Removal of previous estimates for RSG and other consolidated grants	C	76.961	0.089		77.050
NEW RSG and consolidated grants from 2026/27		(96.987)	8.175	8.312	(80.500)
Inflation	D	0.786	(1.591)	18.570	17.765
General Contingency	E	1.010	0.160	0.600	1.770
Pay Awards and National Insurance	F	6.470	0.050	5.745	12.265
Local Government Pension Scheme: revaluation impact	G	(5.957)			(5.957)
Levies and grants	H	0.012	0.021	0.037	0.070
Treasury Management	I	0.594	1.630	3.424	5.648
Pressures added to / (removed from) the MTFP:					
ASC Growth and Demography	J	14.217	3.106	22.479	39.802
CSD Growth and Demography	K	18.146	1.539	6.693	26.378
Orbis Review	L	1.700			1.700
CET Waste Housing Growth	M	(0.225)	0.077	0.405	0.257
CET Waste additional income	N	0.500	(0.500)	0.300	0.300
CET Waste PFI Credits	O		0.125	2.871	2.996
GCS Elections	P		1.500	(1.125)	0.375
Pressures bids approved by CMT	Q	1.234	0.030	(0.166)	1.098
Savings	R	(3.051)	(0.464)	(0.008)	(3.523)
DEFICIT AFTER UPDATES		55.631	18.542	36.893	111.066

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 estimates have now been replaced by new Baseline Funding, allocations of which were announced at the Local Government Provisional Settlement (LGPS) for 2026/27 to 2028/29.

C Revenue Support Grant (RSG) and Consolidated Grants

A number of grants were 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.

More grants have been rolled in from 2026/27. The previous estimates have now been replaced by the; allocations of which were announced at the Local Government Provisional Settlement (LGPS) for 2026/27 to 2028/29. More detail is set out in Annex 2.

D 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.

E 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.

F 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.

G 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%.

H Levies Increase

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

I 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	2.159	1.767	0.625	4.550
SEND Deficits	0.968	0.788	1.203	2.960
MTFP Deficit		1.170	1.570	2.740
Other technical updates and debt restructuring	(0.465)	(0.028)	0.027	(0.466)
Total Updates	2.662	3.698	3.424	9.784
Already included in MTFP Feb 2025	(2.068)	(2.068)		(4.136)
Total Movement	0.594	1.630	3.434	5.648

J 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.

K 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.

L Orbis Review

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

M 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.

N 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.

O 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.

P GCS: Elections

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

Q 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
GOV: Coroners - mortuary services	0.053			0.053
BSD: Payroll - loss of traded Services to Schools (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
BSD: Cavendish House Rent and Service Charge	0.056			0.056
BSD: St Mary's House Rates Revaluation	0.058			0.058
BSD: Postal Hub	0.172			0.172
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	1.234	0.030	(0.166)	1.098

R Additional Savings

Further savings have been identified by services, totalling £3.5m. A detailed breakdown is shown at Appendix 4a.

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

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
TAXATION & GOVERNMENT FUNDING		(579.615)	(637.602)	(659.059)
Council Tax	(370.172)	(13.551)	(19.089)	(20.342)
Adult Social Care Precept	(29.050)	(7.991)	(8.534)	(9.094)
Business Rates	(102.987)	102.987		
Social Care Grant	(59.640)	59.640		
ASC Market Sustainability and Improvement Grant	(11.312)	11.312		
Children's Social Care Prevention Grant	(1.485)	1.485		
National Insurance Grant		0.000		
Revenue Support Grant	(4.452)	4.452		
New Homes Bonus	(0.517)	0.517		
Revenue Support Grant - new		(94.314)	(18.691)	7.341
Baseline Funding - Business Rates top up and retained rates		(87.614)	(2.009)	(1.808)
Consolidated grants rolled into Core Spending Power		(34.910)	26.866	0.971
TOTAL TAXATION & GOVERNMENT FUNDING	(579.615)	(637.602)	(659.059)	(681.991)
SERVICE PLAN				
Service Expenditure	515.467	548.095	649.881	680.218
Inflation				
Non-pay Inflation	17.011	19.488	17.738	18.547
Allocation of pay award and NI increase to services	1.948	16.953		
Local Government Pension Scheme: revaluation impact		(5.957)		
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: Formflow		0.140	0.064	(0.078)
Consolidated grants rolled into Core Spending Power		28.846		
Children's Services				
Looked After Children Growth & Demography	0.808	18.111	1.309	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)		

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
Home to School Transport - grant rolled into RSG 2025/26		0.992		
Pressures approved via protocol 2026/27: Magic Notes		0.141	(0.066)	
Consolidated grants rolled into Core Spending Power		3.364		
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
Waste PFI Credits			0.125	2.871
Pressures approved via protocol in previous years	0.445	0.745		
Pressures approved via protocol 2026/27: Streetlighting		0.313		
Consolidated grants rolled into Core Spending Power		0.027		
Business Services				
Pressures approved via protocol in previous years	0.779	(0.064)		
Oracle system support		1.146		
Pressures approved via protocol 26/27: Power BI Fabric		0.169	(0.022)	(0.088)
Pressures approved via protocol 26/27: Payroll S2S income		0.070		
Pressures approved via protocol 26/27: HR S2S income		0.035		
Pressures approved via protocol 26/27: St Marys House lease		0.027	0.054	
Pressures approved via protocol 26/27: St Marys House rates		0.058		
Pressures approved via protocol 26/27: Cavendish House		0.056		
Pressures approved via protocol 26/27: Postal hub		0.172		
Governance Services				
Pressures approved via protocol in previous years	0.148			
Elections		0.409	1.500	(1.125)
Pressures approved via protocol 2026/27: Coroners		0.053		
Savings				
Savings 2024/25	(2.685)			
Savings 2025/26-2027/28 - approved Feb 2025	(13.505)	(3.279)	(1.219)	
Savings 2025/26-2027/28 - additional		(3.051)	(0.464)	(0.008)
NET SERVICE EXPENDITURE	548.095	649.881	680.218	730.214
Corporate Expenditure		42.969	43.352	53.014
Treasury Management	14.780	2.662	3.698	3.424
General Contingency	5.650	1.050	0.300	0.600
Contingency for Potential Pay Award, Recruitment and Retention	12.353	(5.064)	5.605	5.745
Orbis Review		1.700		
Inflation Risk Provision	6.242	(1.098)	0.024	0.023
Pensions	4.874			
Apprenticeship Levy	0.600			

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
Movement in Reserves	(1.107)	1.107		
Levies & Grants	1.021	0.026	0.035	0.037
Transfer Public Health savings grant to Centrally Held Budgets	(1.444)			
TOTAL CORPORATE EXPENDITURE	42.969	43.352	53.014	62.843
TOTAL PLANNED EXPENDITURE	591.064	693.233	733.232	793.057
CUMULATIVE DEFICIT/(SURPLUS)	11.449	55.631	74.173	111.066
ANNUAL DEFICIT/(SURPLUS)	(2.895)	44.182	18.542	36.893
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)	55.631	18.542	36.893

Non-Council Tax Core Spending Power 2025/26	2025/26 (£m)	Non-Council Tax Core Spending Power 2026/27	2026/27 (£m)
2025/26 Revenue Support Grant	5.434	Revenue Support Grant	94.314
Compensation for under-indexing the business rates multiplier	17.219		
Social Care Grant	59.640		
Market Sustainability and Improvement Fund	11.312		
Employer National Insurance Contributions Grant	4.470		
New Homes Bonus	0.517		
Green Plant and Machinery grant	0.019		
Other Legacy Business Rates	3.204		
Virtual School Heads for children with a social worker and children in kinship care	0.149		
Biodiversity Net Gain Planning Requirement	0.027		
Local Reform and Community Voices: Deprivation of Liberty Safeguards Funding	0.055		
LGF Data Review	0.001		
Enforcement of Location and Volume Price Promotions Restrictions	0.001		
Enforcement of OOH Calorie Labelling Regulations	0.001		
War Pensions Disregard grant	0.113		
Social Care in Prisons grant	0.108		
Supported Accommodation Reforms new burdens	0.744		
Staying Put (part of the Children and Families Grant in 2025-26)	0.270		
Leaving Care Allowance uplift (part of the Children and Families Grant in 2025-26)	0.089		
Personal Advisors Extended Duty (part of the Children and Families Grant in 2025-26)	0.081		
Virtual School Heads (VSH)_Extension of the VSH role to previously looked after children	0.067		
Business Rates Retention	13.562	Baseline Funding	87.614
Tariff (-) / Top-up (+)	67.881		
Better Care Fund	26.865	Better Care Fund	26.865
Sub-Total Fair Funding Assessment	211.829		208.793
Children's Social Care Prevention Grant	1.608	Families First Partnership (within Children, Families and Youth Grant)	6.655
Supporting Families (part of the Children and Families Grant in 2025-26)	1.929		
Domestic Abuse Accommodation Support	1.389	Homelessness, Rough Sleeping and Domestic Abuse Grant	1.389
Total non-Council Tax Core Spending Power	216.755		216.836

Budget Summary 2026/27

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Revenue Budget 2026/27

Medium Term Financial Plan 2026/27 to 2028/29

Capital Programme to 2035/36

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Resources	7 to 9		
Funding / spending power Council Tax in East Sussex Specific and Special Grant Funding	to follow	Reserve balances	34
Revenue Budget Summary	10 to 17	Explanation of key terms	35
ESCC Budget Gross Budget to Net Budget Gross & Net Revenue Budgets Charts Budget Changes 2024/25 to 2025/26 Subjective Analysis		Further information can also be obtained from our website: eastsussex.gov.uk	
Revenue Budget Services	18 to 25	or by writing to: Ian Gutsell Chief Finance Officer East Sussex County Council County Hall, St Anne's Crescent Lewes East Sussex BN7 1UE or by email to: finance@eastsussex.gov.uk	
Adult Social Care Public Health Business Services / Orbis Children's Services Communities Economy and Transport Governance Services			

Chief Finance Officer's Foreword

Introduction

This budget summary provides detail on the 2026/27 revenue budget and the Capital Programme to 2035/36. It gives analysis of expenditure by type and also by accountability, along with detail of our resources to finance that expenditure. The summary provides a useful source of information for Council officers, elected members and the public alike.

The 2026/27 Approved Budget

In 2026/27 the Council (including schools) will spend £693.2m to deliver services to the people of East Sussex, with a further £101.5m of investment in infrastructure and assets through its capital programme. The Council's stated priority outcomes are:-

- Driving Sustainable Economic Growth;
- Helping people to help themselves;
- Keeping vulnerable people safe; and
- Making the best use of resources in the short and long term.

Revenue Budget

The provisional Local Government Finance Settlement published on 17 December 2025 has confirmed the assumptions in our initial modelling of the Fair Funding Review 2.0 (FFR 2.0). As anticipated, the changes to formulae have significantly reduced the Council's share of settlement funding, now known as the Fair Funding Assessment (FFA). Whilst the change in grant funding from 2025/26 to 2026/27 is cash neutral, with inflation currently between 3% to 4%, this represents a significant reduction in real terms.

Allocations of most grants were confirmed and factored into the Medium Term Financial Plan (MTFP) and £6.3m of savings have been identified, leaving a deficit position of £55.6m in 2026/27 which, subject to approval, will be funded from borrowing via Exceptional Financial Support (EFS).

It should be noted that EFS is not "free money." Borrowing for revenue creates future liabilities and interest costs, increasing pressure on the MTFP. While EFS provides short-term relief, it fundamentally undermines long-term sustainability. Consequently, there is a forecast deficit on the MTFP of £111.1m by 2028/29. There remain significant uncertainties which may have an impact:

- Service performance and transformation, for example, within Children's Social Care;
- SEND reform and impact on rising funding deficits;
- The future funding of social care;
- Adult Social Care fair pay agreement consultation;
- Impact of structural changes in local government through Local Government Reorganisation and Devolution;
- Environmental targets, including the impact of Climate Emergency; and
- Geopolitical uncertainty leading to international trade issues, inflation and higher borrowing costs.

Chief Finance Officer's Foreword

Capital Programme

The planned programme aligned to the Capital Strategy to 2045/46 has been reviewed and extended to maintain a 10 year planned programme. Work has been completed to reset priorities and present realigned targeted basic need capital investment to maintain capital assets, deliver core services to the residents of East Sussex, as well as to support carbon reduction targets.

This Capital Strategy has been prepared in the context of significant structural changes within local government. There is an anticipated, but as yet undefined, impact on the capital programme and strategy arising from:

- Local Government Reorganisation (LGR): Potential integration of district and borough council capital programmes into a consolidated framework, which may require realignment of priorities and resources.
- Combined County Authorities (CCA): The establishment of CCAs is expected to influence certain funding streams and governance arrangements, introducing new opportunities and constraints that will need to be reflected in future iterations of this strategy.

Given the evolving nature of these changes, the capital programme will remain under review to ensure flexibility and responsiveness as further details emerge.

The programme to 2035/36 is £845.4m gross. The projected income to fund the programme is £582.5m, leaving a potential borrowing requirement of £262.9m.

Ian Gutsell
Chief Finance Officer
January 2026

£'m	2025/26 Budget	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
TAXATION & GOVERNMENT FUNDING				
Council Tax	(370.172)	(13.551)	(19.089)	(20.342)
Adult Social Care Precept	(29.050)	(7.991)	(8.534)	(9.094)
Business Rates (inclusive of Pooling)	(102.987)	102.987		
Social Care Grant	(59.640)	59.640		
ASC Market Sustainability and Improvement Grant	(11.312)	11.312		
Children's Social Care Prevention Grant	(1.485)	1.485		
Revenue Support Grant	(4.452)	4.452		
New Homes Bonus	(0.517)	0.517		
Revenue Support Grant - new		(94.314)	(18.691)	7.341
Baseline Funding - Business Rates top up and retained rates		(87.614)	(2.009)	(1.808)
Consolidated grants rolled into Core Spending Power		(34.910)	26.866	0.971
TOTAL TAXATION & GOVERNMENT FUNDING	(579.615)	(637.602)	(659.059)	(681.991)
SERVICE PLAN				
Service Expenditure	515.467	548.095	649.881	680.218
Inflation				
Non-pay Inflation	17.011	19.488	17.738	18.547
Pay Awards, NI and Pensions	1.948	10.996		
Adult Social Care				
Better Care Fund - Discharge Funding	5.088			
Discharge Funding - New Burdens	(5.088)			
Growth & Demography	3.917	18.134	7.023	22.479
Transfer PH savings grant to CHB	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)
Consolidated grants rolled into Core Spending Power		28.846		
Children's Services				
Looked After Children Growth & Demography	0.808	18.111	1.309	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	
Public Health Savings - transfer to CSD	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)	
Consolidated grants rolled into Core Spending Power		3.364		
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

£'m	2025/26 Budget	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
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		
Consolidated grants rolled into Core Spending Power		0.027		
Business Services				
Pressures approved via protocol in previous years	0.779	(0.064)		
Pressures approved via protocol 2026/27		0.587	0.032	(0.088)
Oracle system support		1.146		
Governance Services				
Pressures approved via protocol in previous years	0.148			
Elections		0.409	1.500	(1.125)
Pressures approved via protocol 2026/27		0.053		
Savings				
Savings 2024/25	(2.685)			
Savings 2025/26-2027/28 - approved Feb 2025	(13.505)	(3.279)	(1.219)	
Savings 2025/26-2027/28 - additional		(3.051)	(0.464)	(0.008)
Net Service Expenditure	548.095	649.881	680.218	730.214
Corporate Expenditure				
Treasury Management	14.780	2.662	3.698	3.424
General Contingency	5.650	1.050	0.300	0.600
Contingency for Potential Pay, Recruitment and Retention	12.353	(5.064)	5.605	5.745
Orbis Review		1.700		
Inflation risk provision	6.242	(1.098)	0.024	0.023
Pensions	4.874			
Apprenticeship Levy	0.600			
Movement in Reserves	(1.107)	1.107		
Levies & Grants	1.021	0.026	0.035	0.037
Transfer PH savings grant to CHB	(1.444)			
TOTAL CORPORATE EXPENDITURE	42.969	43.352	53.014	62.843
TOTAL PLANNED EXPENDITURE	591.064	693.233	733.232	793.057
CUMULATIVE DEFICIT/(SURPLUS)	11.449	55.631	74.173	111.066
ANNUAL DEFICIT/(SURPLUS)	(2.895)	44.182	18.542	36.893
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	55.631	18.542	36.893

Fair Funding Allocation (FFA) 2026/27

The FFA represents the general funding level provided by Government to local authorities. For the first time since 2013/14 Government has implemented a new funding formula. At the same time there has been a business rates reset and a business rates revaluation. As a result of these changes a number of funding streams have been rolled into Revenue Support Grant (RSG). The Government has also decided to include the Local Authority Better Care Grant within the FFA for the first time.

Fair Funding Allocation (FFA):

Funding	2025/26	2026/27	1 year change	1 year change
	£'000	£'000	£'000	%
Business Rates Retention	13,562	18,545	4,983	36.7%
Business Rates Top-up	67,881	69,069	1,188	1.8%
Legacy Business Rates, Rolled In Funding ¹	20,373		(20,373)	-100.0%
Total Baseline Funding Level (Business Rates)	101,816	87,614	(14,202)	-13.9%
2025/26 Revenue Support Grant	5,434		(5,434)	
Additional Funding Distributed via Adult Social Care Relative Needs Formula		1,557	1,557	
Additional Funding for Local Services		525	525	
Social Care in Prisons grant (rolled in grant)		108	108	
War Pensions Disregard grant (rolled in grant)		113	113	
Legacy Grant Funding, Other Rolled In Grants ²	76,009	92,011	16,002	
Revenue Support Grant	81,443	94,314	12,871	15.8%
Local Authority Better Care Grant	26,865	26,865	0	0.0%
Total - ESCC	210,124	208,793	(1,331)	-0.6%

(NB: this data comes from MHCLG and therefore there may be rounding differences)

¹This includes Funding streams that were within Core Spending Power in 2025/26, including: Social Care Grant; Market Sustainability and Improvement Fund; Employer National Insurance Contributions; and New Homes Bonus. For 2026/27 this funding has become part of RSG.

² This includes business rates compensation for under-indexation of tax rates; Green Plant and Machinery exemptions; and Small Business Rates Relief lost supplementary income. For 2026/27 this funding has become part of RSG.

Government funding to local authority services has decreased. For 2026/27, the decrease in FFA is £1.331m or -0.6%. The change from 2025/26 includes inflationary increases and new elements of additional funding for Adult Social Care and Local Services. However even with these increases the overall change is still a decrease. This is due to the new Relative Needs Formula which has resulted in the Council receiving a reduced share of national funding.

Resources - funding / core spending power

Core Spending Power

Core Spending Power represents the Government's assessment of the funding they provide to us. It includes their assumptions on growth and inflation. The calculation is designed to give their view as to how local authority spending is changing overall.

The table below details changes to the Council's Spending Power for 2024/25 to 2028/29; reflecting a new three-year settlement (2026/27 to 2028/29). The comparison to 2024/25 is unusual whereas 2025/26 is the final year of the old funding formula and would be what a new settlement is normally compared with.

Core Spending Power	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Change from 2024/25 £'000	Change from 2024/25 %	Change from 2025/26 £'000	Change from 2025/26 %
<i>Baseline Funding</i>	100,125	101,816	87,614	89,624	91,432	(8,693)	-8.7%	(10,384)	-10.2%
Revenue Support Grant (RSG)	74,714	81,443	94,314	113,005	105,664	30,950	41.4%	24,221	29.7%
Local Authority Better Care Grant ³	21,776	26,865	26,865			(21,776)	-100.0%	(26,865)	-100.0%
Fair Funding Allocation	196,615	210,124	208,793	202,629	197,096	481	0.2%	(13,028)	-6.2%
Council Tax Requirement	371,000	394,475	419,399	445,900	474,078	103,078	27.8%	79,603	20.2%
Homelessness, Rough Sleeping and Domestic Abuse	1,114	1,389	1,389	1,389	1,389	275	24.7%	0	0.0%
Families First Partnership ⁴	1,928	3,537	6,655	6,655	5,684	3,756	194.8%	2,147	60.7%
Total Transitional Protections						0		0	
Grants Rolled in to Revenue Support Grant ⁵	1,702	1,706				(1,702)	-100.0%	(1,706)	-100.0%
Recovery Grant						0		0	
Recovery Grant Guarantee						0		0	
Mayoral Capacity Funding						0		0	
ESCC Core Spending Power	572,359	611,231	636,236	656,573	678,247	105,888	18.5%	67,016	11.0%

(NB: this data comes from MHCLG and therefore there may be rounding differences)

³ For 2027/28 this funding will become part of RSG.

⁴ This is part of the new Children, Families and Youth Grant and is allocated using the latest Children and Young People Relative Needs Formula

⁵ These Grants are all new to Core Spending Power and have rolled in to RSG for 2026/27.

For the Council, Core Spending Power suggests an increase in funding of £67.0m or 11.0% when compared to 2025/26. The increase includes Government's assumption that the Council will take up the maximum allowance to increase Council Tax by 4.99% in each year of the 3 year settlement (2026/27 to 2028/29). The increase also includes an increase to the Families First Partnership. The main part of the Government's funding to the Council or FFA is decreasing by £13.0m or -6.2%. Again this is mainly due to the new Relative Needs Formula, funding loss protection means the full effect of the Formula change will not be seen until 2028/29, the final year of the settlement. For 2027/28 the Local Authority Better Care Grant rolls into RSG.

The Government revises this measure each year, the combination of additional inclusions and changes to Core Spending Power mean the Government's presentation of Core Spending Power may lead to public confusion with regards to the County Council's financial position.

Resources - specific and special grant funding

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Direct impact on County Council Services

	Rebased Budget 2025/26	Estimate 2026/27	Change £'000
	2026/27	Change £'000	
	£'000	£'000	£'000
Adult Social Care/Public Health			
Public Health Grant	32,679	33,261	582
Tobacco Control	711	711	0
Housing Support	596	596	0
Substance Misuse	2,028	2,028	0
Rough Sleepers	400	400	0
* Improved Better Care Fund (IBCF)	21,777	0	(21,777)
* Local Reform and Community Voices Grant - War Pensions scheme disregard	219	0	(219)
Local Reform and Community Voices Grant	361	54	(307)
DWP Resource Management	5	5	0
	58,776	37,055	(21,721)
Children's Services			
* Troubled Families Grant	1,817	0	(1,817)
Unaccompanied Asylum Seeking Children (UASC)	2,920	2,920	0
Family Hubs	1,686	2,092	406
Holiday Activity & Food Programme	1,655	1,673	18
* Extended Rights to Free Transportation	982	0	(982)
* Staying Put	270	0	(270)
Youth Offending Team Grant - Core	530	545	15
Youth Offending Team Grant - Secure Remand	53	53	0
Hastings Priority Improvement Area	74	74	0
* 18+ Care Leavers Service	116	0	(116)
KS2 moderation and phonics	18	18	0
Multiply Adult Numeracy	880	0	(880)
Autism in Schools	0	145	145
SEND Data grant	160	113	(47)
Virtual School Heads	321	105	(216)
	11,482	7,738	(3,744)
Communities Economy and Transport			
Extended Producer Responsibility for Packaging (pEPR)	4,829	4,506	(323)
PFI Grant - Waste	2,996	2,996	0
Transport of the South East	2,065	1,033	(1,032)
Bus Service Improvement Plan	4,800	5,077	277
Bus Service Operators Grant	443	443	0
Area of Outstanding Natural Beauty High Weald	2,065	414	(1,651)
Bikeability Grant for Local Highway Authorities	217	217	0
National Trail grant	45	48	3
	17,460	14,734	(2,726)
Business Services			
PFI Grant - Peacehaven Schools	1,759	586	(1,173)
	1,759	586	(1,173)
Centrally Held items			
Inshore Fisheries Conservation Authorities Grant	58	58	0
MHCLG New Burdens grant	12	12	0
	70	70	0
Total Direct Impact	89,547	60,183	(29,364)

Indirect impact - where the Council passports funds to schools/other organisations

	Rebased Budget 2025/26	Estimate 2026/27
	£'000	£'000
Children's Services		
Dedicated Schools Grant	300,222	299,416
Pupil Premium Grant	9,485	9,485
Higher Education Funding Council grant	602	602
Teachers Pension Grant	110	110
Universal Infant Free School Meals	3,119	3,119
PE and Sport Grant	1,836	1,836
Teachers Pay Grant	2,015	2,015
Ukraine Funding	782	782
Early Careers Framework	163	163
Mentor Back Fill	102	102
Mainstream School Additional	5,207	5,207
NQT Education Recovery	13	13
	323,656	322,850

Communities Economy and Transport

Community Learning	202	202
Total Indirect Impact		

Grant Funding Summary

Government Specific and Special Grants		
Total Direct Impact	89,547	60,183
Total Indirect Impact	323,858	323,052
Total	413,405	383,235

Summary by department

Adult Social Care/Public Health	58,776	37,055
Children's Services	335,138	330,588
Communities Economy and Transport	17,662	14,936
Governance Services	0	0
Business Services	1,759	586
	413,335	383,165
Corporate items	70	70
Total	413,405	383,235

(please note, at this stage not all grants are confirmed)

* From 2026/27 grant rolled into Revenue Support Grant (RSG) and/or Core Spending Power (CSP)

Revenue Budget Summary 2026/27

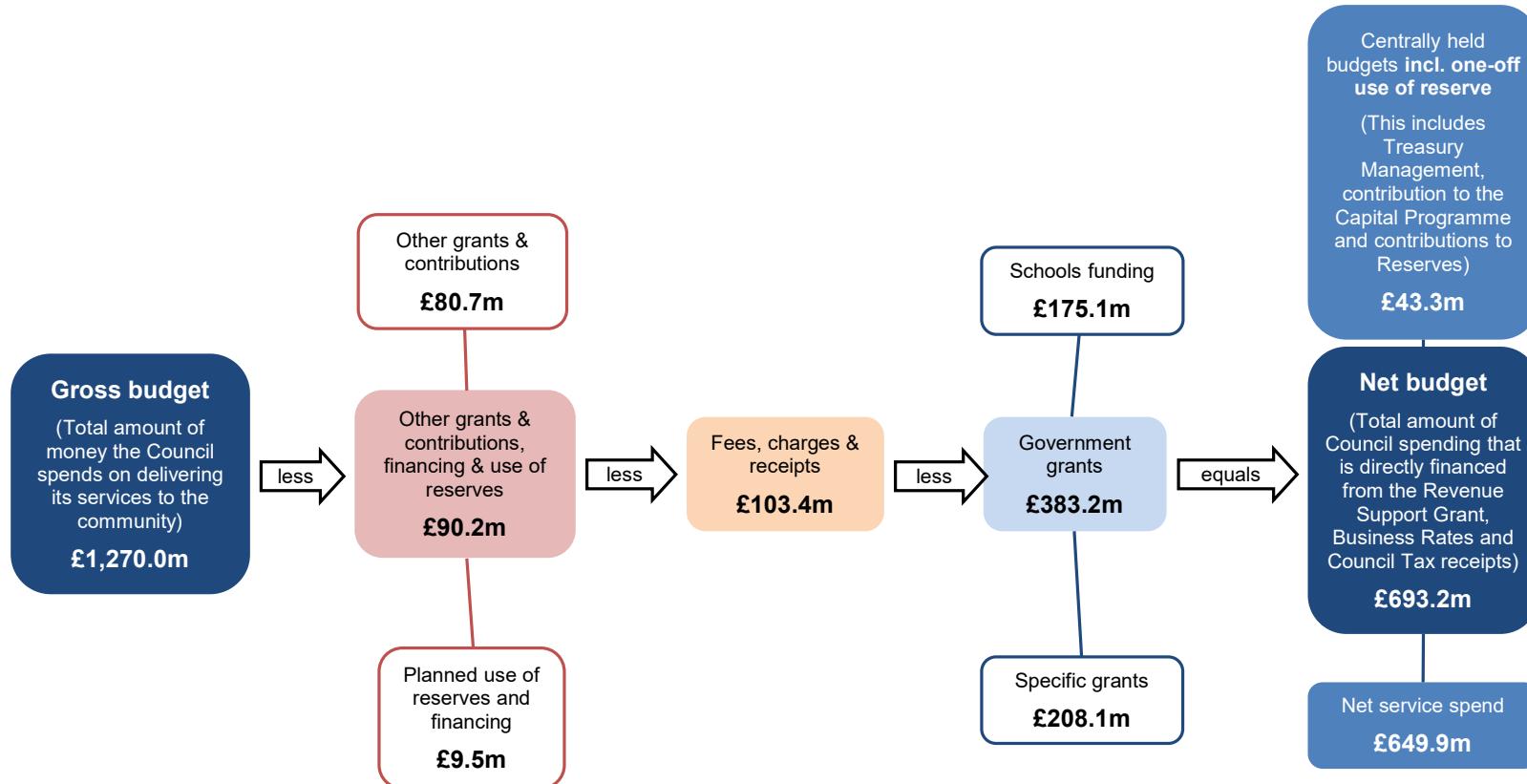
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ESCC Budget	2025/26	2026/27	Change	
	Approved Budget	Budget	£000	%
	£000	£000		
Gross Expenditure	1,138,234	1,269,952	131,718	11.57%
Less:				
Fees, Charges & Receipts	(90,304)	(103,390)	(13,086)	
Specific Government Grants	(382,742)	(383,235)	(493)	
Financing and Planned use of reserves	(16,942)	(9,408)	7,534	
Other grants and contributions	(68,631)	(80,686)	(12,055)	
Net Expenditure	579,615	693,233	113,618	19.60%
Made up of:-				
Net Service Expenditure	548,095	649,880	101,785	18.57%
Treasury Management	14,780	17,442		
General Contingency	5,650	6,700		
Contingency for Potential Pay, Recruitment and Retention	12,353	7,290		
Orbis Review		1,700		
Inflation Risk Provision	6,242	5,144		
Pensions	4,874	4,874		
Apprenticeship Levy	600	600		
Movement in Reserves	(1,107)	0		
Levies and Grants	1,021	1,047		
Transfer PH savings grant to CHB	(1,444)	(1,444)		
One-off use of Waste and Insurance Reserves	(11,449)			
Net corporate expenditure	31,520	43,353	11,833	37.54%
Net Budget	579,615	693,233	113,618	19.60%

Revenue Budget Summary 2026/27

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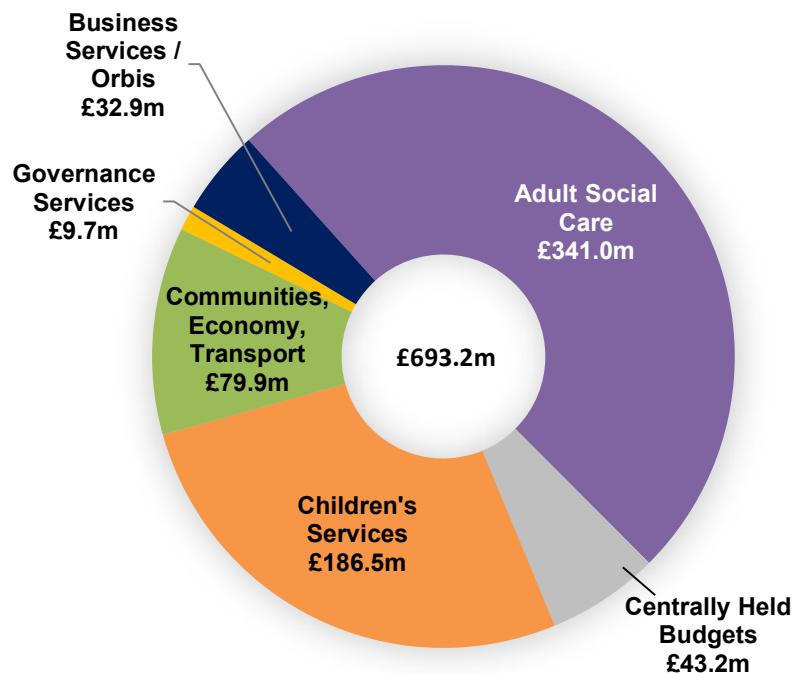
ESCC Budget	2025/26	2026/27	Change	
	Approved Budget £000	Budget £000	£000	%
Funded by:-				
Business Rates	(102,987)	(87,614)		
Revenue Support Grant	(4,452)	(94,314)		
Social Care Grants	(70,952)			
Children's Social Care Prevention Grant	(1,485)			
New Homes Bonus	(517)			
Local Authority Better Care Grant		(26,865)		
Children, Families and Youth Grant		(6,656)		
Homelessness, Rough Sleeping and Domestic Abuse Grant		(1,389)		
Collection Fund Adjustment	123	(3,942)		
Collection Fund Council Tax (Surplus)/Deficit	(4,870)	3,942		
Exceptional Financial Support		(55,631)		
Funding Other Than Council Tax	(185,140)	(272,469)	(87,329)	47.17%
Council Tax Requirement	394,475	420,764		
Taxbase: Number of "Band D" equivalent dwellings	211,282.4	214,643.8		
Band D Council Tax	£1,867.05	£1,960.29	£93.24	4.99%



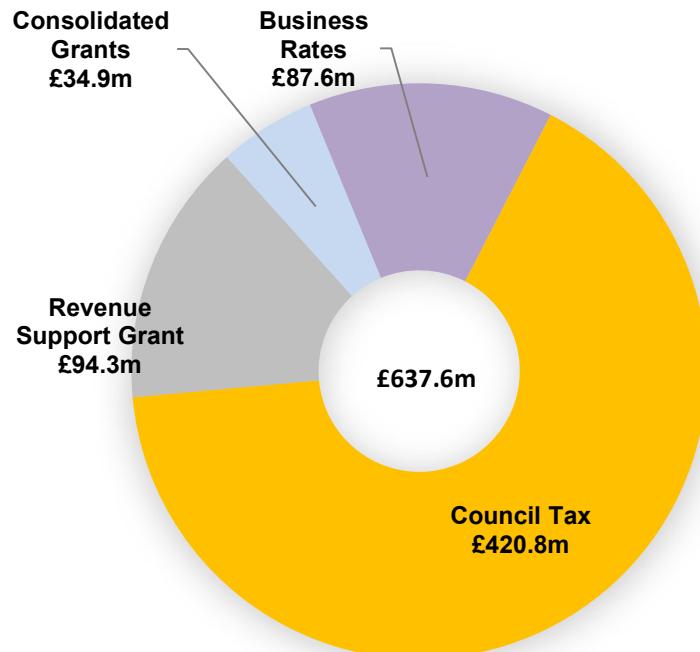
Revenue Budget Summary 2026/27 - net revenue budget

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How will we spend your money (net)



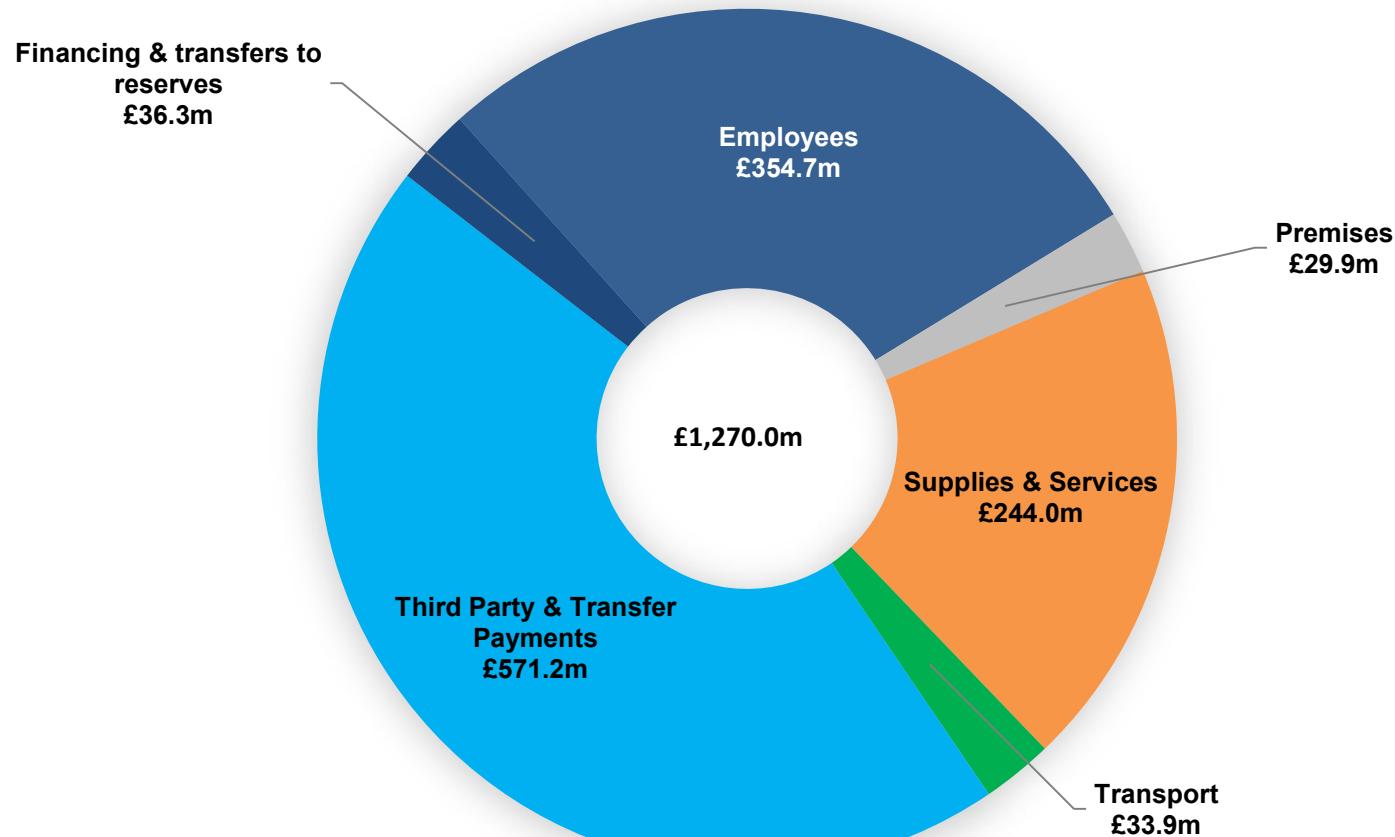
Where the money comes from (net)



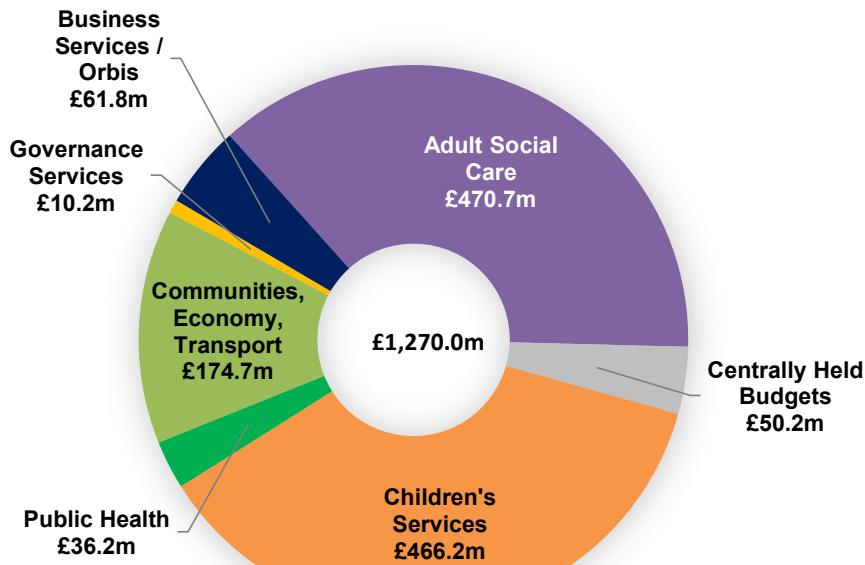
NB: the difference between spend and funding is £55.6m, which represents the forecast deficit for 2026/27 that will (subject to approval) be funded by Exceptional Financial Sup

Revenue Budget Summary 2026/27 - subjective analysis

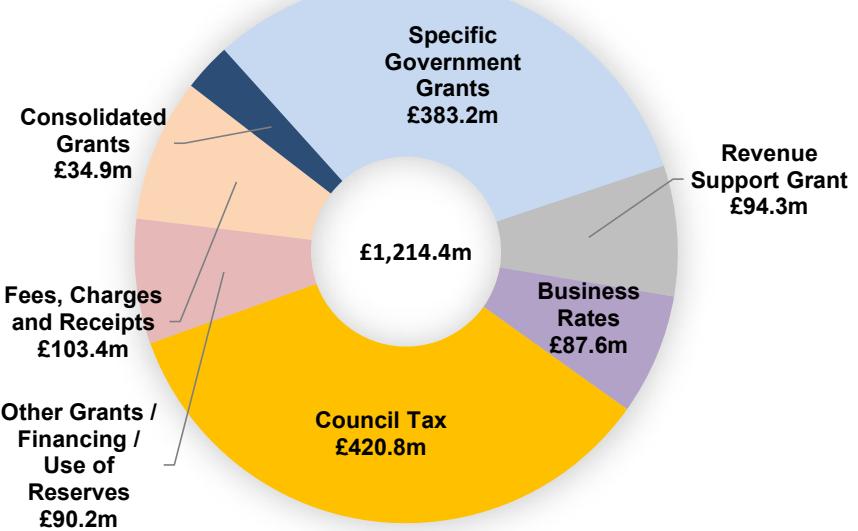
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How will we spend your money (gross)



Where the money comes from (gross)



Revenue Budget Summary 2026/27 - budget changes 2025/26 to 2026/27

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	2025/26 Rebased Net Budget	Additions £'000	Reductions £'000	2026/27 Net Budget £'000	Change	
					£'000	%
Adult Social Care	286,157	58,818	(3,995)	340,980	54,823	19.16%
Public Health	-	-	-	-	-	0.00%
Business Services / Orbis	32,160	1,942	(1,230)	32,872	712	2.21%
Children's Services (inc. schools)	160,474	26,602	(610)	186,466	25,992	16.20%
Communities, Economy & Transport	76,835	4,911	(1,834)	79,912	3,077	4.00%
Governance Services	9,502	490	(342)	9,650	148	1.56%
Total Departments	565,128	92,763	(8,011)	649,880	84,752	15.00%
Centrally held budgets	25,938	18,561	(1,146)	43,353	17,415	67.14%
One-off Use of Reserve	(11,449)	11,449	-	-	11,449	-100.00%
Total	579,617	122,773	(9,157)	693,233	113,616	19.60%

Revenue Budget Summary 2026/27 - subjective analysis

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Department	Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	70,231	851	649	8,922	388,678	1,389	470,720	(59)	(68,365)	(61,788)	-	(130,212)	472	340,980
Public Health	3,374	-	13	118	28,893	3,761	36,159	(36,996)	(231)	-	(289)	(37,516)	1,357	-
Business Services / Orbis	24,666	13,271	132	20,195	3,557	1	61,822	(1,032)	(6,125)	(10,488)	(2,247)	(19,892)	(9,058)	32,872
Children's Services	215,145	10,736	1,887	89,965	148,187	280	466,200	(330,089)	17,707	(6,937)	(15)	(319,334)	39,600	186,466
Communities Economy & Transport	20,270	4,627	31,136	111,506	447	6,729	174,715	(14,936)	(23,543)	(23,850)	(104)	(62,433)	(32,370)	79,912
Governance Services	7,095	435	43	2,223	417	-	10,213	(53)	(129)	(327)	(53)	(562)	(1)	9,650
Services	340,781	29,920	33,860	232,929	570,179	12,160	1,219,829	(383,165)	(80,686)	(103,390)	(2,708)	(569,949)	-	649,880
Centrally held budgets	13,964	-	-	11,010	1,007	12,693	38,674	(70)	-	-	(6,700)	(6,770)	-	31,904
Reverse prior year use of reserves						11,449	11,449					-	-	11,449
Total	354,745	29,920	33,860	243,939	571,186	36,302	1,269,952	(383,235)	(80,686)	(103,390)	(9,408)	(576,719)	-	693,233

Revenue Budgets - Adult Social Care

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Rebased Net Budget	2026/27													
	Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	Total Expenditure	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Independent Sector - Physical, Sensory and Memory & Cognition Support														
79,319 Residential & Nursing	-	-	-	-	129,686	-	129,686	-	-	(33,369)	-	(33,369)	-	96,317
13,848 Supported & Other Accommodation	-	-	-	-	13,892	-	13,892	-	-	-	-	-	-	13,892
40,447 Home Care	-	-	-	-	40,447	-	40,447	-	-	-	-	-	-	40,447
1,658 Day Care	-	-	-	-	1,658	-	1,658	-	-	-	-	-	-	1,658
21,781 Direct Payments	-	-	-	-	21,781	-	21,781	-	-	-	-	-	-	21,781
(49,751) Other Services	-	-	-	422	2,909	-	3,331	-	(20,302)	-	-	(20,302)	159	(16,812)
(16,899) Fairer Charging *	-	-	-	-	-	-	-	-	-	(21,101)	-	(21,101)	-	(21,101)
- Meals in the Community	-	-	-	-	-	-	-	-	-	-	-	-	-	-
90,403 Subtotal	-	-	-	422	210,373	-	210,795	-	(20,302)	(54,470)	-	(74,772)	159	136,182
Independent Sector - Learning Disability Support														
54,994 Residential & Nursing	-	-	-	-	64,587	-	64,587	-	-	(3,536)	-	(3,536)	-	61,051
32,820 Supported & Other Accommodation	-	-	-	-	32,386	-	32,386	-	-	-	-	-	-	32,386
6,638 Home Care	-	-	-	-	6,638	-	6,638	-	-	-	-	-	-	6,638
3,282 Day Care	-	-	-	-	3,282	-	3,282	-	-	-	-	-	-	3,282
8,723 Direct Payments	-	-	-	-	8,723	-	8,723	-	-	-	-	-	-	8,723
(12,261) Other Services	770	-	1	57	1,480	-	2,308	-	(9,483)	-	-	(9,483)	-	(7,175)
(2,262) Fairer Charging *	-	-	-	-	-	-	-	-	-	(624)	-	(624)	-	(624)
91,934 Subtotal	770	-	1	57	117,096	-	117,924	-	(9,483)	(4,160)	-	(13,643)	-	104,281
Independent Sector - Mental Health Support														
22,241 Residential & Nursing	-	-	-	-	22,488	-	22,488	-	-	(511)	-	(511)	-	21,977
16,593 Supported & Other Accommodation	-	-	-	-	16,593	-	16,593	-	-	-	-	-	-	16,593
2,624 Home Care	-	-	-	-	2,624	-	2,624	-	-	-	-	-	-	2,624
119 Day Care	-	-	-	-	119	-	119	-	-	-	-	-	-	119
3,154 Direct Payments	-	-	-	-	3,154	-	3,154	-	-	-	-	-	-	3,154
(17,720) Other Services	-	-	-	-	343	-	343	-	(18,930)	-	-	(18,930)	-	(18,587)
(996) Fairer Charging *	-	-	-	-	-	-	-	-	-	(675)	-	(675)	-	(675)
26,015 Subtotal	-	-	-	-	45,321	-	45,321	-	(18,930)	(1,186)	-	(20,116)	-	25,205
Adult Operations														
33,224 Assessment & Care Management	32,813	156	156	666	818	-	34,609	(54)	(2,714)	(145)	-	(2,913)	153	31,849
12,201 Directly Provided Services - Older People	13,835	216	325	610	1,768	-	16,754	-	(4,846)	(346)	-	(5,192)	150	11,712
8,908 Directly Provided Services - Learning Disability	8,914	240	67	101	-	-	9,322	-	(12)	(530)	-	(542)	342	9,122
54,333 Subtotal	55,562	612	548	1,377	2,586	-	60,685	(54)	(7,572)	(1,021)	-	(8,647)	645	52,683

Rebased Net Budget	2026/27													
	Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	Total Expenditure	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Strategy, Commissioning and Supply Management														
6,547 Commissioners, Comissioned Services and Supply Management	5,550	237	17	323	4,109	-	10,236	-	(4,129)	-	-	(4,129)	-	6,107
4,252 Supporting People	-	2	-	-	2,007	-	2,009	-	-	-	-	-	-	2,009
4,430 Equipment & Assistive Technology	303	-	-	5,044	3,562	-	8,909	-	(3,637)	(850)	-	(4,487)	-	4,422
694 Carers	1,383	-	50	12	2,172	-	3,617	-	(2,923)	-	-	(2,923)	-	694
15,923 Subtotal	7,236	239	67	5,379	11,850	-	24,771	-	(10,689)	(850)	-	(11,539)	-	13,232
5,074 Planning, Performance and Engagement	5,562	-	15	789	-	-	6,366	(5)	(719)	(101)	-	(825)	-	5,541
1,323 Service Strategy (including Director & support)	473	-	1	888	77	-	1,439	-	(160)	-	-	(160)	-	1,279
1,152 Safer Communities	628	-	17	10	1,375	1,389	3,419	-	(510)	-	-	(510)	(332)	2,577
286,157 Total	70,231	851	649	8,922	388,678	1,389	470,720	(59)	(68,365)	(61,788)	-	(130,212)	472	340,980

* Fairer Charging is income from clients for non residential/nursing services. This represents contributions towards packages of care that may include a combination of Supported Accommodation, Home Care, Day Care, Direct Payments or Other Services.

Main changes between years	£'000
Rebased Net Budget 2025/26	286,157
Growth / Pressures	18,854
Inflation	13,068
Savings	(3,979)
Tfrs between depts	(16)
Other	26,896
Departmental Estimate 2026/27	340,980

2025/26	Rebased Net Budget	2026/27													
		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
11,833	Mental Health and Best Start	-	-	-	-	11,838	-	11,838	-	-	-	-	-	11,838	
10,102	Risky Behaviours and Threats to Health	43	-	-	15	13,331	-	13,389	(3,735)	(168)	-	-	(3,903)	472	9,958
2,994	Health Systems	-	-	-	69	2,811	-	2,880	-	-	-	-	-	-	2,880
774	Communities	-	-	-	-	844	-	844	-	-	-	-	-	-	844
(25,703)	Central Support	3,331	-	13	34	69	3,761	7,208	(33,261)	(63)	-	(289)	(33,613)	885	(25,520)
- Total		3,374	-	13	118	28,893	3,761	36,159	(36,996)	(231)	-	(289)	(37,516)	1,357	-

Main changes between years	£'000
Rebased Net Budget 2025/26	-
Growth / Pressures	-
Inflation	-
Savings	-
Tfrs between depts	-
Other	-
Departmental Estimate 2026/27	-

2025/26	Rebased Net Budget	2026/27													
		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
6,363	Finance	10,424	618	52	4,929	17	-	16,040	(241)	(3,527)	(597)	(2,188)	(6,553)	(2,055)	7,432
9,894	IT & Digital	7,490	126	38	5,782	-	-	13,436	(121)	(749)	(1,461)	(58)	(2,389)	(1,630)	9,417
2,559	HR & Organisational Development	3,052	-	2	410	-	1	3,465	(61)	-	(602)	(1)	(664)	(371)	2,430
-	Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,398	Property	3,700	12,527	40	5,284	3,540	-	25,091	(609)	(1,849)	(7,828)	-	(10,286)	(5,002)	9,803
3,946	Contribution to Orbis Partnership	-	-	-	3,790	-	-	3,790	-	-	-	-	-	-	3,790
32,160	Total	24,666	13,271	132	20,195	3,557	1	61,822	(1,032)	(6,125)	(10,488)	(2,247)	(19,892)	(9,058)	32,872

Main changes between years	£000
Rebased Net Budget 2025/26	32,160
Growth / Pressures	523
Inflation	309
Savings	(355)
Tfrs between depts	1,110
Other	(875)
Departmental Estimate 2026/27	32,872

2025/26	Rebased Net Budget	2026/27													
		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Early Help & Social Care															
5,803	Early Help Keywork and Children's Centres	6,198	277	147	206	19	-	6,847	(2,092)	(297)	(26)	-	(2,415)	40	4,472
24,375	Locality Social Work & Family Assessment	16,955	-	288	488	7,937	-	25,668	-	(437)	-	-	(437)	(20)	25,211
8,295	Looked After Children	7,265	87	583	1,134	1,950	-	11,019	(1,421)	-	-	-	(1,421)	203	9,801
404	Other Children & Families	984	-	1	4	-	-	989	-	-	-	-	-	-	989
625	Separated Children	-	-	-	-	2,920	-	2,920	(2,920)	-	-	-	(2,920)	-	-
4,513	Specialist Services	5,502	71	113	239	2,562	-	8,487	(598)	(810)	-	-	(1,408)	(599)	6,480
44,015	Subtotal	36,904	435	1,132	2,071	15,388	-	55,930	(7,031)	(1,544)	(26)	-	(8,601)	(376)	46,953
Education															
2,723	Inclusion & Partnerships	4,922	-	72	1,034	-	-	6,028	(3,431)	-	(426)	-	(3,857)	492	2,663
3,351	Participation & Planning	5,538	-	46	65,643	1,857	-	73,084	(69,167)	(2,025)	(160)	-	(71,352)	1,655	3,387
4,418	SEND & Safeguarding	19,311	57	223	3,170	56,475	-	79,236	(71,387)	(2,068)	(1,006)	-	(74,461)	(79)	4,696
10,492	Subtotal	29,771	57	341	69,847	58,332	-	158,348	(143,985)	(4,093)	(1,592)	-	(149,670)	2,068	10,746
Commissioning & Transformation															
865	Commissioned Services	-	-	-	29	393	-	422	-	(30)	-	-	(30)	206	598
2,865	Localities Placements	-	-	-	-	3,769	-	3,769	(800)	-	-	-	(800)	-	2,969
64,831	Looked After Children Placements	16,061	413	168	642	68,299	280	85,863	(110)	(244)	(4,475)	-	(4,829)	105	81,139
653	Social Work & Education	829	-	5	-	-	-	834	-	(129)	(81)	-	(210)	-	624
1,290	Transformation	1,217	-	5	4	90	-	1,316	-	-	-	-	-	-	1,316
70,504	Subtotal	18,107	413	178	675	72,551	280	92,204	(910)	(403)	(4,556)	-	(5,869)	311	86,646
1,476	Adoption South East	1,570	-	37	255	-	-	1,862	-	(228)	-	-	(228)	-	1,634
- Schools															
117,999	Schools	117,999	9,796	153	14,028	1,911	-	143,887	(175,083)	24,756	-	-	(150,327)	6,440	-
Management & Support															
614	Central Resources	1,950	-	5	253	-	-	2,208	(1,191)	-	-	(15)	(1,206)	(410)	592
5,200	Communications, Planning & Performance	8,626	35	41	2,749	5	-	11,456	(1,889)	(781)	(763)	-	(3,433)	(125)	7,898
28,173	Home to School Transport	218	-	-	87	-	-	305	-	-	-	-	-	31,692	31,997
33,987	Subtotal	10,794	35	46	3,089	5	-	13,969	(3,080)	(781)	(763)	(15)	(4,639)	31,157	40,487
160,474	Total	215,145	10,736	1,887	89,965	148,187	280	466,200	(330,089)	17,707	(6,937)	(15)	(319,334)	39,600	186,466

Main changes between years	£'000
Rebased Net Budget 2025/26	160,474
Growth / Pressures	23,349
Inflation	2,819
Savings	(596)
Tfrs between depts	(14)
Other	434
Departmental Estimate 2026/27	186,466

2025/26 Rebased Net Budget	2026/27													
	Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	Total Expenditure	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Community Services														
705 Archives	444	656	-	730	-	-	1,830	-	(1,078)	(166)	-	(1,244)	32	618
972 Road Safety	1,047	9	30	197	-	-	1,283	(217)	(96)	(89)	-	(402)	4	885
991 Trading Standards	946	-	9	91	-	-	1,046	-	-	(42)	(44)	(86)	2	962
125 Travellers Sites	235	110	4	14	-	-	363	-	(111)	(139)	-	(250)	6	119
284 Emergency Planning	381	-	3	90	-	-	474	-	(202)	-	-	(202)	-	272
3,077 Subtotal	3,053	775	46	1,122	-	-	4,996	(217)	(1,487)	(436)	(44)	(2,184)	44	2,856
Customer, Library & Registration Services														
4,367 Libraries	3,109	806	32	951	-	-	4,898	(202)	(120)	(248)	-	(570)	(57)	4,271
369 Records	163	198	-	18	-	-	379	-	-	(17)	-	(17)	3	365
401 Customer Care	387	-	-	1	-	-	388	-	-	-	-	-	-	388
(142) Registration	1,519	48	19	67	-	-	1,653	-	(5)	(1,952)	-	(1,957)	14	(290)
4,995 Subtotal	5,178	1,052	51	1,037	-	-	7,318	(202)	(125)	(2,217)	-	(2,544)	(40)	4,734
Transport & Operational Services														
8,060 Passenger Services	306	-	-	17,638	-	-	17,944	(5,516)	(401)	(78)	-	(5,995)	(2,320)	9,629
2 Home to School and ASC Transport	128	-	30,290	1,521	-	-	31,939	(4)	(81)	(75)	-	(160)	(31,778)	1
(265) Parking	851	-	1	3,921	-	-	4,773	-	(298)	(7,526)	-	(7,824)	2,786	(265)
35,590 Waste Disposal	449	504	7	62,198	274	4,506	67,938	(7,502)	(17,616)	(5,184)	-	(30,302)	2	37,638
837 Rights of Way/Countryside Management	873	48	24	167	3	-	1,115	(48)	(80)	(195)	-	(323)	10	802
793 Other Transport & Operational Services	1,188	50	671	162	-	35	2,106	-	-	(160)	-	(160)	(1,027)	919
45,017 Subtotal	3,795	602	30,993	85,607	277	4,541	125,815	(13,070)	(18,476)	(13,218)	-	(44,764)	(32,327)	48,724
Highways														
1,258 Contract Management	1,181	6	11	1,337	-	709	3,244	-	-	(1,944)	-	(1,944)	21	1,321
15,252 Contract Costs (fixed and reactive)	-	2,094	-	18,684	-	-	20,778	-	(250)	(4,330)	-	(4,580)	-	16,198
651 Non Contract Works	-	1	-	428	135	-	564	-	(30)	(7)	-	(37)	-	527
17,161 Subtotal	1,181	2,101	11	20,449	135	709	24,586	-	(280)	(6,281)	-	(6,561)	21	18,046

2025/26 Rebased Net Budget	2026/27													
	Employees	Premises	Transport	Supplies and Services	Third Party & Transfer Payments	Financing and Transfer to Reserves	Total Expenditure	Government Grants	Other Grants and Contributions	Fees, Charges & Receipts	Financing and Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Planning & Environment														
434 Environment	438	70	2	429	4	-	943	-	(271)	(356)	-	(627)	3	319
1,033 Planning	1,850	-	15	331	-	-	2,196	-	(20)	(1,292)	(60)	(1,372)	25	849
5 High Weald	730	27	4	351	-	-	1,112	(414)	(734)	-	-	(1,148)	36	-
1,472 Subtotal	3,018	97	21	1,111	4	-	4,251	(414)	(1,025)	(1,648)	(60)	(3,147)	64	1,168
1,991 Economic Development Skills and Growth	1,365	-	8	532	-	-	1,905	-	(358)	(50)	-	(408)	(98)	1,399
3,122 Management & Support	2,680	-	6	1,648	31	1,479	5,844	(1,033)	(1,792)	-	-	(2,825)	(34)	2,985
76,835 Total	20,270	4,627	31,136	111,506	447	6,729	174,715	(14,936)	(23,543)	(23,850)	(104)	(62,433)	(32,370)	79,912

Main changes between years	£'000
Rebased Net Budget 2025/26	76,835
Growth / Pressures	1,647
Inflation	3,264
Savings	(1,257)
Tfrs between depts	(11)
Other	(566)
Departmental Estimate 2026/27	79,912

2025/26	Rebased Net Budget	2026/27													
		Employees	Premises	Transport	Supplies & Services	Transfers & Third Party Payments	Financing & Transfers to Reserves	Total Expenditure	Government Grants	Other Grants & Contributions	Fees, Charges & Receipts	Financing & Planned Use of Reserves	Total Income	Internal Recharges (exp & inc)	Net Service Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
2,839	Corporate Governance	1,667	2	19	1,207	417	-	3,312	-	(79)	(45)	-	(124)	1	3,189
	Corporate Support														
1,269	Communications	1,252	-	1	-	-	-	1,253	(53)	(50)	(1)	-	(104)	(2)	1,147
2,433	Legal	2,523	-	10	107	-	-	2,640	-	-	(281)	-	(281)	-	2,359
3,702	Subtotal	3,775	-	11	107	-	-	3,893	(53)	(50)	(282)	-	(385)	(2)	3,506
2,038	Coroners	1,026	433	10	583	-	-	2,052	-	-	-	-	-	-	2,052
923	Senior Management & Organisational Development	627	-	3	326	-	-	956	-	-	-	(53)	(53)	-	903
9,502	Total	7,095	435	43	2,223	417	-	10,213	(53)	(129)	(327)	(53)	(562)	(1)	9,650

Main changes between years	
	£'000
Rebased Net Budget 2025/26	9,502
Growth / Pressures	462
Inflation	28
Savings	(143)
Tfrs between depts	(1)
Other	(198)
Departmental Estimate 2026/27	9,650

Introduction

The planned capital programme supports the Council's Capital Strategy to 2045/46. It comprises targeted basic need investment that supports services in the delivery of priority outcomes and is supported by a planned programme to 2035/36. It includes providing for essential school places, investments in roads and transport infrastructure, support for climate change initiatives, enhancing the life of existing assets and ensuring they are fit for purpose, as well as support for strategic investment.

The proposed programme includes:

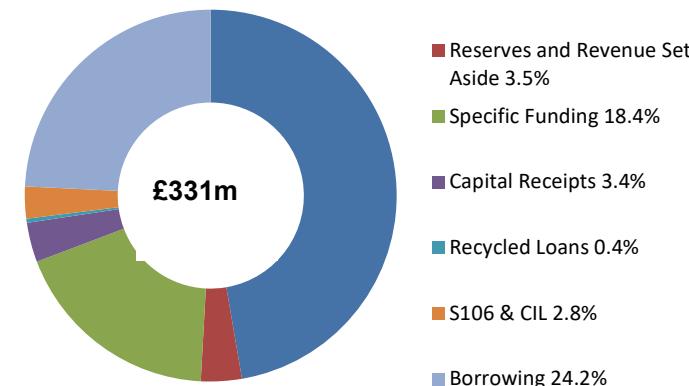
- Investment in the roads and transport infrastructure, to reflect the importance we place on our road network and its role in providing connectivity for our businesses and communities.

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Investment to support essential works to highway structures and to address a backlog of life-expired street lighting columns.

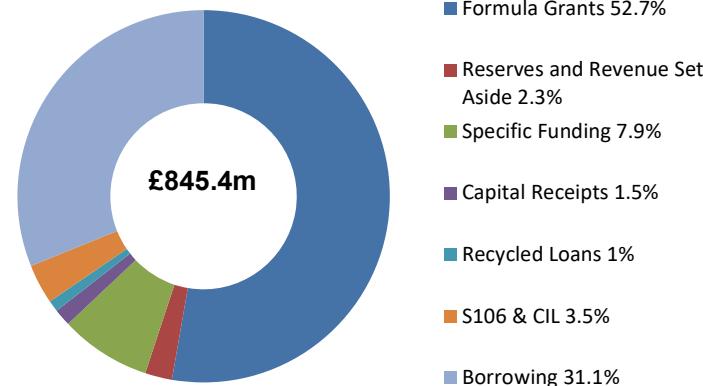
- Providing necessary school places and school access initiatives, safeguarding and temporary accommodation.
- Investment for important additional school places for pupils with Special Educational Needs and Disabilities (SEND).
- Capital Building Improvements and energy saving measures;
- Essential Libraries work to keep libraries in their current condition
- Support of Economic Growth and Strategic Infrastructure investment.
- Supported accommodation and improvements

Total 10 year Programme of £845.4m comprising:

MTFP Programme to 2028/29



Programme 2025/26 to 2035/36



An estimated 53% (£445.7m) will be funded from Government grants, with 11% (£96.1m) funded from scheme-specific income, requiring the remaining 36% (£303.6m) funded locally through borrowing, capital receipts, recycled loans and use of reserves set aside for a specific purpose.

Capital programme - current programme and resources

Capital Programme	2025/26	2026/27	2027/28	2028/29	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Remaining Budget Total	
	Current Yr	MTFP Period				Programme Total								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Adult Social Care		1,868	183		2,051								2,051	
Business Services		35,790	37,267	15,221	13,373	101,651	21,776	20,641	41,535	39,010	39,781	22,208	17,154	
Children's Services		2,789	2,451	1,924		7,164							7,164	
Communities, Economy & Transport		58,310	82,265	48,757	44,433	233,765	49,592	41,007	40,285	44,474	40,465	41,960	40,858	
Gross Expenditure by Department	98,757	122,166	65,902	57,806	344,631	71,368	61,648	81,820	83,484	80,246	64,168	58,012	845,377	
<i>Corporate Slippage Risk Factor - Expenditure</i>		(2,178)	(20,633)	6,536	2,684	(13,589)	1,941	1,941	1,941	1,942	1,942	1,941	1,941	
Revised Gross Expenditure	96,581	101,533	72,438	60,490	331,042	73,309	63,589	83,761	85,426	82,188	66,109	59,953	845,377	
<i>Corporate Slippage Risk Factor - Income</i>		1,129	10,706	(3,391)	(1,392)	7,052	(1,007)	(1,007)	(1,007)	(1,008)	(1,008)	(1,007)	(1,008)	
Section 106 and CIL		(5,124)	(3,812)	(602)	(25)	(9,563)	(1,097)	(927)	(25)				(11,612)	
Grants from non-departmental public bodies														
Other Specific Funding		(24,683)	(33,025)	(8,641)	(553)	(66,902)							(66,902)	
Net Expenditure	67,903	75,402	59,804	58,520	261,629	71,205	61,655	82,729	84,418	81,180	65,102	58,945	766,863	
Current Funding Assumptions														
Page 5	2025/26	2026/27	2027/28	2028/29	2025-30	2031-35	Total							
	MTFP Period				Programme Total	Programme	Resource							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000							
Capital Receipts		1,288	4,449	2,102	3,461	11,300	1,293	12,593						
Formula Grants		30,714	38,059	40,881	46,930	156,584	289,119	445,703						
Section 106 and CIL Target		671				671	16,930	17,601						
Recycled Loans		274	300	300	300	1,174	7,040	8,214						
Reserves and revenue set aside		5,680	2,586	1,409	2,056	11,731	8,099	19,830						
Borrowing		29,276	30,008	15,112	5,773	80,169	182,753	262,922						
		67,903	75,402	59,804	58,520	261,629	505,234	766,863						

Adult Social Care	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Specific Projects:												
Greenacres				140								140
Learning Disability Supported Living Scheme		1,868		43								1,911
Gross Expenditure	1,868	183	0	2,051								
S106 & CIL												
Grants from non-departmental public bodies												
Other Specific Funding		(1,868)		(183)								(2,051)
Net Expenditure	0	0	0	0	0	0	0	0	0	0	0	0

Business Services	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total	
	MTFP Period												
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Target led basic need:													
Schools Basic Need (delivered on behalf of CSD)	664	400	400	400	4,617	4,092	23,765	23,241	23,503	3,725	787	85,594	
Special Educational Needs (delivered on behalf of CSD)	2,659	4,078	1,000	500	500	500	500	500	500	500	500	11,737	
Special Educational Needs – Additional Places (delivered on behalf of CSD)	6,621	9,181	250									16,052	
Capital Building Improvements (Schools)	4,800	7,121	5,012	5,012	5,012	5,012	5,012	5,012	5,012	5,012	5,012	57,029	
Capital Building Improvements (Corporate)	4,400	4,250	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	44,650	
IT & Digital Strategy Implementation	4,144	4,099	2,102	3,461	7,647	7,037	8,258	6,257	6,766	8,971	6,855	65,597	
IT & Digital Strategy implementation - Oracle Implementation	7,710	8,037	2,457									18,204	
Specific Projects:													
Disability Children's Homes (delivered on behalf of CSD)	14											14	
Westfield Lane (delivered on behalf of CSD)	17											17	
Youth Investment Fund (delivered on behalf of CSD)	1,745											1,745	
Hollington Youth Centre (delivered on behalf of CSD)	2,992	101										3,093	
IT & Digital Strategy implementation (utilising automation)	24											24	
Gross Expenditure	35,790	37,267	15,221	13,373	21,776	20,641	41,535	39,010	39,781	22,208	17,154	303,756	
S106 & CIL	(1,169)				(1,072)	(902)						(3,143)	
Grants from non-departmental public bodies													
Other Specific Funding	(4,737)	(101)										(4,838)	
Net Expenditure	31,053	35,997	15,221	13,373	20,704	19,739	41,535	39,010	39,781	22,208	17,154	295,775	

Children's Services	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Target led basic need:												
Schools Delegated Capital	1,150	1,150	1,150									3,450
Specific Projects:												
House Adaptations for Disabled Children's Carers Homes	430	109										539
Hastings and Rother Skills Capital	93											93
Youth Service Mobile Resource Bus	53											53
Children's Services Essential System Developments	1,063	1,192	774									3,029
Gross Expenditure	2,789	2,451	1,924	0	7,164							
S106 & CIL												
Grants from non-departmental public bodies												
Other Specific Funding	(1,726)	(1,259)	(1,150)									(4,135)
Net Expenditure	1,063	1,192	774	0	3,029							

Communities, Economy & Transport	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total		
	MTFP Period													
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Target led basic need:														
Highways Structural Maintenance	18,375	20,948	25,094	28,531	32,452	32,452	32,452	32,452	32,452	32,452	32,452	320,112		
Bridge Assessment Strengthening	3,480	7,758	1,830	1,885	1,942	2,000	2,060	2,122	2,186	2,252	2,320	29,835		
Rights of Way Surface Repairs and Bridge Replacement Programme	810	662	702	744	789	836	886	939	995	1,055	1,118	9,536		
Street Lighting and Traffic Signals (life expired)	2,396	2,450	3,565	1,095	1,135	1,192	1,250	1,310	1,372	1,436	1,508	18,709		
Specific Projects:														
Broadband	338	500	500	500								1,838		
Climate Emergency Works	242											242		
Flood & Coastal Resilience Innovation Programme	910	613										1,523		
Flood Management and SuDS in Schools	445											445		
Urban Tree Challenge	15	15	15									45		
Bexhill & Hastings Link Road Complementary Measures	132											132		
Community Match Fund	451											451		
Economic Growth & Strategic Infrastructure Programme														
Economic Intervention Fund - Loans		300	300	300	300	300	177					1,677		
Growing Places Fund Loan Scheme	650					767		4,191		1,305		6,913		
Other Integrated Transport Schemes	2,737	5,653	4,720	5,355	8,003	2,941	2,941	2,941	2,941	2,941	2,941	44,114		
Integrated Transport Schemes - A22 Corridor Package	6,092											6,092		
A22 North of Hailsham	272											272		
Safer Roads	28	836										864		
Visually Better Roads	248											248		

Communities, Economy & Transport	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total	
	MTFP Period												
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Local Electric Vehicle Infrastructure			2,320	2,221								4,541	
Gypsy and Traveller Site Refurbishment	137	70	70	70	70	70	70	70	70	70	70	837	
The Keep	212	85	152	628								1,077	
Library Refurbishment	442	456	449	449	449	449	449	449	449	449	449	4,939	
14A Alders Close Heating	188											188	
Community Road Safety Interventions	131	291										422	
Newhaven Port Access Road	28											28	
Real Time Passenger Information	199	68										267	
Passenger Services Software	5											5	
Bus Service Improvement Plan - Bus Prioritisation	1,231	9,812	1,190	1,213	1,236							14,682	
Bus Service Improvement Plan - Passenger Transport	804	3,034	3,094	3,156	3,216							13,304	
Queensway Depot Development (Formerly Eastern)	1											1	
Queensway Gateway Road	5,316											5,316	
Exceat Bridge	2,587	9,243	4,855	507								17,192	
Waste Transfer Stations Fire Suppression		1,215										1,215	
Emergency Active Travel Fund - Tranche 2	403											403	
Area-wide Traffic Management Scheme - Schools Streets	154											154	
Schools Streets (Countywide Plan)	61	100										161	
Area-wide Traffic Management Scheme - Eastbourne Liveable Town Centre	80	202	32									282	

Communities, Economy & Transport	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Budget Total
	MTFP Period											
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hastings Town Centre Public Realm and Green Connections	1,024	8,681										9,705
Local Enterprise Funded Schemes												
Eastbourne Town Centre Phase 2a	2,290	1,933										4,223
Eastbourne Town Centre Phase 2b	4,328											4,328
Eastbourne/South Wealden Walking & Cycling Package	183	1,720										1,903
Hailsham/Polegate/Eastbourne Movement & Access Corridor	150	160										310
Hastings & Bexhill Movement & Access Package	735	3,140										3,875
Gross Expenditure	58,310	82,265	48,757	44,433	49,592	41,007	40,285	44,474	40,465	41,960	40,858	532,406
S106 & CIL	(5,124)	(2,643)	(602)	(25)	(25)	(25)	(25)	(25)	(25)			(8,469)
Grants from non-departmental public bodies												
Other Specific Funding	(16,352)	(31,482)	(7,491)	(553)								(55,878)
Net Expenditure	36,834	48,140	40,664	43,855	49,567	40,982	40,260	44,474	40,465	41,960	40,858	468,059

	Anticipated Balance 31st Mar 2026 £'000	Net planned Movements 2026/27 £'000	Anticipated Balance 31st Mar 2027 £'000	Estimated Balance 31st Mar 2030 £'000
Held on behalf of others or statutorily ringfenced				
Balances held by Schools	16,043	0	16,043	16,043
Extended Schools	1,533	0	1,533	1,533
Schools Supply Teacher Insurance	162	0	162	0
Schools	17,738	0	17,738	17,576
Public Health	1,107	(289)	818	634
High Weald	252	0	252	252
Car Parking	1,031	0	1,031	600
Lewes Athletics Track	19	0	19	19
The Keep - Archive Service	552	0	552	357
Sussex Air Quality Partnership	12	0	12	0
EU Exit Funding	427	0	427	427
IT&D Partnerships	90	(39)	51	0
Subtotal held on behalf of others or statutorily ringfenced	21,228	(328)	20,900	19,865
Service-Specific Reserves:				
Corporate Waste	14,735	4,506	19,241	7,409
Capital Programme	0	0	0	0
Insurance Risk	3,678	0	3,678	3,497
Total Named Service Reserves	18,413	4,506	22,919	10,906
Strategic Reserves:				
Priority Outcomes and Transformation reserve: to fund transformation programmes to change, protect and improve Council services	4,401	(650)	3,751	1,874
Financial Management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy	6,050	(1,225)	4,825	3,306
Total Strategic Reserves	10,451	(1,875)	8,576	5,180
General Fund	10,000	0	10,000	10,000
Total Reserves	60,092	2,303	62,395	45,951

This table provides a summary of planned movements in and out of the individual reserves over the financial year 2026/27, plus estimated balances by March 2030.

Explanation of key terms

Balances

A working balance is needed so that payments can be made before income is received, and as a cushion against unexpected expenditure during the year.

Band D Property

Property band commonly used to specify the average council tax. The band includes property values between £68,001 and £88,000 (as at 1st April 2012).

Budget

An expression mainly in financial terms of the Council's policy for a specific period.

Business Rates

A charge on commercial and industrial buildings fixed by the Government and collected by District and Borough Councils. As of 2013/14 a proportion is retained and shared locally amongst authorities (including Fire & Rescue), rather than going to the Government for redistribution on a national basis. That part of business rates going to Government is redistributed as "Top-Up" grant, where local need is assessed as greater than the share of business rates retained locally. All County Councils are "Top-Up" authorities, receiving only a small share of business rates.

Depreciation

Amounts charged to services revenue for the use of assets/infrastructure.

Capital Expenditure / Capital Programme

Expenditure on the acquisition of assets, or which adds to rather than maintains the value of existing assets. It is financed mainly from borrowing and charged to the revenue account over a number of years.

Capital Financing

Capital expenditure is financed by loans, Government grants, external contributions (e.g. developers' contributions to specific schemes) contribution from the revenue account, and proceeds from the sale of assets. The revenue budget bears the cost of direct revenue contributions, together with interest and the provision for repayments of these loans.

Capital Receipts

Income received from the sale of capital assets, together with specific contributions, including Government grants, towards capital expenditure.

Contingency

A sum set aside to meet future pay and price rises over and above provision made in departmental budgets.

Council Tax Requirement

This is an amount calculated, in advance of each year, by each billing authority (e.g. Lewes District Council) and by each major precepting authority, (e.g. East Sussex County Council). It is the amount of revenue to be met from Council Tax, and is equivalent to an authority's Band D Council Tax multiplied by its council tax base.

Dedicated Schools Grant (DSG)

A major ring-fenced government specific grant, introduced in 2006/07, which provides funding for schools and schools-related expenditure.

Earmarked Reserves

Reserves which are set aside for specific purposes.

Government Grants

Contributions by central Government towards either the revenue or capital cost of local authority services.

Levies

A contribution which the County Council is required to make towards the costs of Ashdown Forest Conservators, Environment Agency (for flood defence) and Sussex Inshore Fisheries and Conservation Authority.

Net Budget Requirement

The total expenditure (after deduction of income) that the Council can finance from the aggregation of Revenue Support Grant, Business Rates and Council Tax.

New Homes Bonus

A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

Precept

The income which the Council requires a District or Borough Council to raise on its behalf from Council Tax.

Provisions and Reserves

Provisions are made from liabilities and losses which are likely or certain to be incurred but the amount or dates on which they will arise cannot be determined accurately. Internal reserves are set aside to finance future expenditure for purposes falling outside the definition of provisions.

Revenue Expenditure

Expenditure that the Council incurs on the day-to-day costs of providing services including principally on pay, running costs of buildings, equipment, third party payments and capital financing costs.

Revenue Support Grant (RSG)

Additional funding received from central government, outside that received through the business rates retention scheme.

Slippage

Actual capital payments or income, spent or received in a year different to that planned in the capital programme.

Specific and Special Grants

Grants paid by central Government for specific services and allocated to local authorities according to specific policies criteria.

Supported Borrowing

The level of borrowing that the Government will support via grant towards interest and principal repayments.

Tax Base

All domestic properties are placed in one of eight valuation bands. The council tax base is calculated according to Government regulations to assess, by proportion, the equivalent number of Band D properties. The County's net expenditure is divided by this number to give the council tax levy.

Third Party Payments

Payments made to agencies and contracted service providers, e.g. payments to private sector nursing homes.

Transfer Payments

Money paid by a local authority to an individual specifically to enable them to pay someone else e.g. awards paid to students to enable them to pay fees.

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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 2025/26				To be agreed and actioned for 2026/27 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 Reassignment	Ethnicity	Marriage / Civil Partnership	Pregnancy / Maternity	Religion / Belief	Sexual Orientation	No impacts identified
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											

Business 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 Partnership	Pregnancy / Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information	
Finance, Procurement & Human Resources (HR)	To explore the potential opportunities for reducing the Business As Usual (BAU) costs of Oracle (phase 2) having now successfully gone live.	The successful go-live and exiting of hypercare for phase 2 may present opportunities to reduce costs and/or operate more efficiently, though this would need to be considered against the need to ensure that the system continues to run effectively.		271			271										Y		
Finance & HR	GoodShape contract - centralise budgets from 2026/27	Corporate Management Team have agreed, in principle, to ending the GoodShape contract and to use Oracle for sickness absence reporting. It is expected that the contract will cease December 2026, dependent on completion of Oracle Phase 3 (HR & Payroll).	176	44	132		176										Y		
All Depts	Mobile Phone rationalisation	Following roll out of the permissions for staff to use their own phones where appropriate, reduce mobile phone allocations and data usage by approximately 10%.	399	40			40										Y		
TOTAL Business Services - Proposed New Savings				355	132	0	487												

Business Services - 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 Reassignment	Ethnicity	Marriage / Civil Partnership	Pregnancy / Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information	
Property (Joint Use)	Review of Joint Use Agreements	As joint use agreements are renewed and placed on longer term or alternative footings, less property resource would be required to support them	300		100		100										Currently unknown - is dependent on the arrangements put in place		
Business Services Department (BSD)	Review of support services across the department	Service reviews will be undertaken to ensure capacity within support services is aligned to changed organisational needs and resources. In the medium term this is likely to result in reductions in capacity/staffing in a number of services. In the short term it is necessary for BSD to retain the capacity to support the delivery of wider savings. For example, it is not possible to undertake robust staff consultations without Human Resources (HR) support or to make changes to the uses of certain assets without Property support.	26,105		725		725										Y		
TOTAL Business Services - Previously Identified Savings - to be agreed and actioned for 2026/27 onwards				0	825	0	825												

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 Partnership	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												

Communities Economy and Transport - 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 Partnership	Pregnancy / Maternity	Religion / Belief	Sexual Orientation	No impacts identified	Further Information	
Transport Development Planning	Increase in developer contribution income reflecting likely increased activity.	Income particularly dependent upon market conditions. Should there be an unexpected downturn in the market and/or local matters that stall the delivery of development, then this will impact upon the ability to achieve this additional income.	267	50	50		100										Y		
Environment	Review of Climate Change activities and resources.	Will inhibit the County Council's ability to deliver the objectives of the Climate Change Action Plan.	227	75			75										Y		
Highways	Review and optimise the winter gritting routes, including benchmarking our current winter maintenance approach with other highway authorities.	Place Scrutiny will be asked to consider any revised policy, risks and mitigations associated with this saving.	1,100	275			275												
Highways	Resource reduction reflecting cessation of community match programme.	The Community Match initiative has now been removed and the remaining functions will be managed within the existing staffing resources.	44	44			44									Y			
Highways	Removal of the wooden Finger Post match funding budget to Parish Councils.	This may have reputational impacts resulting in Parish dissatisfaction.	0	20			20									Y			
Waste	Further efficiencies as a result of Simpler Recycling following the introduction of food waste collections.	Limited impact.	33,317	57	25		82									Y	Introduction of food waste collection across all areas will reduce Veolia's compensation as waste is coming into contract and being tipped at Woodlands in ESCC's facility.		
Registration	Relocation of Hastings Registration office to Hastings Library.	Relocating Hastings Registration Office offers value for money, would deliver an improved and enhanced library and Registration Office, and will make the best use of library buildings.		50	50		100									A full EqA has been undertaken			
Road Safety	Review of road safety training and engagement.	The changes would require driver training booking to be decentralised and administered by individual teams. There would be a greater use of standard responses and reduced face to face engagement to accommodate the additional responsibilities absorbed within the team. Parish Council engagement would change to reflect resource reallocation.		40			40									Y			
Directors Executive Support	Restructure of resource.	In the medium term this is likely to result in reductions in capacity/staffing in a number of services. The review has been aligned to the departments support needs.		25			25									Y			
Economic Development	Impact of Mayoral Combined County Authority (MCCA)	tbc		tbc	tbc	tbc	tbc												
TOTAL Communities, Economy & Transport				636	125	0	761												

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 Reassignment	Ethnicity	Marriage / Civil Partnership	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 Reassignment	Ethnicity	Marriage / Civil Partnership	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												

Equalities implications

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation, care experience and being a carer, where relevant.

Prior to making a decision on the budget, Members must have due regard to the Equality Duty contained in Section 149 of the EA. Assessing the impact of proposed changes to policies, procedures and practices is not just something the law requires, it is a positive opportunity for ESCC to ensure it makes good decisions based on robust evidence.

Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead, it requires that Members understand the consequences of the decision for people with the relevant protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative, course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question and should be proportionate. Where a decision is likely to have an impact on a significant number of people, or where it is likely to have a significant impact on even a small number of people, the regard required will be high. Even though the Council is not making decisions about specific saving proposals, in setting the Budget it is necessary for the Council to begin to understand the potential impacts.

This means that in setting the Budget, the three equality aims set out above must be considered as a relevant factor alongside financial constraints and all other relevant considerations. Members must consider the potential equalities impacts, as identified, of savings proposals (including any proposed amendments). Despite maximising efficiency and exploiting new ways of working, the business planning process for 2026/27 and beyond requires difficult choices to be made both within and between portfolios and services.

It is open to the Council to formulate its budget proposals (having regard to the likely impact on protected characteristics, as set out in the table), and then, at the time of developing the policies, to consider in greater detail the specific impact of the proposed policies that might be implemented within the budgetary framework.

The EA does not require the use of a specific template for an equality impact assessment (EqIA); however, cases considering the public sector equality duty have held that a documented impact assessment is the best way to demonstrate that the equalities impacts have been identified and considered. As such, an assessment of the likely impacts of proposals or policies on those with protected characteristics must be carried out at a formative stage, and before implementation. In this way, the EqIA will form an integral part of the Council's policy setting. Proposals will only be implemented after due regard has been paid to the need to achieve the three aims set out in Section 149 of the EA.

A high level assessment of the equality impacts of the proposed savings is set out within the table attached. Specific executive decisions as to how achieve savings within the agreed budget limit will be taken by the relevant portfolio holders and Directors, and shall be made based on a clear understanding of what the potential equality impacts of doing one thing rather than another will be. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another or, where necessary to go back to County Council and invite it to reconsider the allocation to different service areas.

Members must read the equality impact assessments and take their findings into consideration when determining these proposals.

Findings on possible impact from an overall review of savings proposals

The tables attached show the potential impact of the initial, suggested reductions in budgets for each department and highlights that the budget reductions are mostly identified as having no disproportionate impacts on people sharing specific legally protected characteristics. Where potential negative impacts have been identified an equality impact assessment has been or will be completed to describe those impacts, identify mitigating actions and how far those actions will reduce, remove or avoid those negative impacts.

Members will need to ensure that the impacts on those sharing protected characteristics are considered when either revising or removing current services, or where services transfer to partner organisations. Additional work will be required to identify the impacts on those sharing protected characteristics, which will take place as policies are developed, following the setting of the revenue budget.

The public sector equality duty set out in the EA is a continuing one, and it will therefore be necessary to monitor the effects of decisions and policies, not only during their formulation, but also after implementation.

In preparing the budget and considering individual savings proposals, Members have, in addition to the Section 149 Public Sector Equality Duty, to consider whether the budget as a whole and the individual savings proposals identified will indirectly discriminate against persons with any of the protected characteristics. Indirect discrimination occurs where a practice, policy or rule of the County Council which otherwise seems neutral (i.e. it applies to everyone affected in the same way) nevertheless places people with one or more of the protected characteristics at a particular disadvantage.

Even where a particular disadvantage has occurred, the proposal will not amount to indirect discrimination if it can be demonstrated that there is an objective justification for the proposal; i.e. that the proposal is a proportionate means of achieving a legitimate aim. Where it can be demonstrated that a particular savings proposal is a proportionate means of achieving a legitimate aim, that proposal will not be indirectly discriminatory. However, if there is no legitimate aim, or if the means of achieving the aim are not proportionate, for a savings proposal which creates a particular disadvantage, that savings proposal would amount to indirect discrimination and would be unlawful under the Equality Act 2010.

The consideration of indirect discrimination has included an analysis of (a) whether there is any particular disadvantage as a result of each relevant proposal, (b) whether there is a legitimate aim and (c) whether the means of achieving the aim is proportionate. The legitimate aims that relate to the savings proposals are:

- the County Council must achieve savings to its budget;
- across the Council's budgets, all areas are facing a reduction in funding (and therefore, looking at the budget more broadly, all protected characteristics will be impacted by reductions in service); and
- the County Council must deliver its statutory services and therefore a significant proportion of the available funding must be used for those statutory services.

Where it has been identified that a proposal may have a particular disadvantage, consideration has to be given as to whether there may be a more proportionate means of achieving these aims. It is considered that both the overall budget, and the specific savings proposals identified are a proportionate means to achieve the Council's legitimate aims set out above.

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East Sussex County Council
Council Tax Precepts for 2026/27 (DRAFT)

	£	£	£
Gross Expenditure		1,269,952,000	
Income		576,719,000	
Net Budget			693,233,000
Business Rates	18,545,000		
Business Rates Top Up	69,069,000		
Revenue Support Grant	94,314,000		
Local Authority Better Care Grant	26,865,000		
Children, Families and Youth Grant	6,656,000		
Homelessness, Rough Sleeping and Domestic Abuse Grant	1,389,000		
Exceptional Financial Support	55,631,000		
<i>Previous year's surpluses/(deficits)</i>			
Collection Fund Adjustment	- 3,942,303		
Council Tax Collection Fund	3,942,208		
		272,468,905	272,468,905
Council Tax Requirement			420,764,095
<i>Tax base (total equivalent Band D properties)</i>			214,643.8
Basic council tax			1,960.29
Therefore Council Tax per Category of Dwelling:-			
		<i>Proportion of Basic Council Tax</i>	<i>£</i>
Band A		6/9	1,306.86
Band B		7/9	1,524.67
Band C		8/9	1,742.48
Band D		9/9	1,960.29
Band E		11/9	2,395.91
Band F		13/9	2,831.53
Band G		15/9	3,267.15
Band H		18/9	3,920.58
Precept to Each Billing Authority		<i>No of band D equivalent dwellings</i>	<i>£</i>
Eastbourne		36,685.2	71,913,631
Hastings		28,058.0	55,001,817
Lewes		39,173.0	76,790,440
Rother		40,045.3	78,500,401
Wealden		70,682.3	138,557,806
Total			214,643.8
			420,764,095

Schedule of Instalments for payment from Districts & Boroughs

- 10 April 2026
- 19 May 2026
- 25 June 2026
- 31 July 2026
- 08 September 2026
- 14 October 2026
- 19 November 2026
- 29 December 2026
- 04 February 2027
- 12 March 2027

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Reserves and Budget Robustness Statement

1.0 Chief Finance Officer Statement on the Budget Robustness

- 1.1 Section 25 of the Local Government Act 2003 places a statutory duty on the “Chief Financial Officer” (Section 151 Officer) to review the Medium Term Financial Plan and comment upon the robustness of the budget and the adequacy of the reserves to be held by the authority when it is making the statutory calculations required to determine its Council Tax or precept. The authority is required to take this report into account when making that decision.
- 1.2 Section 26 of the Local Government Act 2003 places an onus on the Chief Financial Officer to ensure the authority has established a minimum level of reserves to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

2.0 Role of the Chief Finance Officer

- 2.1 Under Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, the Chief Finance Officer (CFO) is responsible for the proper administration of the Council's financial affairs.
- 2.2 The statutory duties of the CFO are set out in the Constitution of the County Council. This includes the requirement to report to the County Council, Cabinet, and external auditor if the Council's expenditure is likely to significantly exceed the available resources.
- 2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has published a statement on the Role of the CFO in Local Government. The Statement requires that, to ensure that they can operate effectively and perform their core duties, the CFO:
 - is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
 - must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
 - must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

3.0 Statement of the Chief Finance Officer

- 3.1 The Council faces a **financial gap of £55.6m for 2026/27**. In previous years, balanced budgets were achieved through significant planned draws from reserves: £14.3m in 2024/25, and £11.4m in 2025/26 alongside the delivery of savings of £13.5m and efficiency measures. Combined with significant in-year overspends, this

approach has now exhausted strategic reserves to a level that leaves minimal flexibility to manage unforeseen pressures.

- 3.2 The remaining reserves are now at a level I consider to be an absolute minimum level required to safeguard the Council against unforeseen risks and volatility. Any further draw on reserves to support the revenue budget would compromise my statutory responsibility as set out in 1.2 of this statement and leave the Council exposed to an unacceptable level of financial risk. Consequently, no additional use of reserves can be recommended to bridge the budget gap for 2026/27.
- 3.3 The **Fair Funding Review 2.0** (FFR2.0) introduces a redistribution of grant funding based on deprivation and council tax capacity, which benefits some authorities but leaves others, particularly counties and rural councils, highly dependent on local taxation. The outcome of **FFR2.0** was not favourable for this authority. The introduction of council tax equalisation, changes to the formula for distributing funding for adult social care, and the use of national indicators for labour costs that do not correlate with the wages required to recruit and retain social care staff, all combined to significantly reduce the levels of grant funding over the settlement period.
- 3.4 The provisional **Local Government Finance Settlement** published on 17 December 2025 confirmed the assumptions in our initial modelling of FFR2.0. As anticipated, the changes to formulae have significantly reduced the Council's share of settlement funding, now known as the Fair Funding Assessment (FFA), which will reduce by £12.6m over the settlement period. As a result, the Council's non-Council Tax Core Spending Power will reduce by 5.8% by 2028/29. The change in grant funding from 2025/26 to 2026/27 is cash neutral, but with inflation currently between 3% to 4%, represents a significant reduction in real terms.
- 3.5 The Council is now in a position where **reserves are no longer sufficient** to close the financial gap and set a balanced budget for 2026/27 and beyond. Previous years relied heavily on planned draws from reserves to balance the budget and mitigate in year overspends, but this approach is no longer viable. Strategic reserves have been depleted to levels that provide minimal flexibility to manage unforeseen pressures, and the Council cannot continue to rely on one-off solutions.
- 3.6 In presenting the 2026/27 budget, it has been necessary to assume that **Exceptional Financial Support (EFS)** will be granted by the Ministry for Housing, Communities and Local Government (MHCLG). EFS would enable the Council to borrow to fund revenue expenditure, allowing a legally balanced budget to be set. This will take the form of a capitalisation directive enabling the council to capitalise the deficit, funded via borrowing. If MHCLG do not grant the capitalisation request the Council will not be able to balance the 2026/27 budget and I will have no option but to use my statutory powers and issue a section 114 notice in the absence of further measures.
- 3.7 EFS is not “free money.” Borrowing for revenue creates future liabilities and interest costs, increasing pressure on the Medium-Term Financial Plan (MTFP). While EFS provides short-term relief, it fundamentally undermines long-term sustainability. Borrowing for revenue does not address the structural gap between recurring income and expenditure, meaning the underlying deficit persists and the amount of accrued debt grows each year. In addition, continued reliance on EFS risks breaching

prudential borrowing limits and could trigger external intervention. Without systemic reform or additional funding, this approach will lead to escalating debt and reduced financial resilience.

3.8 In line with CIPFA guidance and the Prudential Code, the Council will present (as part of the treasury and capital strategies) updated prudential indicators that:

- assess the incremental impact on the revenue budget of any capitalisation-related borrowing, including both interest and the Minimum Revenue Position (MRP) showing affordability over the life of the MTFP;
- ensure that all decisions remain governed by the Prudential Code and capital and borrowing plans are affordable, prudent and sustainable; and
- continue to monitor the Council's capacity to borrow at different levels interest rates, inflation, and timing of capital expenditure.

3.9 The key assumptions underpinning the 2026/27 budget include:

- **A 4.99% increase in Council Tax**, in line with Spending Review expectations and referendum limits.
- Robust and up to date modelling of cost pressures (particularly in social care).
- Delivery of **further savings** on top of those achieved in previous years, despite the cumulative challenge of over a decade of reductions.
- Continued implementation of **spending control measures** across all services to help manage within departmental limits.

Despite these measures, the scale of the deficit means local action alone cannot restore sustainability.

3.10 The budget has been set using the best available estimates of demand pressures, inflation, and risk. It has been subject to review by Chief Officers, other Officers, Members, Cabinet, and Scrutiny Committees to ensure alignment with statutory obligations and corporate priorities.

3.11 In summary, while the proposed budget for 2026/27 is legally balanced, it is neither robust nor sustainable in the medium term. It depends on exceptional measures that cannot be repeated indefinitely. The Council will continue to engage with government directly and via our networks to seek clarity on future funding arrangements and advocate for reforms that address the structural challenges facing local authorities.

4.0 Reserves

- 4.1 The Council's (ESCC) approach to the management and accounting for earmarked reserves is set out in the Reserves and Balances Policy at Annex A. The Reserves have been reviewed using the principles set out in the Policy ensuring that they are reflective of the Council's strategic agenda and the current financial risks and issues the Council faces through the medium term.
- 4.2 It is crucial to bear in mind that the reserves are the only source of financing to which the Council has access to fund risks and one-off pressures over a number of years. If the Council minimises the level of reserves too significantly there is a risk that in

future, the ability to properly manage unforeseen or one-off costs will be significantly impaired. Reserves can only be spent once and the possibility of creating new reserves is limited in an era where budgets are tight and can become overspent, not just individually but corporately.

- 4.3 Reserves are a key element of the Council's financial management arrangements. Reserves can be broadly categorised as follows:

- **General Fund Balance** - a working balance to manage in-year risks if they cannot be managed via other mitigations. It is best practice for a well-run authority to hold such a balance to assist in delivering services over a period longer than one financial year.
- **Earmarked Reserves** - funds that are held to meet known or anticipated future one-off requirements, facilitating transformation and the management and mitigation of future financial risk and uncertainty.

- 4.4 The current reserves position is summarised in the table below and shows the estimated balance at 31 March 2030 is now £46.0m. Of this £5.2m relates to available strategic reserves.

Reserves Balance (£m)	Balance at 1 Apr 2025 £m	Estimated balance at 1 Apr 2026 £m	Estimated balance at 1 Apr 2030 £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
Subtotal named service reserves	36.6	18.4	10.9
Strategic Reserves			
Priority Outcomes and Transformation	5.2	4.4	1.9
Financial Management	11.3	6.1	3.3
Subtotal strategic reserves	16.5	10.5	5.2
Total Earmarked Reserves	78.6	50.1	36.0
General Fund Balance	10.0	10.0	10.0
TOTAL RESERVES	88.6	60.1	46.0

- 4.5 ESCC General Fund Balance and Earmarked Reserves are projected to total £60.1m as of 1 April 2026: a decrease of £28.5m against the actual reserves at 1 April 2025 totalling £88.6m. The table below sets out the estimated movements of earmarked reserves in-year:

Earmarked Reserves	Estimated Movements 2025/26 £m	Key Movements
Held on behalf of others or statutorily ringfenced	(4.3)	(£2.9m) public health (£1.0m) car parking (£0.4m) various movements not exceeding £0.5m individually (net)
Waste Reserve	(5.1)	Planned draw to balance budget during budget setting
Capital Programme Reserve	(9.1)	(£4.6m) planned capital projects and reducing borrowing costs (£4.5m) unplanned draw to balance forecast at Q2
Insurance Reserve	(4.0)	(£2.0m) planned draw to balance budget during budget setting (£2.0m) unplanned draw to balance forecast at Q2
Priority Outcomes and Transformation	(0.8)	Various movements not exceeding £0.5m individually (net)
Financial Management	(5.2)	(£4.2m) transfer to Local Government Reorganisation service reserve; then used to balance budget at Q2 (£0.7m) balance of 2023/24 pay award provision, used for 2024/25 pay award (£0.3m) various other movements (net)
Total Estimated Movements	(28.5)	

- 4.6 Total service and strategic reserves are projected to reduce to £16.1m by 2030. As a result of ongoing demand and inflationary pressures, and a lack of additional government funding, the cumulative deficit is projected to grow to £111.1m by 2028/29, which would significantly exceed the level of reserves available to balance the budget.
- 4.7 At 1 April 2026 the estimated Earmarked Reserves are as follows:
- 4.8 **Held on behalf of others or statutorily ringfenced** amount to £21.2m – most significantly this comprises £16.0m schools' balances which cannot legally be spent on ESCC activities, and ringfenced Public Health Reserve of £1.1m.
- 4.9 **Named Service Reserves** that are set aside to manage a specific financial risk, amount to £18.4m and comprise of a:
- Waste Reserve – to manage financial risks relating to the waste contract and legislative change. These risks are reviewed and managed through this reserve on a 4 year rolling programme; the reserve is shown as reducing to reflect emerging risks, which include but are not limited to reduced recyclate prices increasing disposal costs, and changes in law/compliance with waste regulations/contractor policy change.
 - Capital Programme Reserve – to support the Council's Capital Programme and to reduce the need to borrow, that has a consequential increase in pressure on revenue budgets. Noting that the estimated balance at 1 April 2026 will be zero.
 - Insurance Reserve – this is to fund insurance liabilities that have arisen over previous years, based on the liability estimated by the Actuary and other local

knowledge and represents estimates that may become payable in 2025/26 and beyond.

4.10 **Strategic reserves** are as follows:

- The Priority Outcomes and Transformation reserve – to fund transformation programmes to change, protect and improve Council services and meet the Council's priority outcomes.
- A Financial Management reserve – to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the Chief Finance Officer's robustness statement, including the risk of the pay award being over that planned within the Medium Term Financial Plan. It also enables wider management of the medium-term financial strategy and the investment strategy.

4.11 It is essential that we maintain sufficient reserves to weather ongoing financial uncertainty and the risk associated with reforms of the system. It therefore continues to be a priority to, where possible, bolster the Financial Management reserve and the Priority Outcomes and Transformation reserve where the opportunity presents. However, the worsening financial position since 2023/24, and the absence of a long-term funding settlement has made this approach increasingly difficult.

4.12 As in previous years, any changes to Business Rates and Collection Fund, as a result of movements in District and Borough estimates provided, will be managed through reserves in the form of a collection fund adjustment on the precept notice. Details of the reserves summarised above can be found in the Budget Summary at Appendix 3.

4.13 **SEND Statutory Override**

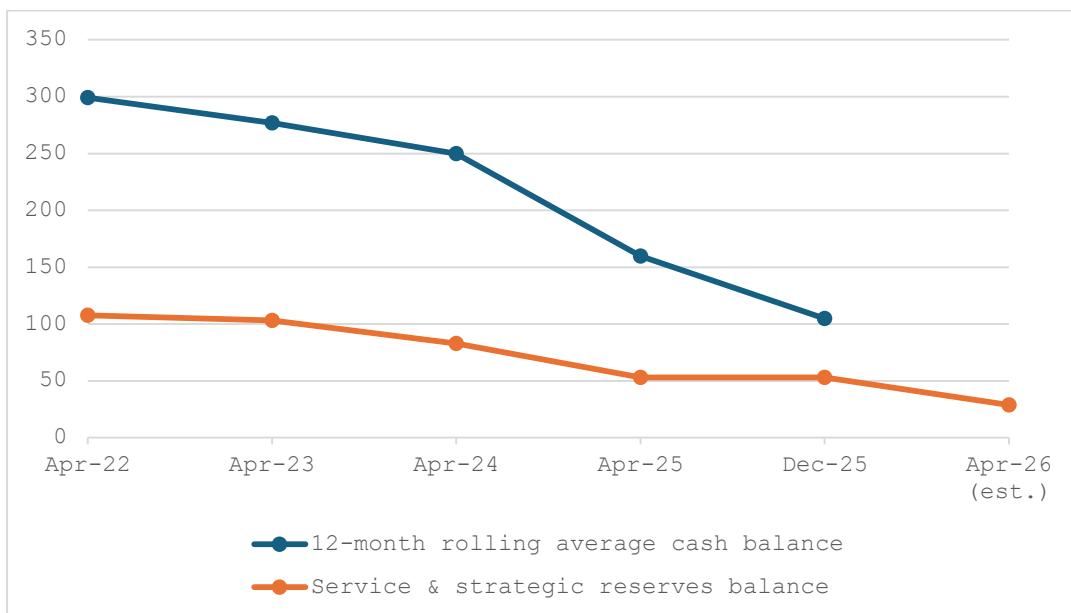
The Council holds a growing Dedicated Schools Grant (DSG) – High Needs deficit relating to SEND, which is currently kept off the Council's general fund balance sheet by a statutory accounting override. The government has extended this override to the end of 2027/28, which mitigates immediate technical risk of insolvency but does not resolve the underlying deficit or funding pressures.

4.14 The SEND deficit is forecast to be £20.1m on 1 April 2026, rising to £76.5m by 31 March 2028, when the statutory override is due to end. At that point, the Council will be required to recognise the full deficit on its balance sheet. This will have serious implications for the Council's financial position and borrowing requirement, as the deficit will need to be funded alongside existing pressures. Given the current level of reserves, if the statutory override were not in place during 2026/27, the council would have to increase any EFS request accordingly.

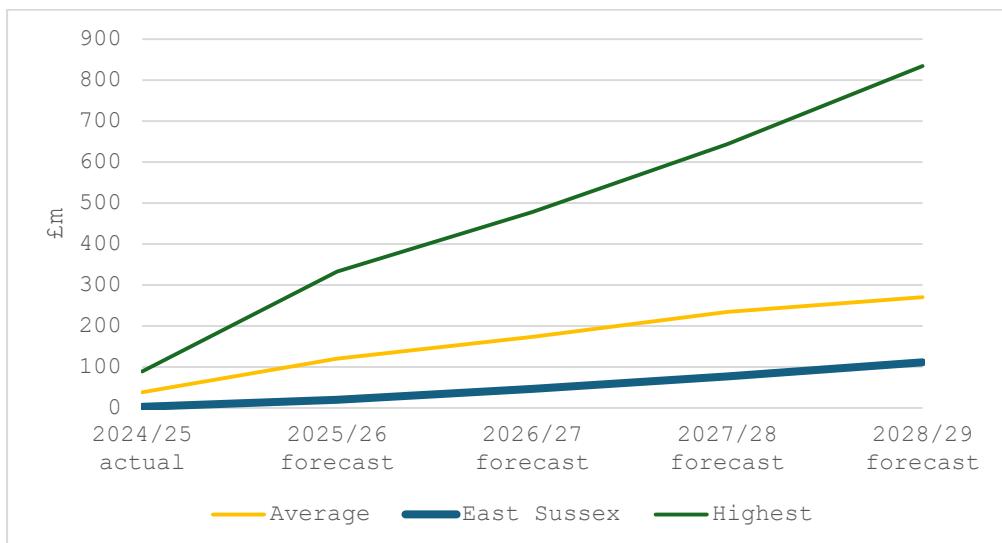
4.15 In forming my view on minimum balances, I have taken explicit account of the extended DSG statutory override to 2027/28 and the continuing national uncertainty around a permanent solution for historic SEND deficits.

5.0 Benchmarking and Performance Data

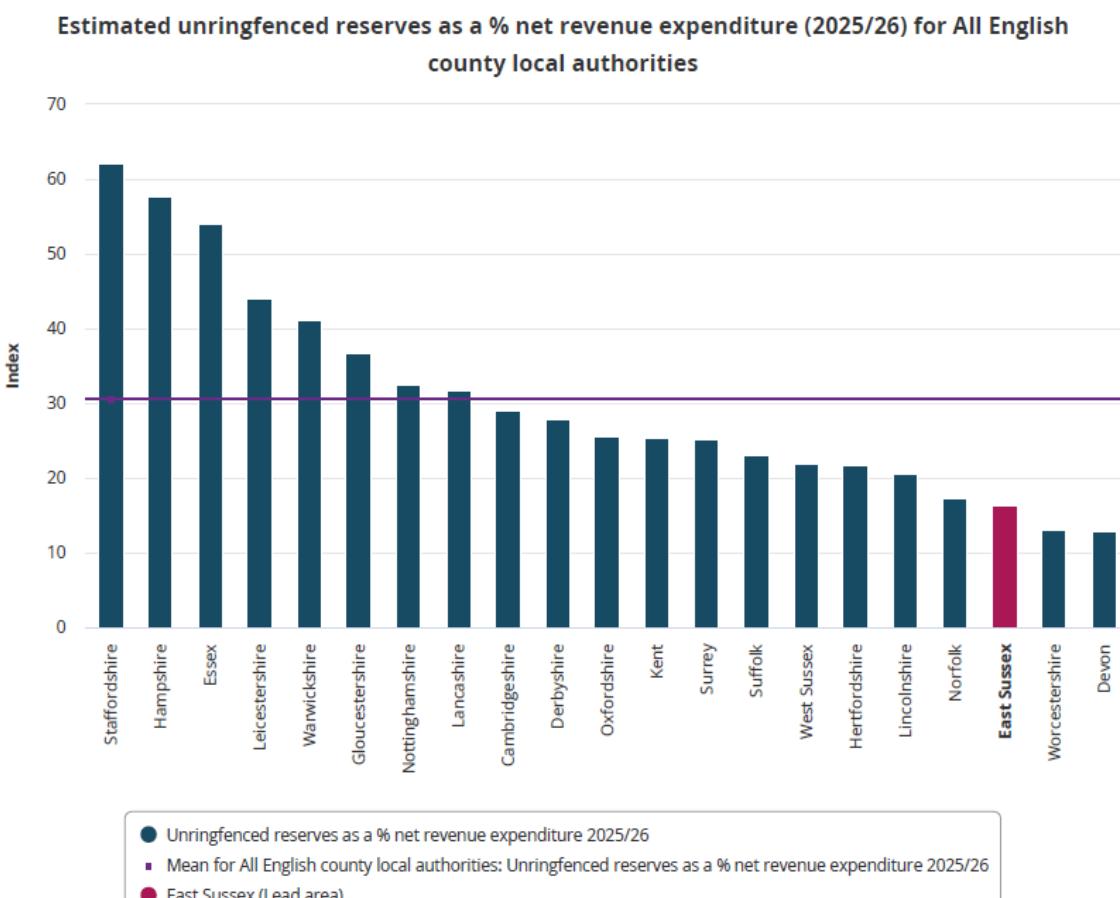
5.1 Recent years have seen a sharp reduction in the council's reserve and cash and short term investment balances. The graph below sets out the 12-month rolling average cash balances and total service and strategic reserves since April 2022.

Graph 1 – ESCC Reserves and Cash Balances 2022-26

- 5.2 As stated at 4.13, the Council holds a growing Dedicated Schools Grant (DSG) – High Needs (HNB) deficit relating to SEND, which is currently kept off the Council's general fund balance sheet by a statutory accounting override. Graph 2 below shows the Council's position compared to (anonymised) data from an informal group of 11 other Local Authorities with whom ESCC share information about Children's Services and Education. It has been announced that there will be no increase in the HNB allocation for 2026/27 which will place additional pressure on the overall deficit.

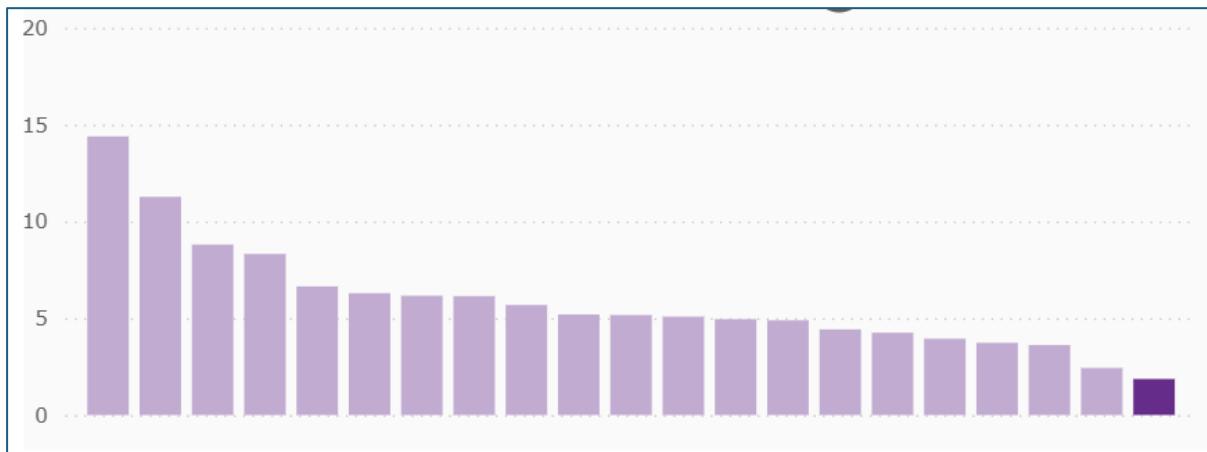
Graph 2 – DSG Forecast Deficits to 2028/29

- 5.3 Graph 3 below shows the LGA's analysis of un-ringfenced reserves as a % of net revenue expenditure in 2025/26. The Council is placed 19th (16th in 2024/25) out of the 21 counties with available data, with reserves at 16% (26% in 2024/25) of net revenue expenditure.

Graph 3: Un-ringfenced Reserves as a % of Net Revenue Expenditure 2024/25

Source:
 Local Government Association

- 5.4 For the **General Fund Balance** there are two main approaches taken by Councils to determine their required minimum level; past guidance recommended that general fund should be equivalent to a certain percentage of an authority's budget but in recent years that prescribed level has been replaced by an assumption that finance officers will set aside an amount that they feel is appropriate given the levels of risk facing their authority.
- 5.5 The CIPFA Resilience Index provides a number of indicators of the robustness and reasonableness of levels of reserves; one indicator looks at the current level of unallocated reserve (General Fund) as a percentage of net revenue expenditure (NRE), using RO data from 2024/25. East Sussex is the lowest at 1.86%, the next lowest being 2.43% and the highest being 14.39%.

Graph 4: Unallocated Reserve as a % of Net Revenue Budget 2024/25

- 5.6 Despite holding the lowest percentage of General Fund compared to other county councils at 1.86%, in addition the Council holds a general contingency within the base revenue budget to cushion the impact of unexpected events and emergencies in year. This contingency is set at 1% of NRE less Treasury Management.

The table below shows the estimated General Fund plus General Contingency as a % of NRE for the next three years:

Estimated Budget (£m)	2026/27	2027/28	2028/29
General Fund (GF)	10.000	10.000	10.000
General Contingency (GC)	6.700	7.000	7.600
Total GF + GC	16.700	17.000	17.600
Net Revenue Expenditure (NRE)	693.233	733.232	793.057
GF + GC as a % of NRE	2.41%	2.32%	2.22%

- 5.7 The table below shows the financial assessment of risks for 2026/27:

Risk	Potential magnitude	Estimate of potential impact	Magnitude
Growing demand for services in ASC Independent Sector.	ASC IS 2026/27 net budget £265.7m	5% increased demand over that already invested	£13.3m
Growing demand for services, particularly CSD LAC and Home to School Transport.	CSD LAC & HTST net budgets for 2026/27 £113.1m	10% increased demand over that already invested	£11.3m
Trajectory of growing SEND deficit is under-estimated	Borrowing Costs	Borrowing costs to fund SEND deficit 50% higher than budgeted	£0.5m
Inflation on pay is more than the contingency of 2.5%	Each 0.5% increase is approx. £1.1m	0.5% additional increase	£1.1m

due to pressure from unions and political commitment.			
Inflation and interest rates higher than forecast, suppliers passing on cost of NIC and NLW increases	Inflation provided in MTFP for 2026/27 is £19.5m	5% increase in current provision.	£1.0m
Non achievement of Fees & Charges targets built into the revenue budget, due to post pandemic impacts and the prevailing economic climate.	Planned Fees & Charges for 2026/27 is £103.6m.	Underachievement of 5%	£5.2m
Enduring impact of the rise in the cost of living on Council Tax collection rates.	Reduction in anticipated revenue from Council Tax.	Rates collected reduces by 1%	£4.2m
Changes in historic weather patterns may be being the potential for adverse weather conditions which may present the Council with additional unfunded costs. The impact of weather and other events as opposed to additional prevention cannot be quantified.	Historic winter maintenance spend is circa £1.1m. Pressures due to unknown event impacts e.g. floods, fire	10% increase in costs due to adverse weather 1% of insurance reserve balance estimated at 1 April 2026	£0.1m £0.04m
Challenge to achieve current savings targets given that the Council had already delivered £156m savings since 2010	Savings target (new and brought forward) for 2026/27 is £6.3m	Underachievement of 10%	£0.6m

- 5.8 There is also financial risk around the implementation of Local Government Reorganisation (LGR), which is currently unquantifiable. Whilst it is expected that LGR will deliver efficiencies over time, there is no additional funding identified, or reserves available, to meet up-front implementation costs within the MTFP set out this report.
- 5.9 Taking all relevant factors into account, including the scale and volatility of the risks identified in the table above, the depletion of strategic and earmarked reserves, the management of the projected growth in the cumulative budget deficit, and the Council's comparatively low level of unallocated reserves relative to other county councils, I consider that maintaining a General Fund Balance of £10.0m plus the

General Contingency budget of £6.7m represents the *absolute minimum* level required to support the safe and lawful operation of the Council in 2026/27.

- 5.10 The MTFP provides an estimated position for the next three years, summary shown 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
<hr/>			
Annual Budget Deficit after updates	55.631	18.542	36.893
Cumulative Budget Deficit after updates	55.631	74.173	111.066

*Notional due to LGR

- 5.11 Work will continue to identify risks and pressures. In addition, the effects of several national funding decisions will impact on the financial position, the timing of which is yet to be determined. These are significant areas of change that currently are not fully understood and cannot be fully quantified but will have potential significant financial impact, and include:
- Service performance and transformation, for example, within Children's Social Care;
 - SEND reform and impact on rising funding deficits;
 - The future funding of social care;
 - Adult Social Care fair pay agreement consultation;
 - Impact of structural changes in local government through Local Government Reorganisation and Devolution;
 - Environmental targets, including the impact of Climate Emergency; and
 - Geopolitical uncertainty leading to international trade issues, inflation and higher borrowing costs.
- 5.12 The uncertainty regarding the future finance system means it is increasingly important to hold sufficient reserves to manage this unquantifiable financial risk. Therefore, it continues to be proposed that every opportunity should be taken to top up the Council's strategic reserves.

Reserves and Balances Policy

1.0 Background

This policy sets out the Council's approach to reserves and balances. The policy has regard to Local Authority Accounting Panel (LAAP) Bulletin 77 "Local Authority Reserves and Balances", issued in November 2008.

- 1.1** In reviewing medium-term financial plans and preparing annual budgets, the Council will consider the establishment and maintenance of reserves for the general fund. The nature and level of reserves will be determined formally by the Council, informed by the judgement and advice of the Chief Finance Officer (CFO).

2.0 Types of Reserve

The Council will maintain the following reserves:

- A working balance to manage in-year risks, called the General Fund Balance.
- A means of building up funds to meet known or predicted requirements, called Earmarked Reserves.

2.1 Earmarked reserves will be maintained as follows:

- priority outcomes and transformation reserve: to fund the transformation programme to change, protect and improve Council services, and programmes that meet the Council's priority outcomes.
- financial management reserve: to manage the potential financial consequences of risks recognised in the Council's risk management arrangements and the CFO's robustness statement, and to enable the effective management of the medium-term financial strategy and investment strategy.
- named service reserves will be held specifically for the capital programme, waste contract risk and insurance risk.
- other reserves will be held on behalf of others (e.g., Schools) and/or statutorily ring-fenced (e.g. Public Health).

2.2 The Council will also maintain a number of other reserves that arise out of the interaction between legislation and proper accounting practices. These reserves, which are not resource-backed, are for accounting purposes and will be specified in the annual Statement of Accounts.

3.0 Principles to assess the adequacy of reserves.

The CFO will advise the Council on the adequacy of reserves. In considering the general reserve, the CFO will have regard to:

- the strategic financial context within which the Council will be operating through the medium-term.
- the overall effectiveness of governance arrangements and the system of internal control.
- the robustness of the financial planning and budget-setting process.
- the effectiveness of the budget monitoring and management process

3.1 Having had regard to these matters, the CFO will advise the Council on the monetary value of the required general reserve.

3.2 In considering specific reserves, the CFO will have regard to matter relevant in respect of each reserve and will advise the Council accordingly.

4.0 Underspends

The process for determining the specific use of any underspend will be based upon the principles of effective financial management. Therefore, underspends will not automatically be carried forward via reserves, nor will they only be available to the service that has identified the underspend.

4.1 Periodically during the year, Services will be asked to submit business cases for the use of underspend. Business cases will be determined by the CFO in conjunction with the Corporate Management Team. These will then be held in a Strategic Reserve.

5.0 Use of reserves

Members, as part of agreeing the budget, will agree the policy for drawdown of reserves on the advice of the CFO. Use of reserves will be approved by CMT and reported to Cabinet as part of the RPPR monitoring process.

5.1 The CFO will monitor the drawdown of specific reserves in accordance with the agreed policy, and keep Members advised.

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Feedback from Engagement Exercises

1. People Scrutiny Committee

People Scrutiny RPPR Board

Present: Councillors Johanna Howell (Chair), Colin Belsey, Kathryn Field, Nuala Geary, Stephen Shing, Colin Swansborough and John Ungar, and Maria Cowler (Roman Catholic Diocese Representative) and John Hayling (Parent Governor Representative)

1.1 The People Scrutiny RPPR Board met on the 11 December 2025 and agreed comments to be put to Cabinet, on behalf of the parent Committee, for its consideration in January 2026. The information supplied to the Board to support its discussions comprised of:

- December RPPR Update report to Cabinet
- CIPFA local authority efficiency toolkit; and
- the draft portfolio plans for the Adult Social Care and Health (ASCH) and Children's Services Departments (CSD)

1.2. The Board met before the provisional local government finance settlement 2026-2027 was published and therefore the Board was not able to comment in detail on the Council's budgetary position.

1.3. The comments of the People Scrutiny RPPR Board are set out below:

Financial outlook

1.4 The Board expressed its concern about the financial position of the Council, although acknowledged the significant pressures facing local government and commented that there was insufficient funding for the sector to meet increasing demand for services and increasing complexity of need.

1.5 The Board discussed the outcome of the Government's Fair Funding Review 2.0 consultation and although it was acknowledged that detailed allocations would be set out in the awaited provisional local government finance settlement, the Board expressed concern about the impact new funding formulae were expected to have on ESCC.

1.6 The Board discussed the announcement in the Autumn Budget Statement that SEND will in future (from 2028/29) be funded through central Government and raised concerns that this would not address SEND deficits up to this point and that this funding would be at the detriment of other funding streams.

1.7 The Board expressed confidence that the Council had taken significant steps to address its financial deficit, including lobbying for additional funding, generating income, and implementing savings and efficiencies, and that the Council's self-assessment against the CIPFA local authority efficiency toolkit provided a robust evidence base that efficiencies identified by other local authorities had also been explored.

1.8 The Board recognised the limited options remaining to set a balanced budget for 2026/27, including identifying further savings and preparing to seek Exceptional Financial Support (EFS), however expressed significant concerns about the impacts of these. The Board acknowledged the considerable number of savings previously made and, although accepted that the Council was still able to deliver its statutory duties, was very concerned about its ability to do so in the future if further savings were identified and the significant impact this would then have on residents, staff and partners. The Board commented that

with increasing need and demand for services, further savings increased risk to vulnerable adults and children.

1.9 The Board discussed the proposed CSD saving to stop the payment of term-time accommodation for university students who are care leavers and expressed that whilst the need for this saving was understood, in light of the financial context, it was regrettable that this support for care leavers would not continue.

1.10 The Board discussed the potential outcomes of applying for EFS and expressed concern about the prospect of raising Council Tax above the referendum limit, acknowledging that East Sussex residents already paid a relatively high rate, and wished to highlight that although permission to raise Council Tax significantly was unlikely, an increase of 18% would be necessary to fully address the deficit and set a balanced budget. In discussing the potential impact of receiving EFS in the form of permission for additional borrowing, the Board expressed concern about the increasing debt this would generate for the Council, and the subsequent impact this would have on East Sussex residents.

1.11 The Board discussed public awareness about the challenging financial context local government was operating in, noting some misconceptions, and highlighted the need for stronger messaging on increased demand, the impact on council services and ongoing sector challenges.

Children's Services draft portfolio plan

1.12 The Board received an overview from the Director of CSD of the draft CSD portfolio plan and the key developments and challenges facing the Department for 2026/2027.

1.13 The Board welcomed the priorities and developments contained within the plan and recognised the ambitious work to transform and provide services within a challenging context, including significant national reforms.

1.14 The Board welcomed the department's approach to addressing high demand and costs in Home to School Transport, however acknowledged that national reforms and legislative changes were needed to fully address ongoing challenges in SEND support.

Adult Social Care and Health draft portfolio plan

1.15 The Board received an overview from the Director of ASCH of the draft ASCH portfolio plan and the key developments and challenges facing the Department for 2026/2027.

1.16 The Board acknowledged the challenging context the department was operating in, with increased demand for services, and praised staff for their ongoing work to deliver statutory services.

1.17 The Board discussed wider financial challenges in the health sector, noting NHS funding pressures, and expressed the need to closely monitor the impacts of reductions and changes to Integrated Care Boards.

2. Place Scrutiny Committee

Place Scrutiny RPPR Board

Present: Councillors Matthew Beaver (Chair), Chris Collier, Ian Hollidge, Philip Lunn, Steve Murphy, Paul Redstone, Stephen Shing, David Tutt and Brett Wright.

2.1 The Place Scrutiny RPPR Board met on the 16 December 2025 and agreed comments to be put to Cabinet, on behalf of the parent Committee, for its consideration in January 2026. The information supplied to the Board to support its discussions comprised of:

- December RPPR Update report to Cabinet
- CIPFA local authority efficiency toolkit; and
- the draft portfolio plans for the Business Services (BSD), Communities, Economy and Transport (CET) and Governance Services (GS) departments

2.2 The Board met before the provisional local government finance settlement 2026-2027 was published and therefore the Board was not able to comment in detail on the Council's budgetary position.

2.3 The comments of the Place Scrutiny RPPR Board are set out below:

Approach to savings

2.4 The Board explored the approach taken to identifying savings for 2026/27 and acknowledged the difficulty in identifying new savings given the amount the Council has made historically. The Board recognised that the savings proposals for 2026/27 would not be enough to close the deficit, and therefore it understood the need for the Council to explore the possibility of applying for Exceptional Financial Support from government.

2.5 The Board received assurance on a number of areas of spend to ensure that the Council has explored savings in all possible areas. This included considering whether the Council was able to exit contracts early where possible, avoiding the use of consultants wherever capability to deliver work may exist in-house, and reducing street lighting levels where safe to do so.

2.6 The Board received assurance that the proposed winter gritting saving would not see the percentage of the county's network treated become out of line with similar shire county areas, and there would still be gritting on key routes.

Income maximisation

2.7 The Board discussed the importance of the Council seeking to maximise its income to reduce the deficit, including through raising fees and charges for services where possible. The Board acknowledged there are issues related to increasing parking charges, in that if they rise too much it can result in a fall in revenue, as well as the statutory limitations on the generation and use of parking surpluses.

2.8 The Board received assurance that Trading Standards services would be able to continue to generate income through the Proceeds of Crime Act.

2.9 The Board noted that Active Travel England (ATE) had rated ESCC's active travel grade as Level 1 due to its perception of challenges with delivering schemes in East Sussex. The Board felt this was disappointing and noted the importance of the Council seeking to improve its ATE rating as it would help leverage greater amounts of national funding into the county for active travel schemes.

Working with others

2.10 The Board discussed the possibility of town and parish councils taking on responsibility for services where the Council was no longer able to fund them, noting that there is no cap on their ability to precept. The Board suggested that the Council should explore where town and parish councils could take on responsibility for services where the community wishes to see services to continue, but ESCC is unable to continue to deliver them.

2.11 The Board discussed local government reorganisation and suggested that, presuming the One East Sussex proposal is taken forward, conversations begin as early as possible between ESCC and district and borough councils on opportunities for collaboration and joint working between teams to deliver cost savings prior to vesting day of the new unitary in 2028.

Portfolio Plans

2.12 The Board reviewed draft departmental Portfolio Plans and noted the key challenges and developments services would be responding to in the coming year.

2.13 The Board discussed the approach to reducing carbon emissions from the Council's own operations and what it was possible to fund given the financial position. The Board welcomed that the Council would explore where it could reduce emissions through business as usual work, but recognised the context in which the Council was operating. In this context, the Board understood the reasoning why more could not be done given financial constraints, but felt that this was regrettable.

3. Business Representatives

3.1 The Chief Executive met with business representatives from Team East Sussex (TES) on 8 December 2025 to deliver a presentation on the Council's business planning, consulting the Board on the steps being taken to balance the budget for 2026/27. This included an overview of the savings proposals under consideration and the Council's ongoing work with Government in seeking Exceptional Financial Support and lobbying for sustainable funding, as well as of the economic opportunities presented by devolution and local government reorganisation as key aspects of the current planning context. The TES Board fed back that this was a comprehensive presentation which provided assurance that all necessary steps towards a balanced budget were being taken.

4. East Sussex Wider Strategic Partners

4.1 The Leader and Chief Officers held a virtual meeting with representatives of the Council's wider strategic partners on 12 January 2026. 33 partner organisations were represented in the meeting, including public, voluntary and private sector organisations and service user groups.

4.2 The Leader opened the session and thanked partners for joining, as it was a valuable opportunity for partners to provide feedback, help shape ESCC's planning for the year ahead, and ensure our priorities were aligned wherever possible to achieve the best outcomes for residents and make the best use of collective resources.

4.3 The Chief Executive and Chief Finance Officer then delivered a presentation which provided an overview of the evidence base that underpins ESCC's Reconciling Policy, Performance and Resources (RPPR) planning for 2026/27; the national policy context and public service reforms planned for the year ahead, including national funding reforms; the anticipated financial position for 2026/27 onwards and steps being taken to address the deficit; and updates to the Capital Programme. The presentation explained that the Council was facing the most difficult financial outlook in its history and recognised that many partner organisations had similarly difficult financial positions. Although local authorities had received additional funding through the provisional Local Government Finance Settlement, the Fair Funding Review 2.0 had resulted in a net loss of funding for ESCC, and ESCC will not receive the support needed to address nationally escalating pressures. The high levels of demand and deprivation in East Sussex compared with neighbouring authorities had not been reflected in funding allocations, leaving the Council in an unsustainable position.

4.4 In this context, ESCC had been forced to identify a further £3.5m in savings, as it seeks to reduce a large financial deficit in 2026/27. Planned savings would have an impact on residents, staff and partners and were not proposals ESCC wished to make. As these proposals would not deliver sufficient savings to close the financial deficit, there would also be a need to seek £70m in Exceptional Financial Support (EFS) from the Government. ESCC would continue to lobby as strongly as possible for additional funding to recognise the significant needs and limited resources in East Sussex.

4.5 After the presentation, the following questions, comments and feedback were provided by partners:

Exceptional Financial Support

4.6 Partners recognised the need for ESCC to apply for EFS but noted that it was only a temporary solution and asked if there would be stipulations about how EFS could be spent if it was granted. Partners asked if EFS could be used to invest in projects to fuel long-term economic growth, or if it could only be used in the short-term for urgent priorities. The Chief Finance Officer responded that EFS would be used to fund the everyday revenue budget for 2026/27 and will be granted on a one-year funding basis; initially ESCC asked the Government about the possibility of three-year EFS aligned to the multi-year settlement but was advised that only one-year loans were possible under the framework. EFS could not be used to fund the Capital Programme due to Government accounting requirements surrounding its use. However, part of the deficit in the revenue budget arises from investment that ESCC was already budgeting for. This included investments in technology and artificial intelligence to streamline working practices for future years.

4.7 Partners noted the urgent need for EFS. Partners enquired about ESCC's position in the priority list and whether ESCC was unique amongst local authorities in applying for EFS. The Chief Finance Officer responded that ESCC was by no means the only authority seeking EFS. In 2025-26, 30 local authorities applied nationally, and the number of applications was expected to approximately double for the 2026-27 financial year. He emphasised that ESCC was not seeking EFS due to poor financial management, a position supported by the outcome of the CIFPA assurance review and prior conversations with MHCLG, therefore ESCC's application was in a good position to receive support. EFS was being sought due to the finance settlement being insufficient to meet demand in the county, and this was expected to be exacerbated, as ESCC's core spending power was set to decline over the three years of the multi-year funding settlement. EFS would be a long-term loan to support the budget for one year, the repayment of which would have significant impacts on East Sussex and its residents and was not being pursued lightly. The Leader of the Council commented that ESCC had done the right thing for many years to maintain good services for residents, including by applying nationally allowed council tax increases to sustain services. The Council was proud of the work done by Adult Social Care and Children's Services to support residents, but unfortunately the financial position meant that the allocated funding no longer met the costs of service delivery, and the outcome of the Fair Funding Review 2.0 failed to resolve this. He affirmed that ESCC would continue to lobby the Government to receive more funding and ensure ESCC's financial position was communicated.

Savings Proposals

4.8 Partners commented that they valued the transparency from the Council regarding the financial outlook and ESCC's commitment to partnership working, especially continued investment in the Voluntary, Community and Social Enterprise (VCSE) sector. However, they raised concerns that the VCSE sector would likely see the impacts of savings in preventative

services, due to the displacement of demand into the VCSE sector. Partners raised that out of the £156m of savings that had already been implemented, a balance between efficiencies and reductions in discretionary services had been found and asked what potential further savings in discretionary services remained. The Leader of the Council responded that there were very few options left for making savings. Those identified in the 2026/27 budget would reduce important work in the county, like gritting roads, and residents were likely to feel the impact of these. The Leader confirmed that he had written to Government over a number of years to emphasise that the savings ESCC was being forced to make were not for residents' benefit. He stated that over £1bn would be spent by ESCC in 2026/27, so in that context £3.5m in savings was a small proportion and was insufficient to bridge ESCC's substantial deficit.

Devolution

4.9 Partners recognised that, given the circumstances, ESCC was doing everything it could for residents. They noted that the Sussex and Brighton Mayoral Combined County Authority (MCCA) was soon to be established and asked what changes ESCC expected to see as a result of this, as well as what areas would see the most significant difference. The Chief Executive responded that the combined authority would enable strategic working across the region. The MCCA would have new powers relating to skills, adult education, intervention in terms of economic growth, the development of Spatial Development Strategies and housing coordination. It was expected this would enable closer working with the NHS, strategic and partnership working, and enable coordination for regional planning. In the long-term, it was hoped that this would improve spending at a local level, reduce poverty, improve service provision and improve health, which in turn would help manage demand for services in the county. However, investment would need to be appropriate at local levels, as different areas of Sussex have varying demographics and need. The benefits of devolution would likely not become apparent in the short term, and the impact on demand would not likely be seen for another 5-10 years, so local authorities' actions to support their residents in the short-term would be crucial.

Partner Funding Allocations

4.10 The representative from Care for the Carers raised concerns that a large proportion of its funding comes from ESCC and the NHS. He asked when a decision would be made about their funding allocations for 2026/27, whether funding would be available on a three-year basis, and when that would be communicated to the organisation. The Director of Adult Social Care and Health responded that support for paid carers was being prioritised for the third year in a row, therefore ESCC was not proposing any reductions in that funding. If agreed, unless there were contractual obligations to be fulfilled, funding would be made available for one year only given the financial uncertainty. Budget recommendations would go through Cabinet on 27 January, and decisions would be made by Full Council on 10 February. ESCC was therefore expecting to confirm funding with partners in early February. The Leader of the Council added that ESCC was also waiting for confirmation of grant funding at this stage and funding allocations to partners would be dependent on grants being allocated as expected.

4.11 Partners were thanked for their engagement, and they were encouraged to contact the Leader, Deputy Leader or Chief Officers if they wished to make further comments on the budget proposals following the meeting.

Capital Programme Update

1 Background

- 1.1 Through the Reconciling Policy Performance and Resources (RPPR) process the Capital Strategy and programme are reviewed annually to ensure that they support the Council's responsibilities and departmental service strategies. To manage investment to a sustainable level, the Capital Strategy focuses on the delivery of targeted basic need for the council to continue to deliver services as efficiently as possible, rather than rationing through prioritisation. Basic need for the purpose of strategic capital planning is provided below:
- Place: ensuring we can deliver services by planning for future need.
 - Asset Condition: maintaining our assets to an agreed level.
 - ICT Strategy: ensure that our ICT is fit for purpose for delivering modern council services in a digital era and protecting data.
 - Climate Change: supporting the Council's aim of reaching carbon neutrality from our activities as soon as possible and in any event by 2050 within the grants and programme budgets in an appropriate and cost-efficient way.
- 1.2 At Full Council in February 2025 *the target led basic need capital strategy of 20 years*, supported by a 10-year planned capital programme was approved. The approved programme was further updated at State of the County in July 2025 to reflect the 2024/25 outturn, project and programme reprofiles and approved variations, revising the gross programme to £724.1m to 2034/35. For planning purposes, the first 3 years of the programme are considered approved, whilst the remaining years are indicative to represent the longer-term planning for capital investment.
- 1.3 The capital programme is funded from a number of sources and can be split into the elements that are funded from identified specific sources (such as grants, developer contributions and earmarked specific reserves), and elements considered to be Core Council Funded. Core Council Funded relates to those projects funded from council resources that ultimately increases the Council's need to borrow.
- 1.4 The financial outlook for local authorities is increasingly challenging, with uncertain funding allocations, inflationary pressure on contracts and wages, increasing service demands and the impact of national reforms leaving much uncertainty about the Council's future financial position, with a large financial deficit being forecast as part of the RPPR planning process. Capital investment decisions have a direct impact on the council's revenue budget, particularly relating to borrowing costs, and are therefore to be considered in the context of their impact on the MTFP.

2 Capital Programme Update

- 2.1 Table 1 below summarises the gross movements to the approved capital programme since State of the County in July 2025. The updates provide a revised capital programme of £845.4m, of which £331.0m is planned for delivery in the MTFP period from 2025/26 to 2028/29 (three years plus one). It is these three years plus one of the programme that are to be presented for approval, whilst the remaining years to 2035/36 are indicative to represent the longer-term planning for capital investment. A detailed capital programme that reflects all the proposals outlined in this update is provided at **Annex A**.

Table 1 - Capital Programme Gross Expenditure Updates	Ref:	Current Year 2025/26 (£m)	MTFP Period			2029/30 to 2035/36 (£m)	Total (£m)
			2026/27 (£m)	2027/28 (£m)	2028/29 (£m)		
Approved Capital Programme (State of the County 2025)		102.981	91.542	57.291	48.854	336.354	637.022
Approved Variations	A	6.402	2.383	1.657	3.359	6.367	20.168
Capital Programme Reprofiles	B	(16.714)	15.832	0.613	-	0.269	0.000
Schools Basic Need / SEND	C	-	3.244	(1.240)	(5.738)	29.219	25.485
IT&D Programme	D	-	(0.772)	(0.891)	(0.131)	1.794	0.000
Capital Programme Extension	E	-	-	-	-	42.127	42.127
Capital Programme Updates	F	6.088	12.777	5.948	11.462	84.616	120.891
Capital Programme Risk Review	G	-	(2.840)	2.524	-	-	(0.316)
Total Updates		(4.224)	30.624	8.611	8.952	164.392	208.355
Revised Capital Programme		98.757	122.166	65.902	57.806	500.746	845.377
Capital Slippage Risk Factor	H	(2.176)	(20.633)	6.536	2.684	13.589	0.000
Approved Capital Programme (after Capital Slippage Risk Factor)		96.581	101.533	72.438	60.490	514.335	845.377

Normal Capital Strategy Updates

A Approved Variations

There is a gross increase to the programme of £21.2m relating to fully funded schemes having a net nil impact on the capital programme borrowing, as detailed in Table 2 below:

Table 2 – Approved Variations since State of the County 2025	Gross Variation (£m)
Approved Variation: A22 North of Hailsham	0.030
Approved Variation: Alders Close Heating	0.188
Approved Variation: Community Match Funding	0.054
Approved Variation: ITM Scheme S106 - Other Integrated Transport	0.088
Approved Variation: Hastings Town Centre Public Realm and Green Connections	0.052
Approved Variation: Rights of Way Surface Repairs and Bridge Replacement Programme	0.168
Approved Variation: Burfield - Hailsham new academy	0.006
Approved Variation: A22 Corridor	3.880
Approved Variation: MBOS Oracle (costs to revenue)	(1.090)
Approved Variation: Active Travel Fund 5 Capital (Eastbourne Liveable £100k, Schools streets £61k)	0.161
Approved Variation: Growing Places loan - Hastings Common + reuse	1.955
Approved Variation: Other Integrated Transport Schemes	10.312
Approved Variation: House Adaptations for Disabled Children's Carers Homes	0.539
Approved Variation: Bus Service Improvement Plan - Passenger Transport	0.066
Approved Variation: Flood Management and SuDS in Schools	0.445
Approved Variation: Other Integrated Transport Schemes	0.005
Approved Variation: Children's Services Essential System Developments	0.018
Approved Variation: Learning Disability Supported Living Scheme	0.039
Approved variation - Schools Streets (Countywide Plan)	0.100
Approved variation - ATF Eastbourne Liveable Town Centre	0.065
Approved variation - Eastbourne Town Centre Phase 2a	0.772
Approved Variation - Integrated Transport Schemes - A22 Corridor Package	1.100
Approved Variation - Waste Transfer Stations Fire Suppression	1.215
Total Net Nil Approved Variations	20.168

B Capital Programme Reprofiles

Current approved programme profiles have been reviewed across years to reflect current best knowledge and to be consistent with the Quarter 2 2025/26 monitoring position. This includes

C Schools Basic Need

There continues to be some degree of uncertainty over precisely how many school places will be required in the longer-term future and when, as this is dependent on local planning authorities developing their local plans to an extent that will inform and enable housing growth and for those developments to happen. The Schools Basic Need and SEND programmes have therefore been updated to reflect latest assumptions.

D IT&D Programme Update

The IT&D programme has also been subject to separate review.

E Capital Programme Extension

The capital programme has been updated to extend the programme by a further year to maintain a 10-year planning horizon. This extends annual envelopes of funding for ongoing programmes of work and those fully funded by formula grants by one year into 2035/36.

F Capital Programme Updates

Key updates to the programme in line with the strategy include:

- Additional expenditure on The Queensway Gateway Road construction, which has cost more to complete than originally planned. It has required significant redesign to meet updated National Highways standards, and faced challenges, some unexpected, such as utility diversions, ground conditions and extended traffic management. These issues lengthened the construction period and, combined with a decade of substantial construction sector inflation since the scheme was first costed in 2014, resulted in significantly higher prices for materials, labour and specialist services.
- Spend in advance within the Highways programme as several roads scheduled for inclusion in the 2026/27 resurfacing programme are already showing early signs of deterioration and may require intervention before the end of the current financial year.
- The inclusion of updated funding allocations, most notably in Highways Maintenance, which has been issued in within allocations for the new Combined County Authority (CCA); and
- Ongoing investment in the implementation of the Council's Oracle system.

G Capital Programme Risk Review

The Capital Strategic Asset Board (CSAB) conducted a capital programme risk review in 2024-25, starting from an assumed base position of removing all core funded projects and providing the capital programme at funded levels only, to provide the maximum level of potential MTFP savings. This exercise has been revisited during 2025/26, with a further small reduction in borrowing identified.

H Capital Slippage Risk Factor

In line with previous years, a capital slippage risk factor has been applied to the capital programme from 2026/27 to reflect likely slippage based on a risk assessment of historic levels of actual expenditure and slippage at a project/programme level and has been updated to reflect the latest capital proposals. The risk factor is 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.

3 Capital Programme Funding Update

- 3.1 Table 3 below provides an updated capital programme funding position to reflect the capital programme updates and their associated funding assumptions outlined above and other more specific updates.

Table 3 – Capital Programme Funding Update	Ref:	Current Year 2025/26 (£m)	MTFP Period			2029/30 to 2035/36 (£m)	Total (£m)
			2026/27 (£m)	2027/28 (£m)	2028/29 (£m)		
Gross Expenditure		96.581	101.533	72.438	60.490	514.335	845.377
Specific Funding	I	(23.715)	(23.868)	(11.542)	(1.744)	(6.033)	(66.902)
Specific Developer Contributions	J	(4.963)	(2.263)	(1.092)	(0.226)	(3.068)	(11.612)
Net Expenditure		67.903	75.402	59.804	58.520	505.234	766.863
Formula Grants	K	(30.714)	(38.059)	(40.881)	(46.930)	(289.119)	(445.703)
Capital Receipts	L	(1.288)	(4.449)	(2.102)	(3.461)	(1.293)	(12.593)
Recycled Loans		(0.274)	(0.300)	(0.300)	(0.300)	(7.040)	(8.214)
Reserves and Revenue Set Aside	M	(1.402)	(0.831)	(1.409)	(2.056)	(8.099)	(13.797)
Capital Reserve	N	(4.278)	(1.755)	-	-	-	(6.033)
Developer Contribution Target	J	(0.671)	-	-	-	(16.930)	(17.601)
Capital Programme Borrowing	O	29.276	30.008	15.112	5.773	182.753	262.922

I Specific Funding

The approved programme is supported by £66.9m of scheme specific grants and external funding which is sourced and managed by services at a project level, in the main comprising of DfT grants for Bus Service Improvement Plan, social care capital grants towards supported living improvements; Youth Investment Fund grant towards youth centre improvements; Levelling Up Fund & BSIP grant towards Exceat Bridge replacement; and Devolved Formula Capital grant toward schools delegated capital works.

J Developer Contributions

Developer contributions is a collective term used to refer to the Community Infrastructure Levy (CIL) and Section 106 planning obligations, being funding secured in support of the provision of infrastructure and to mitigate the impact of development, largely in respect of school places provision, transport and rights of way improvements, and libraries provision. The Council seeks to maximise the use of Developer Contributions to fund basic need requirements and unfunded infrastructure schemes (via net nil variation). For future planning purposes, capital programme includes a reasonable funding target for future years. An assessment of the current developer contribution position is in progress and may identify additional that can be utilised towards the current capital programme to fund basic need programmes and reduce the future years funding target.

K Formula Grants Update

The capital programme is supported by £445.7m of non-specific government formula grant towards capital expenditure. Formula grant assumptions reflect best estimates but noting that there continues to be risk in relation to these grants as values for future years are still yet to be announced.

In particular, the formation of Combined County Authorities (CCAs) introduces uncertainty around the future allocation of certain formula grant streams, most notably Transport and Highways, as funding methodologies may be revised to reflect new governance structures. This programme has does not reflect any assumptions around how the formation of CCAs will impact those funding streams in future.

The level of assumed formula grants will continue to be reviewed to ensure that they represent prudent estimates and updated once the detailed implications of any announcements are known, noting that changes in funding formula could change the level of grants anticipated and impact on the level of borrowing. In accordance with Capital Strategy principles, formula grants are used to fund the approved Basic Need capital programme and reduce the Council's need to borrow.

L Capital Receipts

Property Services hold a schedule of capital receipts available to support the capital programme, which is reviewed regularly with estimates being based on Property Officers' professional judgment on a site-by-site basis. In accordance with Capital Strategy principles, the profile of capital receipt funding has been updated to prioritise funding towards assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost on the revenue budget. The approach to capital receipts will continue even though the Council is applying for Exceptional Financial Support (EFS). This is a result of the Council's limited opportunity to raise finance through the sale of assets, and the approach ensures that all available resources are maximised to minimise the impact on the revenue budget and maintain financial sustainability.

M Reserves and Revenue Set Aside

The Council can use revenue resources to fund capital projects, where these have been approved as part of the budget setting process, an approved business case or approved variation. This includes specific reserves, payback from invest to save schemes and revenue contributions.

N Capital Programme Reserve

The Council also holds a Capital Programme Reserve to support the capital programme to reduce the need to borrow, that has a consequential increase in pressure on revenue budgets. In accordance with Capital Strategy principles, the profile of capital reserve funding has been updated to prioritise funding towards assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost on the revenue budget.

O Capital Programme Borrowing

The updated capital programme has a total borrowing requirement of £262.9m, of which £80.2m is anticipated over the period to 2028/29.

4 Impact on the Revenue Medium Term Financial Plan and Treasury Management Capacity

- 4.1 Decisions on future capital investment should be considered in the context of the impact on the Treasury Management (TM) capacity to fund the investment and the revenue budget position, whereby the cost of funding and Minimum Revenue Provision needs to be included within the MTFP. The proposed capital programme has been prepared to seek reductions in the Council's borrowing requirement to support the revenue budget position, whilst considering the level of risk associated to removing/reducing investment.

Current TM modelling for the direct costs of borrowing estimates that **for every £10m of additional borrowing, there would be an associated revenue cost of approximately £750,000 per year over the full life of the asset** (based on a 30 year asset life), although the value and profile of costs will vary dependent on a number of variables such as timing, internal balances and interest rates. As highlighted at budget setting in February 2024 the current planned programme borrowing requirement will need Treasury Management budget increases outside the current MTFP period.

5 Risk Provision Update

- 5.1 A £7.5m ongoing risk provision was approved in February 2024 to mitigate against capital programme risks, representing more than 2% of the programme over the MTFP period. This risk provision is a permission to borrow for emerging risks and is managed through ensuring Treasury Management capacity rather than representing funds that are within the Council's accounts. Its utilisation, if approved by CSAB would, therefore, require additional borrowing and be reported through the RPPR process and quarterly monitoring in the normal way.
- 5.2 There are several risks and uncertainties regarding the programme to 2028/29 and beyond which have necessitated holding a risk provision. These risks previously reported include:
- Uncertainty about delivery of projects in the programme, e.g. highways and infrastructure requirements
 - Any as yet unquantifiable impact of supply issues and cost increases
 - Any as yet unknown requirements
 - Residual project provision (previously removed) if required; and
 - Uncertainty regarding the level of government grants and the ability to meet developer contribution targets.

6 Capital Strategy

- 6.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code includes the requirement for Local Authorities to produce a Capital Strategy. The Council's current Capital Strategy covers the period 2026/27 to 2046/47 and was approved as part of RPPR 2026/27. The Capital Strategy has been reviewed to ensure it continues to reflect emerging risks, principles and corporate priorities, and informed by decisions made as part of the RPPR process.

Detailed Capital Programme (Gross Expenditure)	Current Year 2025/26 (£m)	MTFP Period			2029/30 to 2035/36 (£m)	Total (£m)
		2026/27 (£m)	2027/28 (£m)	2028/29 (£m)		
Adult Social Care						
Learning Disability Support Living Scheme	1.868	0.043	-	-	-	1.911
Greenacres	-	0.140	-	-	-	0.140
Adult Social Care Total	1.868	0.183	-	-	-	2.051
Business Services						
Youth Investment Fund	1.745	-	-	-	-	1.745
Hollington Youth Centre	2.992	0.101	-	-	-	3.093
Disability Children's Home	0.014	-	-	-	-	0.014
Westfield Land	0.017	-	-	-	-	0.017
Special Educational Needs Provision	2.659	4.078	1.000	0.500	3.500	11.737
Special Educational Needs Provision - now Acre Wood (Grove Park)	6.621	9.181	0.250	-	-	16.052
Schools Basic Need Provision	0.664	0.400	0.400	0.400	83.730	85.594
Capital Building Improvement (Schools)	4.800	7.121	5.012	5.012	35.084	57.029
Capital Building Improvement (Corporate)	4.400	4.250	4.000	4.000	28.000	44.650
IT&Digital Strategy Implementation	4.144	4.099	2.102	3.461	51.791	65.597
IT & Digital Strategy Implementation – Oracle Implementation	7.710	8.037	2.457	-	-	18.204
IT&D – Utilising Automation	0.024	-	-	-	-	0.024
Business Services Total	35.790	37.267	15.221	13.373	202.105	303.756
Children's Services						
Childrens House Adaptations	0.430	0.109	-	-	-	0.539
Hastings and Rother Skills Capital	0.093	-	-	-	-	0.093
Youth Service Mobile Resource Bus	0.053	-	-	-	-	0.053
Schools Delegated Capital	1.150	1.150	1.150	-	-	3.450
Children's Services Essential System Developments	1.063	1.192	0.774	-	-	3.029
Children's Services Total	2.789	2.451	1.924	-	-	7.164
Communities, Economy and Transport						
Broadband	0.338	0.500	0.500	0.500	-	1.838
Bexhill and Hastings Link Road Complementary Measures	0.132	-	-	-	-	0.132
Economic Intervention Fund – Loans	-	0.300	0.300	0.300	0.777	1.677
Growing Places Fund Loan Scheme	0.650	-	-	-	6.263	6.913
Community Match Fund	0.451	-	-	-	-	0.451
Community Road Safety Interventions	0.131	0.291	-	-	-	0.422
Newhaven Port Access Road	0.028	-	-	-	-	0.028
Real Time Passenger Information	0.199	0.068	-	-	-	0.267
Passenger Services Software	0.005	-	-	-	-	0.005
Bus Service Improvement Plan - Bus Prioritisation	1.231	9.812	1.190	1.213	1.236	14.682
Bus Service Improvement Plan - Passenger Transport	0.804	3.034	3.094	3.156	3.216	13.304
Queensway Depot Development	0.001	-	-	-	-	0.001
Queensway Gateway Road (excluding part 1 claims)	5.316	-	-	-	-	5.316
The Keep	0.212	0.085	0.152	0.628	-	1.077

Other Integrated Transport Schemes	2.737	5.653	4.720	5.355	25.649	44.114
A22 Corridor Package	6.092	-	-	-	-	6.092
A22 North of Hailsham	0.272	-	-	-	-	0.272
Exceat Bridge Replacement	2.587	9.243	4.855	0.507	-	17.192
Waste Transfer Stations Fire Suppression	-	1.215	-	-	-	1.215
Emergency Active Travel Fund - Tranche 2	0.403	-	-	-	-	0.403
Area-wide Traffic Management Scheme - Schools Streets	0.154	-	-	-	-	0.154
Schools Streets	0.061	0.100	-	-	-	0.161
Eastbourne Liveable Town Centre	0.080	0.202	-	-	-	0.282
Hastings Town Centre Public Realm and Green Connections	1.024	8.681	-	-	-	9.705
Libraries Basic Need	0.442	0.456	0.449	0.449	3.143	4.939
14A Alders Close Heating	0.188	-	-	-	-	0.188
Highways Structural Maintenance	18.375	20.948	25.094	28.531	227.164	320.112
Safer Roads Fund	0.028	0.836	-	-	-	0.864
Bridge Assessment and Strengthening	3.480	7.758	1.830	1.885	14.882	29.835
Street Lighting Replacement Programme	2.396	2.450	3.565	1.095	9.203	18.709
Rights of Way Programme	0.810	0.662	0.702	0.744	6.618	9.536
Gypsy and Traveller Site Refurbishment	0.137	0.070	0.070	0.070	0.490	0.837
Visibly Better Roads	0.248	-	-	-	-	0.248
Local Electric Vehicle Infrastructure	-	2.320	2.221	-	-	4.541
Flood & Coastal Resilience Innovation Programme	0.910	0.613	-	-	-	1.523
Flood Management and SuDS in Schools	0.445	-	-	-	-	0.445
Urban Tree Challenge	0.015	0.015	0.015	-	-	0.045
Climate Emergency Works	0.242	-	-	-	-	0.242
Eastbourne Town Centre Phase 2a	2.290	1.933	-	-	-	4.223
Eastbourne Town Centre Phase 2b	4.328	-	-	-	-	4.328
Eastbourne / South Wealden Walking & Cycling Package	0.183	1.720	-	-	-	1.903
Hailsham / Polegate / Eastbourne Movement & Access Corridor	0.150	0.160	-	-	-	0.310
Hastings / Bexhill Movement and Access Package	0.735	3.140	-	-	-	3.875
Communities, Economy and Transport Total	58.310	82.265	48.757	44.433	298.641	532.406
Capital Programme Total	98.757	122.166	65.902	57.806	500.746	845.377
Capital Slippage Risk Factor	(2.176)	(20.633)	6.536	2.684	13.589	0.000
Approved Capital Programme (after Capital Slippage Risk Factor)	96.581	101.533	72.438	60.490	514.335	845.377

Equality Impact Assessment for CAPITAL PROGRAMME 2026-27 to 2035-36

Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics set out in the EA are age, disability, gender reassignment, pregnancy/ maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation, care experience and being a carer, where relevant.

The Capital Programme requires Members to have due regard to the Equality Duty contained in Section 149 of the EA as set out above.

Having "due regard" does not necessarily require the achievement of all the aims set out in section 149 of the EA. Instead it requires that Members understand the consequences of the decision for people in relation to their protected characteristics and consider these alongside other relevant factors when making the decision to pursue one course of action rather than another, alternative course of action that may have different consequences. The regard which is necessary will depend upon the circumstances of the decision in question and should be proportionate. Where a decision is likely to have an impact on a significant number of people, or where it is likely to have a significant impact on even a small number of people, the regard required will be high.

This means that in setting the Capital Programme, the three equality aims set out above have to be considered as a relevant factor alongside financial constraints and all other relevant considerations. Due to the ongoing financial pressures the Council is facing, the current Capital Programme focusses on a strategy to deliver core need as efficiently as possible. As agreed, service developments and investment opportunities that are outside core need are required either to be match funded or produce a business case that demonstrates benefits. Approved bids are added to the programme in line with current variation policy and financial regulations. Members must consider the equalities impacts, as identified, of agreeing this Capital Programme. Specifically, Members need to take account of what the potential impacts of spending on this proposed programme will be for the communities in East Sussex, and take the same account of equality impacts if proposing amendments or alternative spending. It will be open to Directors and Lead Members at the time of taking those decisions to spend more on one activity and less or none on another, with due reference to equality impacts. Where further assessment of equality impact is needed to assess more detailed plans, this has been indicated, and Directors and Lead Members will need to further consider these impacts and their implications for decisions.

The EA does not require the use of a specific template for an equality impact assessment (EqIA); however the cases considering the public sector equality duty have held that a documented process is the best way to demonstrate that the equalities impacts have been identified and considered, proportionate to the impacts identified. All proposals have been assessed for their equality impacts. Where a project which was included in the Capital

Programme is likely to have disproportionate impacts upon people sharing protected characteristics, officers have considered the consequences of that particular project or bid and have summarised these impacts for Members to consider and identified potential mitigating actions. Where impacts are potentially greater and a full EqIA has been conducted these are available as background documents. Members must read the full version of the EqIAs and take their findings into consideration when determining these proposals.

Summary of equality assessment of Capital Programme proposals

(also see attached Equality Impact Assessments (EqIA) as listed below)

Proposal	Equality assessment
Adult Social Care	
Learning Disability Support Living Scheme	<p>To inform the project an initial EqIA was created with involvement from the care provider and from the Community Learning Disability Team. This supported the way in which the Beckley Close clients were prepared for their move into temporary accommodation while the build was in progress, including ensuring continuity in staff support and familiarity with the temporary building.</p> <p>There were some unavoidable delays to the project and to minimise impacts, clients, parents and carers were kept updated, and clients' well-being and behaviour was evaluated on an ongoing basis. Clients' individual needs were continually monitored and assessed, and no specific equality impacts were identified. Phase 1 of the Supported Living project is now successfully complete, and clients have returned to their refurbished home providing a much-improved physical environment, offering security of tenure, embracing the ethos of supported living and providing access to and maximising community benefits that they are unable to access in a residential care setting. We have been advised of some positive personal outcomes for the people supported at Beckley Close and some favourable feedback from families/carers.</p> <p>Lessons learned from the Beckley Close project have been applied to Phase 2 of the project for Jasmine Lodge whereby clients were supported to make the move to their temporary new homes in September 2024. Again, fostering and maintaining positive partnership working continues to ensure a considered and planned transition. It is anticipated that mobilisation of Jasmine Lodge will commence in January 2026 with clients moving back to their newly refurbished home utilising a phased approach to meet individual's needs. An EqIA has been completed for this proposal.</p> <p>A - Learning Disability Supported Living' (updated Nov 2025).</p>
Greenacres	<p>No disproportionate equality impacts are identified in relation to this funding. This funding is allocated for ongoing maintenance that ESCC is responsible for and also for specific adaptations required by new tenants to meet their identified needs.</p> <p>No further equality impact assessment is required.</p>

Business Services	
Hollington Youth Centre	<p>The update to Hollington Youth Hub will improve facilities for local young people, providing a building with flexibility to offer more activities and support for more young people, with increased opening times. No negative impacts on people sharing protected characteristics are identified. An EqIA has been completed for this proposal.</p> <p>B - Grant funding for Hollington Youth Hub (reviewed Nov 2025).</p>
Special Educational Needs Provision	<p>The EqIA for the schools' basic need capital programme includes information about the need for more SEND places. Information is taken from the School Organisation Plan 2024 to 2028 which sets out our SEND place planning strategy in further detail.</p> <p>C - Schools Basic Need Capital Programme (reviewed Jan 2025).</p>
Special Educational Needs Provision Acre Wood Academy (Grove Park)	<p>An EqIA for the proposed reorganisation and expansion of Grove Park School (now Acre Wood Academy) was completed in March 2025 as part of the statutory process to make a significant change to the school:</p> <p>D - Grove Park School (completed March 2025)</p>
Schools Basic Need Provision	<p>An EqIA has been completed for this proposal.</p> <p>C - Schools Basic Need Capital Programme (reviewed Jan 2025).</p>
Capital Building Improvement (Schools)	<p>Work related to legislation, statutory requirement, health and safety and urgent repair work, as identified via the condition surveys and plans that ensure that schools are maintained at a minimum requirement.</p> <p>No EqIA needed as spend is prioritised according to agreed Capital Programme priorities.</p>
Capital Building Improvement (Corporate)	<p>Work related to legislation, statutory requirement, health and safety and urgent repair works.</p> <p>No EqIA needed as spend is prioritised according to agreed Capital Programme priorities.</p>
IT & Digital Strategy Implementation	<p>The IT & Digital Core Capital Programme provides the basic technology capabilities that support the underpinning functioning of the organisation. This programme funds activity that is described as Core Need. This means providing technology that enables staff to connect, collaborate and work efficiently from wherever they need to be whilst operating highly available, secure and reliable services to support the continuous working of everything else. An EqIA has been completed for this proposal.</p> <p>E - IT&D Core Programme EqIA (reviewed Nov 2025).</p>

IT & Digital Strategy implementation - Oracle Implementation	<p>Finance, Recruitment, Procurement, Payroll and HR will all be adopting Oracle, a modern system that will provide the Council with a reliable platform for the administration of core Finance and HR processes. Via employee self-service (ESS), equalities data will be visible to the employee and enable them to update their data in real time, which means that equalities data is more likely to be up to date and accurate. At this stage no negative equality implications have been identified, but an ongoing review process means that any disproportionate impacts will be identified and further equality consideration will take place if needed.</p> <p>No further equality impact assessment is required at this time.</p>
<i>Children's Services</i>	
Children's House Adaptations	<p>The proposal has the potential for positive impact on the protected characteristic of 'age' and 'disability' - as the capital for house adaptations is aimed at support children and young people who are disabled. The aim is to improve the adaptability of homes so that disabled children have accessible living spaces that enable them to fully participate in family life.</p> <p>The Disabled Facility Grant (DFG) is allocated by central Government direct to District and Borough Councils. The grant is intended to provide for adaptations to the homes of adults and children with disabilities. Where the needs of young people cannot be met by the DFG then the councils can approach ESCC for additional capital funding (with a fixed maximum). Each application is assessed against previously agreed criteria to ensure fair allocation of resource.</p> <p>No further equality assessment is required.</p>
Schools Delegated Capital	<p>No disproportionate equality impacts are identified. Schools delegated capital is funding that comes into the local authority for maintained schools and then delegated to each school via a formula to be used for small capital works. Where pupils need physical school adaptations a careful assessment is made, case by case, involving discussion with the school and parents/carers, exploration of options, and a feasibility study, where appropriate.</p> <p>No further equality impact assessment is required.</p>
Children's Services Essential System Developments	<p>No equality impacts are identified. The aim is to ensure that ICT systems are fit for purpose for delivering modern council services in a digital era and protecting data. Improvements will enable better monitoring of people's legally protected characteristics to inform service delivery.</p> <p>No further equality impact assessment is required.</p>
<i>Communities, Economy and Transport</i>	

Broadband	<p>No disproportionate equality impacts are identified. Equality impacts were assessed prior to contract award for each of the three infrastructure delivery contracts (2013, 2015 and 2018) which have now concluded. Equality impacts were also assessed prior to becoming a “top up” funder to the Department for Culture, Media and Sport’s Gigabit Voucher Scheme in 2020, and this is the current model of infrastructure delivery although the Voucher Scheme is currently on hold. No disproportionate impacts were identified, as eligibility is based on technical criteria relating to properties not occupiers.</p> <p>No further equality impact assessment is required.</p>
Economic Intervention Fund - Loans	<p>No disproportionate equality impacts are identified. The ESI Loan fund is currently aimed at supporting existing businesses to grow or create employment. Loans are made to qualifying business entities not to individuals.</p> <p>No further equality impact assessment is required.</p>
Community Road Safety Interventions	<p>No disproportionate equality impacts are identified. Community focused road safety interventions are based on a two stage appraisal process and criteria. Criteria include assessment of location, including proximity to schools, GP surgeries, hospitals and shops where road users may be more vulnerable.</p> <p>No further equality impact assessment is required.</p>
Real Time Passenger Information	<p>The project is an ongoing one, based on previously agreed principles. Impacts are positive in that the project aims to provide additional, accessible information to support people to access bus services. An EqIA has been completed for this proposal.</p> <p>F - Bus Service Improvement Plan EqIA (reviewed Nov 2024).</p>
Bus Service Improvement Plan (BSIP) - Bus Prioritisation	<p>The improvements made by the BSIP aim to improve accessibility for all. There is an ongoing engagement mechanism, including with disabled users, through bus user groups and the Enhanced Partnership Forum. No disproportionate negative equality impacts are identified from the delivery of the BSIP and its associated schemes. An EqIA has been completed for this proposal.</p> <p>G - Bus Prioritisation Eastbourne Station (completed Jun 2025)</p>

The Keep	<p>No equality impacts are identified. There are three proposals:</p> <ol style="list-style-type: none"> 1. Building Maintenance System (BMS): No equality impacts are identified as the BMS regulates only temperature and humidity of building. No further assessment required. 2. Changes to order production software: No equality impacts are identified. Changes are to back-office systems only, not to customer ordering system. No further equality assessment is required. 3. Potential additional concession (income) contract making documents available online via an online genealogy provider. Positive impact on equality as it will make documents accessible to a larger audience. <p>No further equality assessment is required.</p>
Other Integrated Transport Schemes	<p>EqIAs are completed for each project in this programme. Identified impacts may vary according to the scale/scope of the project and where the project is at in its development and delivery cycle. Impacts and actions are identified in the specific EqIA for each project and Members can request these.</p>
Exceat Bridge Replacement	<p>Work on this project is ongoing and impacts identified in the EqIA remain accurate. Two EqIAs have been completed for this proposal.</p> <p>H - Exceat Bridge EqIA (reviewed Oct 2025), and also</p> <p>I - Exceat Orders EqIA (on the side roads orders and compulsory purchase orders, completed in June 2023).</p>
Waste Transfer Stations Fire Suppression	<p>The proposal to install fire suppression systems is supported by the East Sussex Fire Service, the Environment Agency and insurers, and is considered industry good practice. There are no equality impacts identified in relation to this proposal.</p> <p>No further equality impact assessment is needed.</p>
Eastbourne Liveable Town Centre	<p>Both positive and potentially negative impacts have been identified in relation to disabled people, race/ethnicity and pregnancy and maternity, in the designs for Memorial Roundabout, the Ring Road Relocation and pedestrianisation. Issues identified are being incorporated into the designs.</p> <p>An EqIA has been completed for this proposal.</p> <p>J - Eastbourne Town Centre MAP P2b (reviewed Dec 2025).</p>
Hastings Town Centre Public Realm and Green Connections	<p>As part of the Hastings Town Deal, the Hastings Town Centre Public Realm and Green Connections project looks to improve connectivity within the town centre, prioritise active travel and increase greening and biodiversity. An EqIA has been completed on designs for this proposal and continues to be reviewed and updated as the design progresses. An EqIA has been completed for this proposal.</p>

K - Hastings Town Centre Public Realm and Green Connections EqIA (reviewed Nov 2025)	
Libraries Basic Need	<p>An EqIA and access audit will be completed for each of the two planned refurbishments once initial scoping has been completed. Opportunities to improve access to the buildings, review stock, and to increase accessibility will all be assessed and built into the developments, where feasible. As part of our customer-led design we aim to minimise disruption and impact to customers (as well as to our teams) as much as possible. We aim to positively impact the customer experience after a capital project to ensure that the library building, furniture and fittings are safe and in a good state of repair so that they are appropriate to provide the services they need to deliver.</p> <p>EqIA to align with the scoping and detailed plans.</p>
Highways Structural Maintenance	<p>No disproportionate equality impacts are identified. Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. Priorities are defined based on the overarching principle of 'Asset Condition', which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria.</p> <p>No further equality impact assessment is required.</p>
Safer Roads Fund	<p>The schemes are nationally grant funded and will benefit road users through engineering interventions that improve safety. This scheme is expected to lower speeds, improve pedestrian facilities and to encourage active travel along the length of the A2101 that is covered by a 30mph speed limit. No disproportionate negative equality impacts are identified.</p> <p>No further equality impact assessment is required.</p>
Bridge Assessment and Strengthening	<p>No disproportionate equality impacts are identified. As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe. Priorities are defined based on the overarching principle of 'Asset Condition', which ensures the Council is investing in its assets to maintain a basic level of condition; allowing the Council to deliver its Priority Outcomes as well as meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria.</p> <p>No further equality impact assessment is required.</p>
Street Lighting Replacement Programme	<p>No disproportionate equality impacts are identified. Programme ensures that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution. Also ensures that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users. Priorities are defined based on the overarching principle of</p>

	<p>‘Asset Condition’, which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which ensures the Council is investing in its assets to maintain a basic level of condition; allowing the Council to deliver its Priority Outcomes as well as meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria.</p> <p>No further equality impact assessment is required.</p>
Rights of Way Programme	<p>No disproportionate equality impacts are identified. Programme maintains and protects the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex. Priorities are defined based on the overarching principle of ‘Asset Condition’, which is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which ensures the Council is investing in its assets to maintain a basic level of condition; allowing the Council to deliver its Priority Outcomes as well as meeting any security and health and safety requirements. All potential projects are assessed against agreed criteria.</p> <p>No further equality impact assessment is required.</p>
Gypsy and Traveller Site Refurbishment	<p>ESCC owns and manages four permanent Travellers’ sites and one transit site across the County. Gypsies, Roma and ethnic Travellers are racial groups as defined in s9 Equality Act 2010. ESCC is responsible for providing and maintaining communal amenity block facilities, including a kitchen and bathroom. Capital funding for a rolling basic refurbishment and maintenance programme is required to ensure that amenity block facilities are safe and meet the basic needs of our Gypsy and Traveller communities.</p> <p>No further equality impact assessment is required.</p>
Local Electric Vehicle (EV) Infrastructure	<p>The procurement exercise to identify an operator to support the delivery of EV charge-points across the County has almost concluded. The proposal aligns with the guidance published by the Department for Transport, which has consulted with specialists in this sector, and is expected to have a positive equality impact by improving access to EV charging, especially in areas with limited provision, and support residents without private parking to use electric vehicles more easily.</p> <p>The operator promotes a strong focus on accessibility and follows the principles of PAS 1899, which guides how public charging should meet the needs of disabled people. This helps ensure sites are safe, easy to reach, and simple to use for people with different mobility or access needs, as well as older users and those new to EVs.</p> <p>The operator also proposes a range of easy-to-use payment options, such as contactless bank card payment and a straightforward app, helping ensure people are not excluded by complex digital processes. Any temporary disruption from installation will be managed by the operator through clear communication and careful planning.</p>

	No further equality impact assessment is required.
Flood & Coastal Resilience Innovation Programme	<p>The project monitors water levels to understand and then better manage flooding risk in the catchment area. Communications and engagement plans have been designed to identify, understand and be responsive to diverse people's needs. This includes reaching out to individuals and groups that may have been under-represented in the past, to ensure their views are included and considered; communicating across different platforms and using a wide range of methods; and following best practice in design and programming to reduce the barriers to involvement. An ongoing process of evaluation throughout the programme ensures any additional impacts are identified to improve engagement over time.</p> <p>An EqIA has been completed on the engagement and communications approach for this project.</p> <p>L - Blue Heart Flood Resilience EqIA (completed Jan 2025).</p>
Urban Tree Challenge	<p>No equality impact assessment required: the original project ensured that trees planted on verges do not create accessibility barriers or affect sightlines. Ongoing funding is for ongoing maintenance of planted trees.</p> <p>No further equality assessment is required.</p>
Eastbourne Town Centre Phase 2a	<p>This project is specifically focused on a key Eastbourne town centre corridor between the junction of Cornfield Road and Terminus Road (known locally as 'Bankers Corner'), extending along Terminus Road to Langney Road and Bolton Road. The scheme consists of a complementary package of improvements, building on the already completed Phase 1 improvements. The development of the scheme aims to support and increase access to the town centre for all service users, by balancing the needs of local businesses, disabled users, cyclists and delivering a scheme within the funding available and to the highways design standards such transport and public realm schemes are required to meet. An EqIA has been completed on designs for this proposal and continues to be reviewed and updated as the design progresses.</p> <p>M - Eastbourne Town Centre Phase 2a EqIA (updated November 2025).</p>
Eastbourne / South Wealden Walking & Cycling Package	<p>The package primarily focuses on improving traffic congestion to support sustainable economic growth; supporting the growing demand for improved walking and cycling infrastructure in this area; increasing levels of cycling; and tackling health and wellbeing issues resulting from physical inactivity. This project builds on 5 previous schemes across Eastbourne and South Wealden. An initial EqIA was completed on the original overarching scheme in 2019.</p> <p>New, updated EqIAs for each of the revised and reprofiled projects will be developed alongside the detailed design task proposals to inform them and the construction phases.</p>

Hailsham / Polegate / Eastbourne Movement & Access Corridor	<p>The Hailsham/Eastbourne/Polegate Movement and Access Corridor package comprises two elements. The first involves an improvement to the A2270/Polegate High Street/Wannock Road junction in Polegate. This includes walking, wheeling and cycling improvements which will support accessibility for vulnerable road users around the junction as well as upgrades to the existing lighting. The second element comprises the introduction of bus lanes on Eastbourne Road between Broad Road and Huggetts Lane in south Polegate/north Willingdon as well as the introduction of an off-road walking and cycling route that will improve access, signage, lighting, crossing / tactile paving for the benefit of all users.</p> <p>Both elements of the package will have a positive impact on key characteristic groups including disabled and older people, and women with supportive measures to ensure their access and use of the facility.</p> <p>The scheme is currently at detailed design and a full Equality Impact Assessment will be undertaken as the detailed design is being completed in 2026, with the EqIA outcomes reflected in the final design. The EqIA will be informed by the outcomes of previous public consultation engagement/feedback undertaken on the scheme.</p>
Hastings / Bexhill Movement and Access Package	<p>EqIAs are developed for each scheme to identify specific impacts. The schemes all form part of the Local Growth Fund funding Hastings and Bexhill Movement and Access Package.</p> <ul style="list-style-type: none"> • Station Approach: The project is a junction improvement and pedestrian access scheme at Station Approach, Hastings. The purpose of the scheme is to make the crossings more desirable for pedestrians to increase usage and improve the safety of the junction for pedestrians and vehicles and to create easy movement between the train station and town centre. See: N - HBMAP - Station Approach EqIA (reviewed October 2025). • Bexhill Cycle Route A: The project is a cycling and walking improvement scheme from the seafront by Collington Train Station to the North Bexhill development area (Worsham). The purpose of the scheme is to improve the active travel provision in Bexhill, improve safety for pedestrians and cyclists and encourage active travel by connecting the existing NCN2 and existing facilities at the Bexhill Enterprise Park with key locations throughout the town. See: O - HBMAP - Bexhill Cycle Route EqIA (reviewed November 2025).

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Capital Strategy 2026/27 to 2046/47

Document summary

With a scope of 20 years, the Capital Strategy 2026/27 to 2046/47 sets the framework in which the capital programme is planned and allows the Council to prioritise the use of resources to support the long-term priorities.

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1. Purpose of the Strategy

- 1.1 The purpose of the Capital Strategy is to drive the authority's capital investment ambition whilst also ensuring appropriate capital expenditure, capital financing and treasury management within the context of the sustainable, long-term delivery of services.

- 1.2 The Capital Strategy supports the Council Plan, which is our vision for a basic but decent level of service for East Sussex, in a difficult financial climate, set out under the following priority outcomes:
- Driving sustainable economic growth
 - Keeping vulnerable people safe
 - Helping people help themselves
 - Making best use of resources now and for the future
- 1.3 The Council Plan and Portfolio Plans 2026/27, which set out our priority and delivery outcomes for the coming year and our plans for delivering them, have been published online. The plans and budget reflect the increasingly challenging financial position facing the Council. This is due to the growth in need for statutory, demand-led, services for vulnerable children and adults, an escalation of costs, and national support and funding not meeting the new costs facing the authority.
- 1.4 The Capital Strategy prioritises investment in assets (see 2.4) that support the objectives of the Council Plan, whilst also acknowledging that capital investment decisions have a direct impact on the council's revenue budget, particularly relating to borrowing costs, and are therefore to be considered in the context of their impact on revenue budget and wider council financial position. The strategy recognises that digital transformation and AI-enabled solutions are integral to achieving efficiency, resilience and improved outcomes.
- 1.5 In order to reduce the cost of borrowing the [Reconciling Policy, Performance and Resources \(RPPR\)](#) report update on planning for 2025/26, reported to Cabinet in November 2024, proposed changes to the capital programme outside of normal Capital Strategy updates. The purpose was to reduce the level of investment in core council funded programmes and reduce the impact of borrowing on the Council's revenue budget. The recommendations made throughout the report were based on an assessment of risks and likely implications made by services of removing or reducing core funded programmes based on set criteria. The programme has been subject to further review for 2026/27.
- 1.6 The aim of this Capital Strategy is also to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.
- 1.7 This Capital Strategy has been prepared in the context of significant structural changes within local government. There is an anticipated, but as yet undefined, impact on the capital programme and strategy arising from:
- **Local Government Reorganisation (LGR):** Potential integration of district and borough council capital programmes into a consolidated framework, which may require realignment of priorities and resources.
 - **Combined County Authorities (CCA):** The establishment of CCAs is expected to influence certain funding streams and governance arrangements, introducing new opportunities and constraints that will need to be reflected in future iterations of this strategy.

Given the evolving nature of these changes, the capital programme will remain under review to ensure flexibility and responsiveness as further details emerge.

2. Technical Background

- 2.1 The Capital Strategy is framed within the following statute and guidance:

Legislation

Local Government Act 2003

- Chapter 1:
 - 1.1 – Power to Borrow
 - 1.3 – Duty to determine affordable borrowing limit
 - 1.12 – Power to invest
 - 1.15 – Regard to guidance issued

Professional Codes

CIPFA Professional Codes

- Prudential Code 2021
- Treasury Code of Practice 2021

Guidance

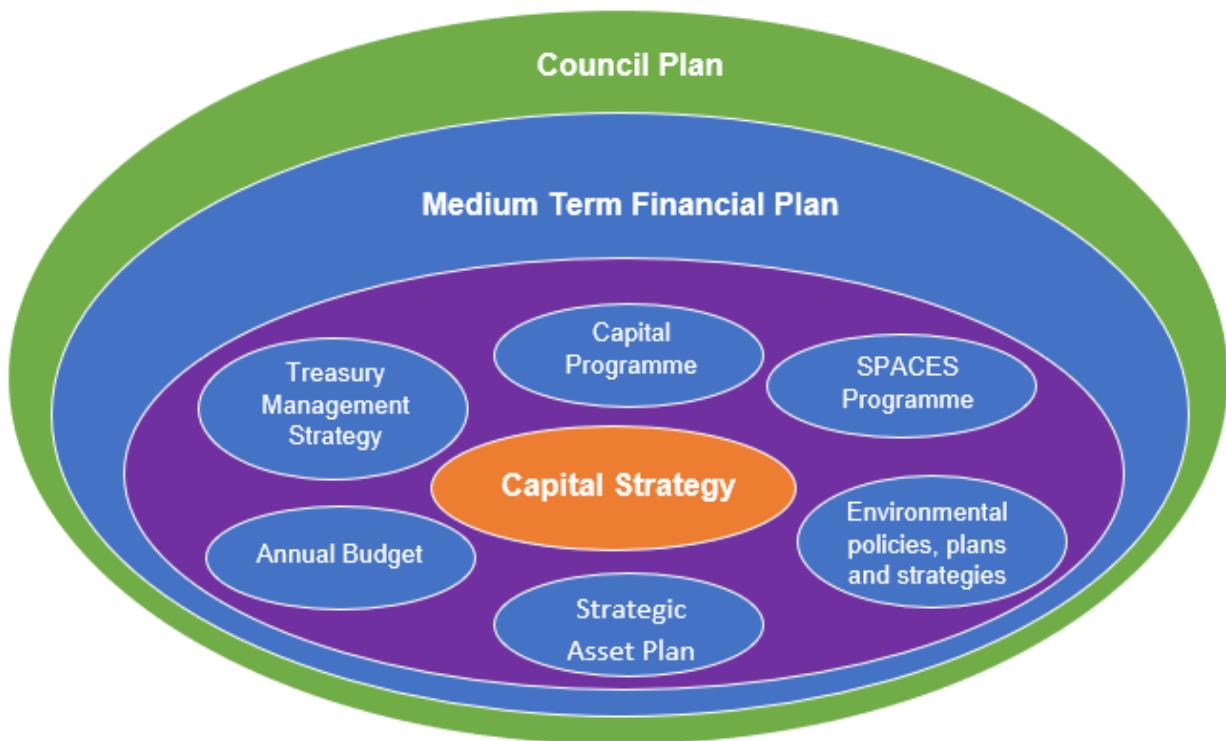
Government and CIPFA guidance

- Minimum Revenue Provision 2018
- Local Government Investments 2018

- 2.2 The Strategy is completed in line with best practice as outlined within the Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2021 Treasury and Prudential Code, it:
- Applies a long-term approach.
 - Explores external influence on Capital Strategy e.g. Local Enterprise Partnership (LEP).
 - Examines Commercial activity/ambition.
 - Determines implications of Treasury Management Strategy.
 - Ensures Council Plan priorities drive capital investment.
 - Examines available resources and capacity to deliver.
 - Assesses affordability against ambition and address any gap.
 - Identify capital financing principles.
 - Demonstrate integration with other strategies and plans.
 - Produce a 10-year capital investment plan, with actions, timescale, outputs and outcomes; plus a 3-year funded programme in line with the Medium Term Financial Plan (MTFP).
 - Identify risks and mitigation.
 - Outline Governance, monitoring processes and procedures.
- 2.3 This Capital Strategy is reported separately from the Treasury Management Strategy Statement which ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercial investments usually driven by expenditure on assets.
- 2.4 An asset is a resource with economic value that the Council owns or controls with the expectation that it will provide a future economic benefit and which has a life of greater than one year. It includes lands, buildings, roads/infrastructure, heritage, plant, machinery and intangibles (e.g. computer software). It also includes grant and advances to be used for capital purposes, such as Disabled Facility Grants.

3. Reconciling Policy, Performance and Resources Framework

- 3.1 The Capital Strategy is an integrated part of the Council's planning framework, Reconciling Policy, Performance and Resources (RPPR). It will have an impact on, and will be impacted by, the other strategies and documents both internally and externally: Internally this includes:



Name	Description
Council Plan	Sets ambitions and plans for each of the four overarching priority outcomes: driving sustainable economic growth; keeping vulnerable people safe; helping people help themselves; and making best use of resources now and for the future.
Medium Term Financial Plan	The Medium Term Financial Plan covers up to the next three years, it is updated each year to encompass any economic or political impacts.
Capital Planned Programme	The programme sets out for the coming 10 years the programme of capital investment that supports delivery of the Council's priority outcomes updated each year to maintain the 10-year horizon.
Annual Budget	The annual budget details the intended revenue (current) expenditure for the next financial year, it allows the Council to set its Council Tax rate for that year. Including any impact from planned investment.
Treasury Management Strategy	Setting out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
Strategic Asset Plan 2020 to 2025	The key purpose of the Plan is to set the principles by which the Council manages its land and buildings, ensuring assets are used as effectively and carbon efficiently as far as possible and optimising an ongoing net income stream to the council. A new interim Asset Management Plan will

	be in place for 2026-2028 ahead of the outcome of local government re-organisation in Spring 2028.
SPACES Programme (Strategic Property Asset Collaboration in East Sussex)	'SPACES' is the <i>Strategic Property Asset Collaboration in East Sussex</i> . SPACES are a partnership programme made up of the County, District and Borough Councils, NHS Trusts, Emergency Services, NHS Sussex, Further Education, VCSE sector and other Government Department bodies representatives all within East Sussex. Whilst the Partnership current aims to make best use of public sector assets and working together collaboratively where possible to deliver benefits in asset utilisation as well as other areas involving property, such as Net Zero, Regeneration and Housing, and Health and Social Care. The SPACES partnership continues to seek external funding from Open Public Estate to provide funding for sites to be developed for housing delivery.
Environmental policies, plans and strategies	The County Council agreed its current Climate Emergency Action Plan in 2022 and is also a partner in the Environment East Sussex Board, which has developed an Environment Strategy for East Sussex.
Capital Strategy	With a scope of 20 years, the strategy sets the framework in which the capital programme is planned and allows the Council to prioritise the use of its resources to support the long term priorities.

3.2 In addition to the internal framework there are a number of external organisations and partners who inform our capital strategies, these include, but are not limited to:

- Coast to Capital Local Enterprise Partnership;
- District and Borough Councils via their Local Plans: There is a requirement for contribution receiving authorities to publish an annual 'Infrastructure Funding Statement' (IFS). Each authority IFS will improve provides transparency, increased accountability and promoted infrastructure delivery through publication of Section 106 (S106) and Community Infrastructure Levy (CIL) monies held, including details on allocations and spending. Districts and boroughs will also provide future spending priorities on infrastructure linked to their Local Plans with a statement on projects or types of infrastructure they intend will be funded by CIL. Providing the opportunity to actively bring processes together on monitoring, spending and promote delivery. The Council will continue to work in partnership with its districts and boroughs on infrastructure planning and delivery though the IFS and Local Plan reviews;
- Local Planning Authorities, such as District and Borough Councils and the South Downs National Park Authority may impose planning conditions to specific schemes.
- NHS Sussex Integrated Care Board;
- Brighton University;
- SPACES (*Strategic Property Asset Collaboration in East Sussex Programme*) is a partnership that includes East Sussex County Council (ESCC), all District and Borough Councils, Brighton & Hove City Council, three emergency services, representatives from the voluntary and community sector, NHS and some central government departments such as Probation Services, Job Centre Plus (Department for Work and Pensions - DWP) and Department for Transport (DfT).

3.3 The Council will actively seek opportunities to engage with other partner organisations to achieve positive outcomes for our residents, using all available forums to develop connections that can be utilised to achieve mutually beneficial approaches to deliver capital projects.

4. Principles

4.1 Capital expenditure can be defined as expenditure that results in the acquisition, construction or enhancement of an asset (e.g. land, buildings, roads, plant and equipment), that continues

to benefit the Council for a period of more than one financial year. At East Sussex County Council (ESCC), projects can be capitalised if they meet the definition of capital expenditure and are over the current approved de minimus of £20,000. Any item below this limit is charged to revenue.

- 4.2 The strategy sets the strategic direction for next 20 years and is supported by a 10 year planned programme. Published as a separate document, the Capital Programme will be updated annually through the RPPR process, to ensure that the Council continues to focus on the right priorities and is able to react to changes in circumstances.
- 4.3 The Prudential Code requires that authorities demonstrate that they make capital expenditure and investment decisions in line with services objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.
- 4.4 To ensure that the Council meets the requirements, it will:
 - **Ensure capital expenditure contributes to the achievement of the Council's Priority Outcomes.** Capital is considered annually as part of the RPPR process, which underpins the financial planning process;
 - **Ensure investment decisions make best use of resources.** A capital and treasury model is in place to ensure that the impact of capital expenditure and use of resources is understood and a holistic view taken;
 - **Have a clear framework for making capital expenditure decisions.** Basic need provides a platform that **must** be funded. Other decisions require a business case that meet certain criteria to be approved (see Appendix B);
 - **Ensure a corporate approach to generating capital resources is established.** The approach to providing funding for capital is set out in section 6 of this strategy;
 - **Prioritise the implementation of key risk management tools.** Including prudential indicators as part of the Council's Treasury Management Policy and Strategy and follow the core principles of the codes;
 - **Have access to sufficient long-term assets to provide services.** The Council uses statistical information, including population trends and housing development plans along with asset condition surveys and regular valuations of our assets to help plan long-term need.
 - **Ensure capital investments decisions are considered in the context of the Council's wider financial position.** Any investment decisions will be considered in the context of their impact on the Council's revenue budget and integrated into medium term financial planning as part of the RPPR process.
- 4.5 **Basic Need** - The strategy focusses on the delivery of basic need for the Council to continue to deliver our services as efficiently as possible. Basic need for the purposes of the capital strategy is provided below, and further detail is provided in Appendix A:
 - **Place:** ensuring we can deliver services by planning for future need.
 - **Asset Condition:** maintaining our assets to an agreed level.
 - **ICT Strategy:** ensure that our ICT is fit for purpose for delivering modern council services in a digital era and protecting data, embedding AI and digital transformation as part of basic need.
 - **Climate Change:** supporting the Council's aim of reaching carbon neutrality from our activities as soon as possible and in any event by 2050 in an appropriate and cost-efficient way and within the resources available.

- 4.6 **Investment Projects** - In addition to the basic need programme the Council will consider business cases where a clear payback, funding stream or future cost avoidance can be demonstrated. Any payback will reduce borrowing in the year it is received and contribute to the sustainability of the programme.
- 4.7 **Capital Loans** – Where loans to third parties that are being used to fund expenditure that is classed as capital in nature, the loans will be accounted for as capital expenditure and will therefore be approved as part of the capital programme. Capital loans to third parties will only be considered where there is an agreed terms of repayment, and repayments will be treated in accordance with the Council's Treasury Management Strategy.

5. Capital Programme Expenditure

- 5.1 The Council's planned Capital Programme for the period 2024/25 to 2034/35 is set out at Appendix A, noting that the expenditure over the planned MTFP period to 2027/28 is presented for approval, whilst the remaining years to 2034/35 are indicative to represent the longer-term planning for capital investment. Capital investment is made to protect assets that support the priority outcomes of the Council Plan, as set out below. Investment decisions need to consider the current financial position of the Council and the revenue implications of increasing borrowing:

Driving sustainable economic growth

- Investment into Broadband infrastructure to increase the number of premises in the county that can access superfast broadband.
- Capital grants and loans to local business as part of the Council's Economic Investment Fund.
- Structural maintenance of highways to maintain and improve highway assets in the county and provide early improvements and resilience.
- Investment in towards cycling, walking and bus infrastructure, road safety, traffic management and public realm improvements.

Keeping vulnerable people safe

- The redevelopment of existing learning disability services into high quality supported living spaces.

Helping people help themselves

- A programme to support house adaptations for people with learning disabilities and carers of disabled children.

Making best use of resources now and for the future

- Improvements to the Council's corporate buildings to maintain at an agreed level.
- Improvements to school buildings and investment to provide necessary school places, school access initiatives, safeguarding and temporary accommodation.
- A programme to ensure that our ICT is fit for purpose for delivering modern council services in a digital era and protecting data.
- Work on assets to reduce the Council's carbon emissions as part of the planned maintenance programme and from grant funding available.
- Investment in AI-enabled systems to increase productivity, automate administrative tasks, and improve service delivery efficiency.

6. Capital Programme Funding

6.1 The Council's Capital Programme is funded from a range of sources as set out below. In the short to medium term, to support the challenging revenue budget position, the Council seeks to minimise the level of borrowing entered into and maximise grants, capital receipts and other income to reduce the pressures on Treasury Management:

- **Prudential Borrowing** – The introduction of the Prudential Code in 2004 allows the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. This has revenue implications for the Council in the form of financing costs, including Minimum Revenue Provision, which will be considered via the annual RPPR process.
- **External Grants for Specific Purposes** – these include grant allocations categorised for specific purposes to deliver specific schemes or outcomes. Where the Council is already funding a scheme or targeted outcome from council funding streams such as borrowing or capital receipts, then such grants will be used to reduce the use of council funding in the defined order outlined at 5.2.
- **External Grants for Non-Specific Purposes** – grant allocations for the delivery of the Council's capital plans (most often from government departments), that are categorised as non-specific. Any grants attracted are used to fund the approved Basic Need capital programme and reduce the Council's need to borrow.
- **Infrastructure Contributions (Section 106 and Community Infrastructure Levy) -**
S106 Contributions – some projects within the Capital Programme are funded by contributions from private sector developers. Where applicable we request contributions for infrastructure such as roads and transport, schools, libraries, household waste recycling centres and rights of way relating to development that has an impact in East Sussex.
Community Infrastructure Levy (CIL) - CIL is a standard charge on developments used to fund a wide range of infrastructure that is needed because of the development. The Charging Authorities (District & Borough Councils) are required to produce a CIL Charging Schedule, which sets out the rates of CIL to be charged on development, East Sussex County Council can then approach the Charging Authority to drawdown some or all of the CIL to fund infrastructure projects.

Infrastructure Contributions represents an important source of funding as it can act to facilitate leverage of additional external funding crucial to meet the County's infrastructure requirements. The capital strategy will seek to maximise the use of Infrastructure Contributions to fund basic need requirements and unfunded infrastructure schemes (via net nil variation), and for future planning purposes, the capital programme will include a reasonable funding target for future years. This target has an inherent risk of not being secured, and will therefore be reviewed annually for reasonableness and, if necessary, actions taken to reduce the target whilst not increasing the need to borrow.

- **Other External Contributions** - Other organisations and partners such as may from time to time make a contribution towards the delivery of a specific capital project. The same principles will apply as to External Grants for Specific Purposes (see above).
- **Reserves and Revenue Set Aside** – The Council can use revenue resources to fund capital projects, where these have been approved as part of the budget setting process or an approved business case. This includes specific reserves, payback from invest to save schemes and revenue contributions (CERA).
- **Capital Receipts** – The Council can generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. This funding source will be prioritised to fund assets with the shortest useful life, such as IT equipment, to reduce the

requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost. The Exceptional Finance Support framework permits local authorities to use capital receipts to fund revenue expenditure on request, subject to agreement from government. Due to a limited asset base and significant levels of borrowing in the programme, the Council will continue to prioritise capital receipts to offset borrowing within the programme.

- **Capital Reserve** – The Council has set aside funds in a reserve that can be drawn upon to fund capital schemes, however reserves can only be used once and therefore are a finite resource. The purpose of the Capital Reserve is to support the Council's Capital Programme and to reduce the need to borrow. This funding source will be prioritised where possible and appropriate to fund assets with the shortest useful life, such as IT equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost.
- **New Homes Bonus** – New Homes Bonus is a (non-specific) revenue grant given by Central Government to Councils which is based on the number of homes build or brought back into habitation in the previous year and is payable for four years. New Homes Bonus can be used to fund revenue or capital expenditure. This will be decided annually through the RPPR process.

- 6.2 The application of these funding sources to capital expenditure incurred during the year will be applied in the following order where possible to minimise revenue implications:
- a. Scheme specific income e.g. specific grants, S106 contributions, Community Infrastructure Levy and Other External Contributions
 - b. Reserves and Revenue set aside funding where agreed;
 - c. Non-Specific grants
 - d. New Homes Bonus
 - e. Capital Receipts
 - f. Capital reserve (dependant on allocations for any specific items of investment set aside for future years)
 - g. Borrowing

- 6.3 **Leasing** - Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks to the Council owning and delivering such assets itself.
- 6.4 **Flexible Use of Capital Receipts** – Capital receipts cannot usually be used to fund revenue costs under statutory guidance, however, in 2016 the government introduced a direction, that has since been extended, to enable local authorities to fund the revenue costs of transformation projects that generate ongoing revenue savings or reduce the cost of service delivery. This direction recommends that a council that intends to use this flexibility should produce a Flexible use of Capital Receipts Strategy setting out details of projects to be funded through flexible use of capital receipts prior to the start of each financial year. The Council does not intend to use this flexibility as it would limit the amount of funding available to fund the Capital Programme or increase the level of borrowing which would have revenue implications for the Council.

7. Environmental, Social and Governance (ESG) Considerations

- 7.1 Environmental, Social and Governance (ESG) considerations are relevant in capital decision making in order to support the Council's strategies. ESG requirements will need to be supported within the business case (see Section 4), and once approved, any capital items will enter the programme via the variation process.

- 7.2 In October 2019 the County Council declared a Climate Emergency and set a target of achieving carbon neutrality from its activities as soon as possible and in any event by 2050, in line with the new target for the UK agreed by Parliament in 2019. The County Council continues to undertake work on climate change as part of business as usual capital expenditure such as through the planned maintenance programme or work on asset rationalisation.
- 7.3 To ensure that the costs and benefits of any potential work is balanced with the social, economic and environmental implications of carbon reduction initiatives, the following should be considered.
- Energy efficiency measures should be considered at the start of any capital project and included in the whole project costs when establishing a business case;
 - Where possible, ESG schemes should be integrated within existing funded programmes, e.g. boiler replacement programme with carbon low carbon replacements as part of the capital building maintenance programme;
 - A whole building approach should include whole life costings which will range from shorter to longer term pay back periods, and it may be possible to use short term savings to subsidise longer term improvements;
 - Scheme Specific Funding, such as external grants and Section 106/CIL contributions should be considered and actively sought to fund projects. This should include lobbying of government departments to provide funding for low carbon measures, such as the Department of Education when funding new schools and major improvements.

8. Equalities Impact

- 8.1 Following the introduction of the Equality Act 2010 ('the EA') a public authority must, in the exercise of its functions, have due regard to the need to – (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA; (b) advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 The protected characteristics set out in the EA are age, disability, race, pregnancy/ maternity, religion or belief, sex, gender reassignment, and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. When making decisions the County Council also considers other matters such as the impact of rurality, deprivation and being a carer.
- 8.3 This means that in setting the Capital Programme, the three equality aims set out above have to be considered as a relevant factor alongside financial constraints and all other relevant considerations. The EA does not require a specific template or format for this assessment however, cases considering the public sector equality duty have held that an Equality Impact Assessment (EqIA) is the best way to demonstrate that the equalities impacts have been identified and considered.
- 8.4 Where a capital project is added to the Capital Programme, officers will demonstrate that the equalities impacts have been assessed and considered by carrying out an initial high level EqIA. This will identify whether a further EqIA is required if the proposal is agreed. Where EqIAs are in place for existing projects in the capital programme, these must be reviewed and refreshed annually as part of the RPPR process.

9. Debt, Borrowing and Treasury Management

- 9.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing. The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 9.2 The Local Government Act 2003 permits local authorities to borrow to finance capital expenditure provided that the plans are affordable, prudent and sustainable in the long term. The Treasury Management Policy and Strategy and the Capital Programme identifies a borrowing need. 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.
- 9.3 Under the Prudential Code and Treasury Management Code, the Council is required to set parameters around its borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. Additionally, when funding capital expenditure through borrowing, the Council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP).
- 9.4 To ensure the separation of the core treasury function under security, liquidity and yield principles (SLY), and the policy and commercialism investments usually driven by expenditure on an asset, the Capital Strategy is reported separately from the Treasury Management (TM) Strategy. Therefore, the debt related to the activity and the associated interest costs, payback period, Minimum Revenue Provision policy or for non-loan type investments, the cost against the current market value and the financial risks are part of the Treasury Management Policy and Strategy.
- 9.5 The proposed capital programme investment has consideration directly to the Treasury Management Strategy. A specific model developed for this purpose continues to be used and updated to remain current so that it remains responsive to any treasury management risks, such as interest rate volatility. Any borrowing required is within the limits set by the Treasury Management Strategy, which sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy.
- 9.6 The Treasury Management revenue budget currently holds capacity due to the following items, but it is anticipated that this capacity will diminish and cease over time as the need to borrow to finance the capital programme increases.
- Capacity is held for a capital programme risk provision (approved annually as part of the RPPR process).
 - Slippage in the capital programme will create temporary capacity in MRP budgets.
 - The Treasury Management Strategy seeks to maximise return on investments (commensurate with the Council's risk appetite) and allow for an appropriate level of internal borrowing.

Subject to annual consideration as part of the Council monitoring process, any underspends within the Treasury Management revenue budget will be reinvested into the capital programme (managed through the Capital Reserve), to reduce the need to borrow and significantly increase the Treasury Management revenue budget in the future.

10. Investments for Commercial Purposes

- 10.1 Investments for commercial purposes are held primarily for financial return and are not linked to Treasury Management activity or directly part of delivering services. This includes non-

financial assets such as commercial property, where they are held primarily for financial return.

- 10.2 The Council's Strategic Asset Plan 2020-2025 seeks to manage and maintain property effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities from the rationalisation and disposal of land and building. In accordance with this objective, the Council will seek to optimise financial return and commercial opportunities in order to drive value for residents and businesses, whilst managing risk effectively and proportionately. The Council has a portfolio of commercial property assets valued at £12.1m (as at 31st March 2023) with an annual net income of £0.3m (2022/23) which supports Council services.
- 10.3 In addition, the Council is able to provide third party loans and financial guarantees in order to enable external projects which support the Council's priority outcomes. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 direct that a loan to an external organisation to fund any expenditure that would be treated as capital expenditure if it were incurred by the local authority must be treated as capital. As a result, all loans to external parties are subject to the governance requirements of all capital expenditure incurred by the council in accordance with this Strategy.
- 10.4 In accordance the Treasury and Prudential Codes, the Council will not borrow for projects where the primary purpose is for commercial return.

11. Governance

- 11.1 The Council's constitution and financial regulations govern the capital programme as set out below:
 - All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution;
 - Capital expenditure must comply with the statutory definition of capital purposes as defined within this document and wider financial standards;
 - The Capital Programme approved by Full Council as part of the Council's annual RPPR budget report sets the capital funding availability for the Council. This is updated and approved by Full Council as part of the Council's RPPR State of the County report;
 - All schemes are formally approved into the capital programme by following the process set out in the financial regulations;
 - With the exception of strategic projects supported by a business case, Basic Need will only be added to, or removed from, the Capital programme as part of the annual budget setting process or as part of State of the County. Any request outside of this process would have to be approved by Cabinet;
 - Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations;
 - Each scheme must be under the control of a responsible person/project manager.
- 11.2 The Council has a Capital Strategic Asset Board (CSAB), a cross-departmental group consisting of officers from each service department, finance, property and procurement. CSAB oversees the development and delivery of the Council's capital programme.
- 11.3 Departmental Capital Boards/sub boards exist for the school basic need programme, Property Maintenance and related projects; Communities, Economy and Transport; and Information, Technology and Digital. There is also a CIL & Section 106 Working Group that reports to the CSAB.
- 11.4 In year, the Capital Programme is monitored and reported to the Corporate Management Team and then to Cabinet and Full Council, on a quarterly basis, as part of the Council's RPPR monitoring process.

11.5 Governance arrangements, including risk management (see section 12), will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

12. Risk

- 12.1 The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.
- 12.2 The Council is exposed to a range of risks that could be triggered by local, national or global events resulting in, for example:
- Financial risks related to the investment of the Council's assets and cash flow, market volatility, currency etc.
 - Macroeconomic risks related to the growth or decline of the local economy, interest rates, inflation and, to a lesser degree, wider national and global economics.
 - A credit and counterparty risk related to investments, loans to institutions and individuals and counterparties in business transactions.
 - Operational risks related to operational exposures within its organisation, its counterparties, partners and commercial interests.
 - Strategic risks related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its Priority Outcomes.
 - Reputational risks related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.
 - Environmental and social risks.
 - Governance risks related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks that balance oversight and efficiency.
- 12.3 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk.
- 12.4 The Council aims to minimise its exposure to unwanted risks – risks that are avoidable and which carry no commensurate reward for the Council – through a range of cost effective mitigation strategies.
- 12.5 To ensure that risks to the delivery of the capital programme, a structured framework of planning and monitoring is maintained as detailed in section 11, which is intended to identify those schemes at risk of non or late delivery.
- 12.6 The Council maintains a contingency at a corporate level, to mitigate possible risks arising from the capital programme. Control of this contingency is maintained by the CSAB, which operates within the normal governance arrangements (see section 11).
- 12.7 As part of capital planning, a number of potential projects or needs for additional funding maybe identified, these are added to a register of such schemes, with the risks and impacts analysed. The CASB will review these on a regular basis and commission further work as necessary to bring the business cases forward if risk is deemed to have developed to a point where further action is required.

13. Skills and Knowledge

- 13.1 The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government Finance experience, who attend courses on a regular basis to keep abreast of new developments. The Council's Section 151 Officer is the officer with overall responsibility for Capital and activities and is a qualified accountant.

Appendix 1: Basic Need Definitions

Place

The overarching principle of "Place" is that the Council ensures that it is investing in its assets to meet future need. The areas of agreed investment are:

Schools Basic Need Programme

Ensuring the provision of sufficient school places is a statutory duty of the Council and needs to be funded. The requirement for school places in East Sussex is driven by housing growth, inward migration and changes in birth rates.

The programme will recognise the potential need for additional primary school places in areas of new housing development together with the increase in secondary school places required for those children already at primary school, which reflects an historic increase in births.

Special Educational Needs and Disability (SEND) Place Planning

Local authorities have a statutory duty to ensure there are sufficient good school places for all pupils, including for those with Special Educational Needs and Disabilities (SEND). Provision is an area of pressure for the Council, with forecasted growth in need over the capital programme period.

SEND requirements will be considered as basic need as part of school place planning, whilst also considering the implication of alternative provision (such as providing places within the independent sectors).

Economic Development including Place Shaping

A Council's priority outcome is to drive sustainable growth. Working with our partners, the Council will include in its capital programme schemes that support this outcome.

The Council will consider, as part of the "Other Investments" outside of basic need, schemes that will provide long-term benefits and demonstrate payback of the initial investment.

House Adaptations

House adaptions for both adults and children are an important element of allowing people to remain in their homes (District & Boroughs) or in accommodation, which meets their needs (County).

Working alongside our partners in Districts and Boroughs to ensure Disabled Funding Grant is utilised to provide the best outcomes for our residents.

Integrated Transport

The integrated transport delivers the objectives of the County's Local Transport Plan, which is complemented five-year implementation plans, delivering priority schemes. The schemes to be delivered are only added to the capital programme when external grant or contributions have been secured.

Climate Change

To achieve the Council's aim of reaching carbon net zero by 2050 at the latest in an appropriate and cost-efficient way, extensive works to decarbonise ESCC's estates operations will be necessary. The capital strategy will support the delivery of energy efficiency improvements linked to its planned capital maintenance programmes for its assets including estate, infrastructure, vehicles and other assets. This will be achieved within available grant funding.

Asset Condition

The overarching principle of "Asset Condition" is that the Council ensures that it is investing in its assets to maintain a basic level of condition, which allows the Council to deliver its Priority Outcomes, meeting any security and health and safety requirements. The areas include:

Highways Structural Maintenance

Maintenance of public highways and public rights of way across the county is a statutory requirement of the County Council under the Highways Act. ESCC has very clear obligations to maintain the public highway, and, therefore, without adequate supporting capital maintenance budget the pressure on revenue budgets will undoubtedly increase and the Council will be at greater risk of third party claims for damages.

Road condition, and the ability to prevent the formation of potholes, has long been a priority for Members, and, in recent years, the focus of the Capital Maintenance Programme has been to improve the overall condition of the carriageway through programmes of preventative patching and carriageway resurfacing. The capital strategy will support the basic need target of maintaining road condition at 4% (A Roads), 4% (B&C Roads), 14% (Unclassified) being in "red" condition, based on a method of survey and analysis prescribed by the Department for Transport.

We receive many requests to install physical features to prevent driving or parking in unsuitable places. All requests are assessed by the Road Safety team and will not be taken forward unless the location meets the criteria used by our scoring system.

If we can improve safety by making minor changes, this will be carried out as part of the highway's maintenance programme. However, more complex improvements, such as traffic calming schemes, pedestrian crossings or cycle lanes are funded from our budget for transport improvements and undergo a strict scoring process.

To ensure that highways drainage is adequate to meet the needs of maintaining safe roads and, as the occurrence of extreme weather events increases, is able to cope with those events.

Bridge Strengthening/Street Lighting/Traffic Signals

As traffic continues to increase on our roads there is requirement for a programme of bridge strengthening and replacement to ensure they remain safe.

To ensure that street lighting is adequate and, as the existing stock comes to the end of its life, it is replaced with modern, energy efficient, technology that also addresses the issue of light pollution.

To ensure that the maintenance of traffic signals is adequate to meet the needs of maintaining safe roads and that meet the needs of all users.

Rights of Way

Maintaining and protecting the public's right to use the 2000 miles (3,500km) of footpaths, bridleways and byways in East Sussex.

Real Bus Information

Real Time Passenger Information (RTPI) has been introduced in East Sussex to help provide better, more reliable information about bus services. The County Council continues to work with neighbouring local authorities and bus operators to roll out the system, which enables live bus times

(real time information) to be displayed on electronic RTPI signs installed at a number of major bus stops and also on the Traveline website, text messages and smartphone apps.

Building Maintenance - schools

Work related to legislation, statutory requirement, health and safety and urgent repair work, as identified via the condition surveys and plans that ensure that schools are maintained at a minimum requirement, including the provision of temporary classrooms, plans based on birth rates and population projections are included in the Place section above.

Building Maintenance – non schools

Work related to legislation, statutory requirement, health and safety and urgent repair works. The money spent on capital will avoid higher running costs helping to reduce the cost of occupancy of corporate buildings.

Libraries

To maintain libraries in a safe and suitable condition from which to deliver the outcomes of the Libraries Strategic Commissioning Strategy.

Energy Efficient Projects

Where funding from Salix can be attracted that pays back the investment, these will be added to the capital programme.

IT&D Strategy Programme

The overarching principle of the IT&D strategy is to ensure that our Information and Communications Technology (ICT) is fit for purpose for delivering modern council services in a digital era and protecting any data held.

The business has a dependent on a basic level of infrastructure in order to be able to function. A substantive proportion of the ICT Strategic Investment bid is for operational activity, essential to keep working, services that support the rest of the organisation.

Continued investment in provisioning operational services keeps the Council's technology tools up to date and working, to ensure that as an organisation, contractual support obligations are maintained and ESCC remains secure, resilient and compliant.

Investment will include AI-driven tools for process automation, personal productivity, and enhanced digital platforms to support planning and collaboration. These technologies will support efficiency, resilience and improved decision-making across all service areas.

In order to stay ahead of business user expectation, investment in developing current systems is fundamental. Failure to keep pace with technological development will, in the short-term, paralyse Council infrastructure. The current development activity will become the future operational activity. Failure to build upon the technology investments already made will leave the Council ill prepared for the future, compromising the ability of the infrastructure to support the business in achieving its goals, making it difficult to share business information securely with partners and access it more flexibly across traditional boundaries.

Appendix 2: Business Case Guidance

- B1. The Council does not prescribe how a business case should be made but a template is available for services to use as necessary. There are also some basic principles.
- B2. The 5-Case Business Case model, as recommended by HM Treasury, sets out some basic questions that all business cases should answer.

The Strategic Case

- **Is the proposal needed?**
 - Will it further the Council's objectives?
 - Is there a clear case for change?

The Economic Case

- **Is it value for money?**
 - Have a range of options been considered?
 - Is it the best balance of cost, benefits and risk?

The Commercial Case

- **Is it viable?**
 - Is there a supplier who can meet our need?
 - Can we secure a value for money deal?

The Financial Case

- **Is it affordable?**
 - Are the costs affordable and realistic?
 - Is there funding available and is it supported?
 - Is there a clear payback?

The Management Case

- **Is it achievable?**
 - Are we capable of delivering the project?
 - Do we have robust systems and processes in place?

Fees and Charges increases over 4.0% for those identified at Q3 2025/26 as part of RPPR

Dept	Service	Description	Current (£)	Proposed (£)	Movt (£)	Movt (%)
CET	Road Safety. The primary focus of the road Safety is behavioural change at that behind the wheel, walking down the street, or on the back of a motorbike and on a bike.	Holiday courses: whizz and family fun	6.00	7.00	1.00	16.7%
		Beginners	21.00	22.00	1.00	4.8%
		Level 1	12.00	13.00	1.00	8.3%
		Level 2	22.00	23.00	1.00	4.5%
		Level 3	30.00	32.00	2.00	6.7%
		Adult beginners	32.00	35.00	3.00	9.4%
		Adult confidence (individual)	32.00	35.00	3.00	9.4%
		Adult Level 3 (2 hours)	32.00	50.00	18.00	56.3%
		Bike maintenance	30.00	35.00	5.00	16.7%
		Courses throughout the year: Mountain bike rides (Adult)	30.00	35.00	5.00	16.7%
		Mountain bike rides (child)	25.00	35.00	10.00	40.0%
		Junior Fix sessions	20.00	25.00	5.00	25.0%
		Level 1 plus	18.00	20.00	2.00	11.1%
CET	Traveller Sites in Hailsham, Maresfield, Polegate, Robertsbridge and Bridies Tan.	Service Charges Bridie's Tan	10.00	12.00	2.00	20.0%
		Rental Bridie's Tan	78.00	83.00	5.00	6.4%
CET	The Keep provides an Archive Service that is utilised by many organisations along the South Coast. It is a partnership between ESCC, BHCC and the University of Sussex. Public access to the Archives is facilitated and a wide program of educational talks and events is provided. It is also the base for the SFHG who pay a notional rent and their activities support the maintenance and indexing of Family Records. Other material requiring specialist storage is archived here by other entities such as TNA and University of Brighton.	Reprographics: Digital image A4	15.00	16.00	1.00	6.7%
		Digital image A3	15.00	16.00	1.00	6.7%
		Digital image over A3	20.00	21.00	1.00	5.0%
		Printed image A4	17.00	18.00	1.00	5.9%
		Printed image A3	20.00	21.00	1.00	5.0%
		Printed certificates: Baptism - short	18.00	19.00	1.00	5.6%
		Certified Copies: Certified copy of original record	20.00	21.00	1.00	5.0%
		Tithe maps				
		Digital Map area via email	20.00	21.00	1.00	5.0%
		Apportionment (on a plot)	7.50	8.00	0.50	6.7%
		Wills				
		Digital	15.00	16.00	1.00	6.7%
		Printed	20.00	21.00	1.00	5.0%
		Publication fees per image (ESBHR only)				
		In books with print run 1-1000	7.50	8.00	0.50	6.7%
		In books with print run 1001-3000	15.00	16.00	1.00	6.7%
		Publications for local media	7.50	8.00	0.50	6.7%
CET	Libraries and Learning Services	Inter Library Loans British Library/ Universities	15.00	22.35	7.35	49.0%
		Printing and photocopying A3 B&W	0.40	0.42	0.02	5.0%
		Printing and photocopying A3 colour	1.20	1.25	0.05	4.2%
		Meeting room business	22.00	23.00	1.00	4.5%
		Meeting room commercial	44.00	46.00	2.00	4.5%
CET	Trading Standards protects consumers and traders in East Sussex. The service enforces government legislation, offers advice to businesses and consumers, provides licences and inspections for businesses and investigates offences and prosecutes offenders.	Accredited Financial Advisor Advice	100.00	105.00	5.00	5.0%
		Primary Authority (External Consultancy)	2,000.00	2,100.00	100.00	5.0%
CET	Registration Service	Document Certification up to 10 pages	10.00	20.00	10.00	100.0%
CSD	Data, Research, and Information Management: External Services to Schools – The services provided by DRIM are as follows: DS01 – Comprehensive Key Stage Data Package, DS02 – School Performance Data Training Visit, DS03 – School Performance Data Audit Visit and DS04 COLLECT Pupil and Workforce	Draft planning figures for the 2026-27 financial year: DS01 - combination of NoR x multiplier plus Addition:				
		Secondary Multiplier	0.21	0.22	0.01	4.8%
		Secondary Addition	310.00	325.00	15.00	4.8%
		DS04 Primary & Special Academies	170.00	180.00	10.00	5.9%
		DS04 Secondary Academies	340.00	355.00	15.00	4.4%
CSD	Rent for former Rye Scout Hut	New 5 year lease commenced wef 01.04.2025	1,800.00	2,500.00	700.00	38.9%
CSD	Governors & Clerking	GS01 (up to 100 pupils)	852.00	895.00	43.00	5.0%
		GS02 (up to 100 pupils)	535.00	562.00	27.00	5.0%
		GS01 (100+ pupils)	1,342.00	1,409.00	67.00	5.0%
		GS02 (100+ pupils)	891.00	936.00	45.00	5.1%
		GS01 - Secondary and Special	1,949.00	2,046.00	97.00	5.0%
		GS02 - Secondary and Special	1,281.00	1,345.00	64.00	5.0%
		GS01 - Primary and Special Academies	1,374.00	1,443.00	69.00	5.0%
		GS01- Mixed, Special and Secondary Academies	1,996.00	2,096.00	100.00	5.0%
		Academies adding additional boards	266.00	279.00	13.00	4.9%
		Training Courses	80.00	84.00	4.00	5.0%

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Letter to all East Sussex MPs – 7 January 2026

Dear [x] MP,

We are nearing the moment of setting an annual budget for East Sussex County Council but with a clear and inescapable fact in front of us: that we do not have the resources to meet the priority needs of the people who live here.

Because of this, we expect to ask the Government to approve up to an extra £70m of borrowing (known as Exceptional Financial Support) so that we can continue to invest in essential services and prevention where this will reduce the escalation of need and costs.

This is a critical situation for any local authority, but especially for one which independent assessments have agreed is already lean and well-run.

Our position shows that financial prudence, innovation and a continuous track record of making savings are simply not enough when national funding formulas do not account for the genuine need in East Sussex, particularly our high elderly population.

Our draft budget in February will include plans for a net spend of about £690m on our priorities next year. Our investment in adult social care and children's services has increased by 40 per cent and 54 per cent respectively in the last three years, reflecting the growing demand for, and cost of, many of the most vital services including community care, special educational need and disability services and looking after children in care.

Yet available resources are not keeping pace; they are falling back. We expect a loss of almost £13m over the medium-term as a result of changes confirmed in recent funding announcements. Our core spending power, excluding council tax, reduces by almost six per cent by 2028/29.

We understand the financial pressures on the public purse and we welcome the government's willingness to review and reform how local government is funded.

Yet as the current effect of those reforms is to leave the people we serve in East Sussex worse off, while their needs increase, we cannot see how this could be described as 'fair funding.'

To be clear, most of our services are statutory (not optional). We've made deep cuts of £156m since 2010 and are continuing to make savings. We have reduced reserves to the minimum. And people in East Sussex already pay a high level of council tax. (*It would require an annual increase in council tax of 19 per cent to close our financial gap.*)

Seeking Exceptional Financial Support is therefore our only remaining option to set a balanced budget in February.

However this also comes at a cost, with annual repayments adding to the pressure on our revenue budget from next year onward.

There are two ways in which your support and intervention, if you felt it appropriate, would be most helpful at this point.

The first would be to impress on Ministers and officials that, despite high levels of need, ESCC will lose a further £13m as a result of recent funding changes and announcements, including the effects of the government's Fair Funding Review. It is hard to see how this tallies with the Government's ambition for fair and sustainable funding in local government.

The second would be to urgently request an increase in the provisional financial settlement for East Sussex in 2026-27 to better meet some of the real and urgent need of your constituents. This would have the added benefit of reducing the repayment costs of Exceptional Financial Support in years to come. Government is consulting on the provisional allocations and before January 14 there is still time to press for additional funding to be included in the final settlement to be announced in February.

If you would like more information or details about our resource and budget position, please let me know.

We are grateful for your continued support, but regret that it is now needed more than ever.

It is certain that many more local authorities will now be seeking exceptional financial support from the government and this illustrates the general pressure on the sector.

But all the evidence shows that East Sussex is being particularly hard hit. This is why, despite years of effective and careful management, we have arrived at this critical moment.

Yours sincerely,

Becky Shaw

Chief Executive

Agenda Item 6

Report to:	Cabinet
Date:	27 January 2026
By:	Chief Executive
Title of report:	Devolution and establishment of the Mayoral Combined County Authority
Purpose of report:	To provide an update on the progress of devolution in Sussex, and to seek consent to the establishment of the Sussex and Brighton Combined County Authority.

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) Note the changes announced by the Minister to the proposal to devolve to Sussex and Brighton Combined County Authority, in the letter of 4 December 2025;**
 - 2) Reconfirm the approval of and consent to the establishment of the Sussex and Brighton Combined County Authority;**
 - 3) Delegate authority to the County Council's Chief Executive, in consultation with the Leader, to agree the contents of, and consent to, the making of the Sussex and Brighton Combined Authority Order 2026; and**
 - 4) Delegate authority to the Chief Executive to take such action as necessary to give effect to the above recommendations and to facilitate the establishment of the Combined County Authority.**
-

1 Background and context

1.1 In December 2024, Government published the English Devolution White Paper which set out its ambitions for devolution and the eventual creation of Mayoral Strategic Authorities (MSAs) covering all areas of England. In February 2025, an application from West Sussex County Council (WSCC), East Sussex County Council (ESCC) and Brighton and Hove City Council (BHCC) to join the Devolution Priority Programme (DPP) and to establish a Mayoral Combined County Authority (MCCA) for Sussex was accepted by the Government.

1.2 National government undertook an 8-week public consultation from 17 February to 13 April 2025 to engage and seek responses from a range of interested parties across the region. In July 2025, following a public consultation, the Government confirmed that the proposal to create a Mayoral Combined County Authority for Sussex and Brighton had met the statutory tests and that it would move forward with mayoral elections scheduled for May 2026. In October, all three

constituent councils agreed to the establishment of the MCCA and delegated authority to Chief Executives to consent to the laying of a Statutory Instrument to create the new Authority.

1.3 In October 2025 Cabinet agreed to provide its consent, with authority delegated to the Chief Executive, to the laying of the necessary Statutory Instrument by Government that would provide the legal force to create a new mayoral combined county authority (CCA) for Sussex with mayoral elections scheduled for 7 May 2026. The Government also previously confirmed that the CCA would receive an annual Investment Fund of £38 million for 30 years following the election of a mayor and a further £1m per year capacity funding for three years to help establish the authority.

1.4 On 4 December 2025, the Parliamentary Under Secretary of State for Devolution and Faith Communities, Miatta Fahnbullah MP, wrote to the Leaders of West Sussex County Council, East Sussex County Council and Brighton and Hove City Council (Appendix 1) to set out the Government's intention to continue with the establishment of a Mayoral Strategic Authority in Sussex and Brighton from 2026, but to postpone the mayoral elections in 4 DPP areas, including Sussex and Brighton, until 2028.

1.5 In light of these changes, an amended Statutory Instrument to create the Sussex and Brighton CCA will be issued by the Government, for constituent councils to agree. The purpose of this report is to update Cabinet on these developments, set out the implications for East Sussex County Council where they differ from the previous report to Cabinet on 21 October 2025, and seek renewed approval in principle to consenting to devolution in the terms outlined.

1.6 The intended effect of this change would be that once the English Devolution and Community Empowerment Bill is passed and prior to the election of a mayor in May 2028, the new Sussex and Brighton CCA would have access to those powers available to a Mayoral Strategic Authority, bar those that are only exercisable by a mayor. These are set out below in paragraph 2.4.

1.7 The Government also confirmed that in light of the postponement of the elections, DPP areas that would now elect a mayor in 2028 would receive one third of their annual allocated Investment Fund in the years 2026/2027 and 2027/2028, albeit over the 30 year period the amount received will remain unreduced. The reason provided by the Government for postponing the elections was to allow for the completion of Local Government Reorganisation in advance of the election of a mayor.

1.8 Subject to the consent of the three constituent councils, the Statutory Instrument will be laid in Parliament imminently and will be debated by both Houses. If approved, it is anticipated that it will take effect in early 2026.

1.9 Despite the postponement of the mayoral election and a reduction in Investment Fund available in the next 2 financial years. It is recommended that ESCC moves forward with the creation of a new Sussex and Brighton CCA at the earliest opportunity on the basis that it represents a significant opportunity for East Sussex and the wider region. A new Sussex and Brighton Combined County Authority would still benefit from significant powers ahead of a mayoral election with

the opportunity to take a more strategic approach to transport, develop a regional plan for growth, take responsibility for adult skills funding and take action on carbon reduction. The region would also still receive over £12 million a year in new investment funding.

1.10 Under the new timeline, with a mayor not elected until 2028, the Constituent Authorities will be setting the priorities for investment in Sussex and Brighton and the focus of the County Combined Authority. Backed by the Mayoral Investment Fund, this will provide a significant opportunity to set the direction for the future, prior to the election of the mayor for Sussex and Brighton.

2 Proposal details

Changes to the Statutory Instrument

2.1 The Statutory Instrument (SI) will be called *The Sussex & Brighton Combined County Authority Regulations 2026*. Under parliamentary procedure for the introduction of legislation, the full and final text of the SI would be made public at the point it is laid in Parliament. To support Cabinet decision-making, a breakdown is provided that sets out the functions which will be available to the Sussex and Brighton CCA ahead of the inaugural election, through both the Statutory Instrument and the English Devolution and Community Empowerment Bill, once it receives Royal Assent, and the powers and functions which will be reserved to the mayor (Appendix 2).

2.2 The effect of the previous version of the Statutory Instrument was set out in detail in the previous report to Cabinet. The changes to the amended SI are as follows:

- Changing the date of the inaugural mayoral election from 7 May 2026 to 4 May 2028.
- Extending the transitional period during which requirements relating to the production of a Local Transport Plan will be held concurrently by the CCA and constituent authorities from 31 March 2027 to 31 March 2028.
- Changing the date at which point Part 5 (Mayoral functions) comes into force from 11 May 2026 to 8 May 2028.
- Amendments to ensure that the Sussex and Brighton CCA will have the ability to approve a Local Transport Plan before the mayor is in place.

2.3 As set out previously, should all three Constituent Authorities consent to the laying of the SI, it will then need to be debated in and approved by both Houses of Parliament. Parliament can only approve or reject SIs; it is not possible for them to be amended once they have been laid. Parliament is allowed up to 8 sitting weeks in which to approve the SI, and it is expected that this process would be completed at some point in early 2026, at which point the Sussex and Brighton CCA would formally come into existence

Changes to the impact of the English Devolution and Community Empowerment Bill

2.4 The effect of the devolution aspects of the English Devolution and Community Empowerment Bill and the powers it would convey on a Mayoral Combined County Authority for Sussex and Brighton were set out in detail in previous reports to Cabinet. The implication of the recent Government announcement to postpone the mayoral election until 2028 is that those powers that are exercisable only by the mayor would not be available until after the election. Those powers include:

- Key Route Network power of direction
- Spatial Development Strategy (clause 52 of the Planning and Infrastructure Bill: Part 1A of the Planning and Compulsory Purchase Act 2004) (An MSA would be able take steps to prepare an SDS prior to a mayoral election but it could only be signed-off once a mayor is in place).
- Compulsory purchase powers under the Housing and Regeneration Act 2008 and Housing Act 1985 (Clause 34, 35 and Schedule 15, 16)
- Power to convene and duty to respond
- Duty to collaborate
- Strategic Development Management Powers
- Mayoral Development Orders
- Mayoral Development Corporations
- Mayoral Community Infrastructure Levy
- Mayoral Council Tax Precept
- Police and Crime Commissioner and Fire and Rescue Authority functions (subject to secondary legislation).

2.5 The English Devolution and Community Empowerment Bill seeks to move Mayoral elections from the current First Past the Post voting system to the Supplementary Vote system. The Government had confirmed that given the expected timescales for passing the Bill, mayoral elections planned for 2026 would have been conducted using First Past the Post. Subject to the Bill receiving parliamentary approval, it is expected that any future mayoral elections will be conducted using the Supplementary Vote system.

Investment Fund

2.6 Prior to the decision taken by Cabinet in October 2025 to consent to the creation of the Sussex and Brighton CCA, Ministers had provided written confirmation that the Sussex and Brighton CCA would receive a £38 million a year 30-year Investment Fund following the election of a mayor in 2026. In the letter received on 4 December setting out the intention to postpone the mayoral elections until 2028, the Minister confirmed that the Sussex and Brighton CCA would receive one third of its annual allocated Investment Fund in the years 2026/2027 and 2027/2028 rising to the full allocation following the mayoral election. The fund will be split 50/50 between capital and revenue spend.

Establishment of Devolution Delivery Programme

2.7 Prior to the Government announcement to postpone the election, significant progress had been made to lay the foundations for the creation of a combined county authority in Sussex. This work continues at pace. Following the appointment of an interim Chief Officer for the shadow CCA, a Devolution Delivery Programme has been established to oversee the creation of the CCA. The interim Chief Officer is currently assembling a Programme Delivery Team to lead delivery of critical workstreams and work alongside the Constituent Authorities and other partners as part of a Devolution Delivery Programme Board. An Informal Partnership Board and a Stakeholder Forum have also been established to ensure effective engagement with stakeholders from across Sussex.

2.8 The early priority workstreams of the Devolution Delivery Programme include governance, organisational design, strategy and policy, communications and engagement, and finance. The Programme Delivery Team are in the process of developing a governance framework and an implementation strategy as well as other critical policies and processes. A two-day policy ‘sprint’ involving over 80 council officers and stakeholders from across Sussex was held in early December to start the work to develop a prosperity strategy for the new CCA.

Development of a Local Assurance Framework

2.9 Before the investment funding can be released and before the Statutory Instrument can take effect, it is necessary for Constituent Authorities to agree a Local Assurance Framework (LAF) with the Ministry of Housing, Communities and Local Government (MHCLG). The purpose of the LAF is to set out how the new Sussex and Brighton CCA will use public money responsibly, openly and transparently, and achieve best value for money. The LAF is a legal requirement.

2.10 The process, requirements and principles relating to the LAF were considered by the Member Reference Group at its November 2025 meeting. An early draft LAF was submitted to MHCLG in November 2025 for initial feedback from government departments. A final draft of the LAF was submitted on behalf of Constituent Authorities ahead of the 15 January 2026 deadline set by Government. Subject to the views of Government, it will then be considered for adoption by the MCCA at its first meeting.

2.11 The alternative to the recommendation to consent in principle to the laying of the amended Statutory Instrument outlined above is to refuse consent to move forward with devolution in Sussex and Brighton, which would have a number of negative impacts. This would include preventing or delaying the predicted benefits of devolution and the flow of new funding and powers from government to Sussex and Brighton, including the new investment provided by the 30-year Investment Fund.

3 Financial implications

3.1 The reduction in anticipated investment funding over the next two financial years – from £38 million per year to approximately one third of that amount – will

result in less funding available to support regionally agreed priorities to drive economic growth, create jobs and strengthen public services during that period.

3.2 The postponement of the mayoral election until 2028 will postpone the previously estimated cost of delivering an election in 2026. These costs are anticipated to be met from resources available to the CCA. Any costs incurred by Local Returning Officers due to the cancellation will be assessed on their merit and reimbursed from capacity funding if necessary.

3.3 The costs associated with the delivery of CCA functions prior to the mayoral elections will be met by resources available to the CCA, such as the Investment Fund, capacity funding or by top-slicing grant funding streams. The budget for any forthcoming year will need to be agreed with the Constituent Authorities in advance, and it is anticipated that a local agreement will be in place to ensure that expenditure provisions are in line with voting provisions until 2028, when this will be reviewed in light of the outcome of Local Government Reorganisation.

Equality consideration

3.4 As a public body receiving public funds, the new CCA will be subject to the Public Sector Equality Duty under the Equality Act 2010 in relation to the legally protected characteristics (age, disability, gender reassignment, pregnancy/maternity, race, religion/belief, sex, sexual orientation and marriage/civil partnership) to eliminate discrimination, advance equality of opportunity, and foster good relations between people who share protected characteristics and those who don't. The new CCA must have 'due regard' to these duties in their day-to-day work, considering the impact of their policies, decisions, and services on people sharing protected characteristics.

3.5 The process of creating a CCA is not expected to disproportionately affect any specific group sharing any of the legally protected characteristics. Its aim is to move decision making closer to those affected, which should help people sharing protected characteristics access services and economic opportunities more fairly than if decisions remained at the central government level.

Crime and Disorder

3.6 The Bill provides for the transfer of Policing and Crime Commission and Fire and Rescue Authority functions as well as duties to share information relating to crime and disorder:

- Sharing of information in relation to crime and disorder - These powers both enable and place a duty on Strategic Authorities to disclose information relating to the reduction of crime and disorder, including anti-social behaviour, to other relevant authorities (such as local authorities, social landlords and the police). This function is exercised concurrently with constituent authorities.

- Police and Crime Commissioner Functions - Mayors will be, by default, accountable for the exercise of Police and Crime Commissioner (PCC) functions where mayoral boundaries align with police force boundaries, or with two police force

boundaries when taken together. Transfers will be subject to secondary legislation and we understand that the functions will transfer in 2027. These functions will be exercisable by the mayors, but mayors will have to delegate PCC responsibilities to a Deputy Mayor (for Policing, Fire and Crime for each police force area for which they have PCC functions).

Public Health

3.7 The CCA could play a key role in improving health and wellbeing, underpinned by a new bespoke duty in relation to health improvement and health inequalities. This would mean that the Mayoral Combined County Authority would need to have regard to the need to improve health, and reduce health inequalities, in the exercise of its functions. Combined with an expectation that the mayor would be appointed to one or more of the relevant Integrated Care Boards or Partnerships in the area. By establishing a tailored health obligation, the CCA would be formally recognising the importance of addressing health disparities within the community.

3.8 A 'health in all policies' approach could lead to dedicated policies and programmes aimed at tackling broad determinants of health, such as housing, employment, skills and access to healthcare services. In practice, the mayor's involvement with Integrated Care Boards or Integrated Care Partnerships, or equivalent, could foster collaboration among various stakeholders—such as NHS organisations, local councils, voluntary sector groups, and community leaders—enabling the alignment of strategies and resources. This coordinated effort could help ensure a more cohesive response with investment directed towards the most pressing local health challenges. Through these initiatives, the CCA has the potential to contribute towards helping to improve overall population health and bridge the gap between different social groups.

4 Conclusion and reasons for Recommendation

4.1 Members will be familiar with the issues around Devolution and the proposed establishment of the Sussex and Brighton CCA having received a previous report seeking consent. This report sets out the update and the changes in relation to the timings of its implementation and the election of a mayor.

4.2 Notwithstanding the proposed changes, Devolution and the creation of a Mayoral Combined County Authority could bring major benefits to the region. The Government has committed to a £38m annual investment fund over 30 years (£1.14bn) for agreed priorities, aiming to drive economic growth, support employment, and improve local services. The Bill also devolves new powers over transport, housing, and adult skills for more local decision-making.

4.3 Certain powers and responsibilities currently managed by ESCC will shift to the newly formed MCCA, fostering strategic cooperation on important regional matters like infrastructure and workforce development. While the election of the mayor and devolution of some powers will now be delayed the MCCA remains able to assist and strengthen partnerships across Sussex.

4.4 It is recommended to reconfirm the approval and consent to establish the MCCA and that authority be delegated to the Chief Executive, in consultation with the Leader, to agree to the SI so that consent can be given in a timely manner and within the timescales set by Government. It is also proposed to delegate authority to the Chief Executive to take any action needed to enact the recommendations and facilitate the establishment of the MCCA.

BECKY SHAW
Chief Executive

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Background Documents

[Agenda for Cabinet on Tuesday, 21st October, 2025, 10.00 am | East Sussex County Council – Item 5](#)



Ministry of Housing,
Communities &
Local Government

Miatta Fahnbulleh MP

*Parliamentary Under Secretary of
State for Devolution, Faith and
Communities*

**Ministry of Housing,
Communities &
Local Government**
2 Marsham Street
London SW1P 4DF

Cllr Bella Sankey
Cllr Keith Glazier
Cllr Paul Marshall

4th December 2025

Update on the Devolution Priority Programme

Thank you for speaking with me on 3 December. I am grateful to you for finding time at short notice.

As discussed, this Government is committed to extending and deepening devolution across England. For too long decisions have been made centrally in Whitehall, away from the places and communities those decisions impact.

Today, I issued a written ministerial statement reconfirming our commitment to the Devolution Priority Programme, including investment funds and next steps towards the establishment of the Sussex and Brighton Mayoral Strategic Authority

Following our appointments earlier in the autumn, the Secretary of State, Minister for Local Government and I have taken the opportunity consider the most effective way to ensure Mayoral Strategic Authorities are best placed to deliver. We believe that devolution works best when it is built on strong foundations, and so moving forward, I intend to align mayoral devolution in the Devolution Priority Programme areas with the establishment of new unitary authorities following local government reorganisation.

I have therefore informed Parliament today that we are minded to hold inaugural Mayoral election in Sussex and Brighton in May 2028, in order to complete the reorganisation process before Mayors take office. I recognise that this will be disappointing news and I am grateful for the work you have put into this Programme to date. I want to assure you the Government's intention is firmly to preserve this progress and ensure your area can still benefit from devolution as soon as possible, including in advance of the Mayoral election.

While recognising that you will need time to consider today's announcements, we are keen to move as quickly as possible to ensure that you can continue to make progress on building the new institution, and start delivering on our shared priority: driving growth across Sussex and Brighton. Consequently, today's announcement confirmed that we will ensure the new institution is able to start investing in local growth priorities in the years prior to the election of the Mayor,

including through the government providing one third of the annual value of your Investment Funds in 2026-27 and 2027-28.

Prior to the election of the Mayor, you will also be able to make use of a range of devolved powers to drive your priorities, including around the development of Local Growth Plans, transport and adult skills. Following the Mayor's election, as previously committed, you will then receive £38 million per year, split equally between resource and capital.

In addition – in order to support you to develop your institution's capacity to develop and deliver growth in your region – today's announcement confirms that we will provide £3 million as a minimum flat payment over the next three financial years, in addition to an initial payment of £1 million when the statutory instruments are laid in Parliament. This funding is intended to help with the costs of establishing your new Mayoral Strategic Authority and ensuring your area can benefit from devolution as soon as possible.

In order to unlock your ability to set up the new institution and begin delivering for your area, we of course need to lay the statutory instrument setting up the new Strategic Authority. The government stands ready to progress this as quickly as possible over the coming weeks, subject to your consent and local processes.

I suggest we arrange a further meeting next week, with you all collectively, to discuss how we can maintain momentum on establishing the Sussex and Brighton Mayoral Strategic Authority and driving growth for your region, and in particular the timing of laying the statutory instruments.

I am copying this letter to the Members of Parliament, District Council leaders and Police and Crime Commissioner in your area.

Yours sincerely



MIATTA FAHNBULLEH MP

Parliamentary Under-Secretary of State for Devolution, Faith and Communities

Functions the CA will have through the SI	Functions the CA will have through the Bill	Mayoral functions
Development of Local Transport Plans (s108, 109 and 112 of the Transport Act 2000) – see also clause 29 and schedule 9 of the Bill.	The General Power of Competence	Key Route Network designation – but not power of direction Decision on whether to make a proposed franchising scheme.
Power to pay grant (s31 of the Local Government Act 2003) – a similar power is provided through clause 39 of the Bill	Local Transport Authority Functions, including powers and duties to prepare a bus strategy for carrying out their bus functions, enter into partnerships with bus operators and manage travel concessions - except local transport plans which are exercisable only by the mayor in the Bill but are separately provided for in the SI	Spatial Development Strategy (clause 52 of the Planning and Infrastructure Bill: Part 1A of the Planning and Compulsory Purchase Act 2004)
Data sharing (s17A Crime and Disorder Act 1998) - also clause 48 of the Bill	Transport Levy	Compulsory purchase powers under the Housing and Regeneration Act 2008 and Housing Act 1985 (Clause 34, 35 and Schedule 15, 16)
Incidental provisions (s142(2) and s222 of the Local Government Act 1972) – also clause 42 and Schedule 20 of the Bill	Agreements between authorities and strategic highways companies	Power to convene and duty to respond
Economic development and regeneration power of competence (s1 of Localism Act 2011 to the extent that those functions are exercisable for the purpose of economic development and regeneration) - also clause 20 and schedule 4 (not limited to economic development and regeneration)	Civil enforcement of road traffic contraventions	Duty to collaborate
	Transfer of duty of principal councils to make	Key Route Network power of direction

	reports on Key Route Network roads	
	Road User Charging	Strategic Development Management Powers - can't be used without SDS in place anyway
	On-Street Micromobility Schemes	Mayoral Development Orders
	Adult Education Functions – but subject to transition period	Mayoral Development Corporations
	Some housing and land powers, including compulsory purchase powers under the Town and Country Planning Act 1990 - excluding compulsory purchase powers under Housing and Regeneration Act 2008 and Housing Act 1985	Mayoral Community Infrastructure Levy - can't be used without SDS in place anyway
	Power to borrow up to an agreed cap	Mayoral Council Tax Precept (clause 11)
	Local Growth Plans	PCC and FRA functions – subject to further secondary legislation
	Duty to prepare an assessment of economic conditions	
	Powers to encourage visitors and provide entertainment	
	Power to place staff at the disposal of other authorities	
	Research and collection of information	
	Heat Network Zoning coordination role (s228(5) of the Energy Act 2023)	
	Bespoke health improvement and health inequalities duty	
	Sharing of information in relation to crime and disorder	
	Functions that may arise from the designation of the MSAs as a civil enforcement area for bus lane contraventions	

Agenda Item 7

Report to:	Cabinet
Date of meeting:	27 January 2026
By:	Chief Finance Officer
Title:	Auditor's Annual (Value for Money) Report on East Sussex County Council 2024/25
Purpose:	To provide Cabinet Briefing with Grant Thornton's Annual (Value for Money) Report for 2024/25

RECOMMENDATION:

Cabinet is recommended to note the Auditor's Annual Report on East Sussex County Council 2024/25.

1. Background

1.1 The Code of Audit Practice issued by the National Audit Office (NAO) requires the authority's external auditor (Grant Thornton (GT)) to provide a separate Value for Money (VfM) assessment from the main audit of the statement of accounts. In doing so, GT provide an assessment of the authority's arrangements for Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness in the use of its resources. Whilst there is no qualified/unqualified VfM conclusion, the report provides more detail on the authority's arrangements, together with any key recommendations on any significant weaknesses in arrangements identified during the audit.

2. Annual Report 2024/25

2.1 The Annual Report 2024/25 (Appendix 1) sets out the work that GT has undertaken to assess the arrangements the Council has in place to secure economy, efficiency and effectiveness in the use of its resources; with particular focus on risks in respect of financial sustainability, governance arrangements and improving economy, efficiency and effectiveness.

2.2 Given the financial challenges this Council, and local government more broadly, faces, GT continue to report a significant "red" weakness with regard to Financial Sustainability. It is pleasing to be able to report that, given the financial challenges, GT have not identified any significant weaknesses in the Council's response to these challenges, with a green rating in terms of Governance arrangements and for Improving Economy, Efficiency and Effectiveness.

2.3 In reporting this outcome, GT has made only 1 key recommendation relating to Financial Sustainability, as summarised below:

Financial Sustainability (Key Recommendation)	Management Response
1. The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including Ministry of Housing, Communities and Local Government (MHCLG). Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as lean as it can be, whilst providing the statutory services required. Conversations should continue on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.	As part of the Reconciling Policy, Performance and Resources (RPPR) process, all efforts will be made to set a balanced budget and seek longer term financial stability. Engagement with MHCLG will continue, together with lobbying MPs and through the County Councils' Network, the Local Government Association (LGA) and South East Seven.

3. Conclusion and Recommendation

3.1 The Annual (Value for Money) Report for 2024/25 in recognising the significant Financial Sustainability challenge the authority faces, is also able to provide positive assurance around Governance and Improving Economy, Efficiency and Effectiveness. One key recommendation has been reported and responded to by management.

3.2 Cabinet is recommended to note the Annual (Value for Money) Report on East Sussex County Council for 2024/25.

IAN GUTSELL
Chief Finance Officer

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Local Member(s)

All

Background Documents

None

East Sussex County Council

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Auditor's Annual Report
Year ending 31 March 2025

November 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for East Sussex County Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Auditor's powers

Under Section 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. They may also issue

- Statutory Recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR)

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including demand pressures in adult social care, children's social care, SEND and home to school transport. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

The Council is one of 21 county councils serving a population of 558,400 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council's formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by three scrutiny committees, covering People, Place and Health. The Council has 50 councillors, and the Council is elected every four years. The most recent full election was in May 2021, with changes to the administration brought about by by-elections taking place in 2023 and the introduction of independent members. As a result, the current administration is a minority Conservative administration of 23 elected councillors. In December 2024, the English Devolution White Paper set out the government's vision for a simpler form of local government. This will see reconfiguration of county and district services into one or more new unitary councils. East Sussex, along with Lewes, Eastbourne, Rother, Hastings and Wealden district Councils have developed proposals for a one unitary model for East Sussex. Local elections were due to be held in May 2025 but have been deferred for a year due to local government reorganisation.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	R Significant weakness in arrangements identified in relation to the Council's ability to secure financial sustainability in the medium term.	One risk of significant weakness identified, to follow up prior year findings.	R A continued significant weakness in arrangements for securing financial sustainability was identified and a replacement key recommendation made. We also raise one improvement recommendation.
Governance	A No significant weaknesses identified. One improvement recommendation made to assist the Council in achieving best practice.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified, no new improvement recommendations raised and prior year improvement recommendation addressed and closed.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified. One improvement recommendation made to assist the Council in achieving best practice.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified, no new improvement recommendations raised, however our improvement recommendation raised in the prior year remains in progress.

- G** No significant weaknesses or minor improvement recommendations still in progress/unaddressed at year end.
- A** No significant weaknesses, two or more improvement recommendations.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

We continue to observe a weakness in arrangements to secure financial sustainability at the Council. Service budgets overspent against their 2024/25 budget by £21.9m, mainly due to ongoing pressures in Children's Services and Adult Social Care. Although a reduction on the prior year, forecasts updated for 2025/26 now expect this to increase again to an overspend of £25.8m, in service budgets, by year end, and £14.9m for the Council overall. The Council also continues to identify a medium-term financial gap of £56m by 2027/28. Reserves are not sufficient to support the gap and emerging overspend in total and due to the significance of this matter, we have raised a key recommendation (replacing our prior year key recommendation) which has been accepted by Management. Although the Council's delivery of its savings target has improved since prior year (from 37% to 59%), its savings target for 2025/26 is ambitious at £16.190m – including £13.5m of newly identified savings required to balance the budget. This is significantly higher than actual savings achieved in prior years (£1.063m in 2024/25) and so adds to existing financial pressures and the weakness identified.

In setting its 2025/26 budget and MTFP, the Council has also undertaken a review of discretionary services, back office functions and income generation opportunities to achieve a balanced position. All services were requested to identify savings, Adult Services were able to identify the majority of these, seeking to address a particular area of challenge.



Governance

The Council has refreshed its Risk Management Framework in the year and reviewed the format of its Strategic Risk Register, effectively addressing our prior year improvement recommendation.

Orbis continues to effectively support the Council through its regular Internal Audit updates and reviews. 61 reviews were delivered in year, although some have been deferred to 2025/26 to provide necessary resource to support the implementation of the Oracle System. No significant gaps in assurance have occurred as a result.

Budget setting and monitoring continues to be comprehensive, well-scrutinised and collaborative process at all levels of the organisation, and is a particular strength. The Council has also collaborated, and communicated, well externally with other local district Councils and the public to develop its proposal for Local Government Reorganisation, supported by detailed financial modelling, option appraisal and clear implementation road map.

Executive Summary (continued)



Improving economy, efficiency and effectiveness

The Council continues to effectively monitor non-financial performance alongside financial performance, in a fully integrated manner. This is kept under review with 6 new KPIs added within 2024/25, in order to continue to reflect the dynamic environment the Council operates in. At year end 73% of KPIs are green-rated.

Ofsted and the Care Quality Commission (CQC) undertook an Area SEND inspection of the East Sussex Local Partnership in November 2024, and identified the need to improve across four key themes. The Council worked quickly to develop an Improvement Plan, set up governance arrangements to monitor the plan and immediately start to progress the actions within the Plan.

Contract management arrangements were identified as an area for improvement in the prior year, arrangements continue to be devolved to individual services and lack central oversight. The Council plans to work with Orbis Procurement's Contract & Commercial Assurance Team to develop a strategy to address this, but as this has not yet taken place our prior year recommendation remains open. As part of Local Government Reorganisation, the Council plans to identify all contracts and assign Contract Managers and Senior Responsible Owners. To date the Council have also produced a new Contract Management Framework and Playbook, aligned with the Procurement Act, which will launch in Q3 2025.

The Council successfully implemented Phase 2 of the Oracle Programme, specifically the finance, procurement and recruitment modules, in April 2025. A specific Oracle Subgroup was set up to closely monitor progress and report to the Audit Committee. Positive progress was noted at each update from November 2025, up to the 'go-live' date. The Council expects to take learning from phase 2, to inform phase 3 which sees the implementation of Payroll and Expenses modules, followed by Annual Leave modules at a later date.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility

2024/25 outcome

Opinion on the Financial Statements

Our audit of your financial statements is currently in progress. From our work to date there are no issues which are likely to prevent us issuing an unqualified audit opinion, but note that work is ongoing (we will verbally update the Audit Committee at the meeting on 21 November 2025).

We expect to issue our signed Audit Opinion on completion of the work and after reporting our Audit Findings Report to the Audit Committee meeting on the 13 February 2026.

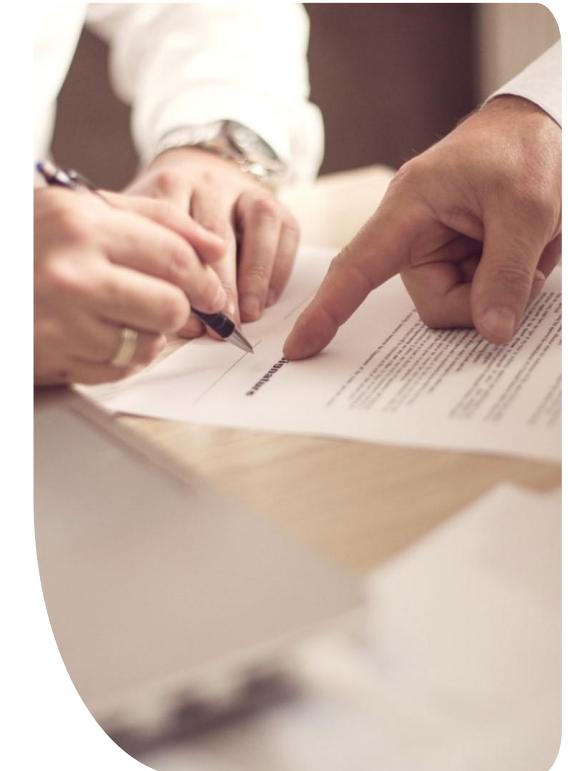
Use of auditor's powers

We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.

We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



03 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendations made or unaddressed from prior year.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>General Fund – Service budgets overspent against their 2024/25 budget by £21.9m, predominantly attributed to ongoing pressures in Children's Services and Adult Social Care. The Council has taken several steps to manage the position such as introducing strict spending and recruitment controls, reprioritising spend, maintaining preventative approaches where they reduce demand for services and reviewing and reducing the capital programme to minimise the need for borrowing. Although the overspend has reduced compared to that of the prior year the Council does continue to demonstrate a track record of overspending. This continues in 2025/26, where at Q1 the Council is forecasting an overspend of £25.8m by year end, on service budgets, and £14.9m overall. The Council plans to mitigate this with the one-off use of reserves. The Council also continues to identify a medium-term financial gap of £56m by 2027/28. The Council's level of earmarked reserves, both allocated and unallocated, at the start of 2025/26 is £63m, and therefore is not sufficient to support the Council's emerging overspend position and medium term gap. Therefore, unless further mitigations are identified the Council's reserves would be fully depleted before the end of the current Medium Term Financial Plan (MTFP) in 2026/27. We recognised a weakness in arrangements in 2023/24, and that weakness to continue to exist. Further details and the associated Key Recommendation (KR1) are on page 17-19.</p> <p>Dedicated Schools Grant (DSG) – The Council has previously effectively managed the DSG budget, however for the first time in 2024/25 achieved an in-year deficit of £13m against a final allocation of £277m. Due to effective management in prior years, and surpluses built up, on a cumulative basis a breakeven position was achieved. The Council has engaged with the Department for Education to develop a Deficit Management Plan to address further forecast deficits in the medium-term. Given the deterioration in the position, year on year, we believe that reporting and monitoring of DSG could be improved by including in quarterly monitoring to increase transparency and awareness of the pressures. This has now been introduced for 2025/26.</p> <p>Cash - The Council has sound cash management practices, evidenced by relatively stable cash and cash equivalents in the balance sheet since prior year, increasing from £27.5m to £27.9m. Separately, liquid short term investments of £98.4m have reduced by 48%, using this cash to fund the capital programme. This avoids the use of external borrowing and the associated cost of interest payments. Overall, despite reducing short term investments, the Council has 1.45 times more current assets than liabilities, and so is sufficiently liquid at the same time as limiting the impact of borrowing.</p>	R

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>The savings target for 2024/25 was £1.8m, including those carried forward from the prior year. £1.063m of this target was achieved (59%) and the remaining £745k is to be achieved by rolling the schemes forward into 2025/26. In prior years the Council has used temporary funding to replace underachieved savings on a one-year basis, however this mechanism has not been used in 2024/25. The achievement of savings, against target, has improved since prior year when £664k was achieved (37% of the target).</p> <p>Savings plans are developed annually as part of the budget setting process. For 2025/26 the balanced budget position includes new savings proposals of £13.5m, as well as the full year impact of savings delivered in 2024/25 of £2.7m and undelivered savings of £745k from 2024/25. This is a significant increase on both the target and achieved savings in prior years which raises concerns over deliverability of the target, and a factor in the risk to financial sustainability, recognised in our Key Recommendation (KR1). New savings impact on all departments, whereas in 2023/24 and 2024/25 the savings programme was limited to specific areas, Communities, Economy and Transport (CET) and Business Services Department (BED), so as to protect and invest in struggling services such as Children's and Adults Social Care. In the medium-term 55% of the savings programme will come from Adults Services, which is ambitious in an area of demand pressures.</p>	R
<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Council has updated its Council Plan for 2025/26 and introduced this alongside the budget, to evidence alignment between the two. The overarching aims of the Plan are supported by individual objectives and delivery outcomes, translated into Performance Indicators, which are then measured through the Council's integrated Performance Reports. The Council has increased the 2025/26 budget by £55m, compared to prior year. Although the majority of this is attributed to inflation, there is £17m investment in Adult and Children's Social Care. Operations within these services are cross cutting across several priorities and delivery outcomes within the Plan.</p> <p>In setting its 2025/26 budget and MTFP, the Council has also undertaken a review of discretionary services, back office functions and income generation opportunities to achieve a balanced position. All services were requested to identify savings, Adult Services were able to identify the majority of these. Therefore, seeking to address a particular area of financial challenge, for the Council, and nationally. We agree this area of focus is aligned to the Council's objectives as the service is performing below target in the Council's operational performance monitoring. This suggests that current resources are struggling to cope with demand at current levels, impacting service levels and quality. Reducing service provision in this area therefore aligns with the Council's objectives to ensure a quality service is provided.</p> <p>Overall, there is a clear golden thread observed between the Council's strategic aims, non-financial performance targets and the budget.</p>	G

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system

The Council have undertaken a risk review of the Capital Programme during 2024, with the aim of minimising the level of borrowing required to fund the future programme, reducing pressure on the MTFP by an estimated £3.9m of borrowing costs over the period to 2027/28. Therefore, the interdependencies between capital and revenue are clearly understood. These savings have been achieved by removing several schemes from the Programme - 12 schemes totalling £50m over 3 years. No individual service, directorate or objective is impacted by the changes as the nature of the removed schemes is varied. Each scheme is moderate in value and not considered to be large scale. Projects related to key improvements or maintenance required to estate have not been removed in this process. The review was achieved via scrutiny from the Council's Capital and Strategic Asset Board (CSAB), who undertook a RAG review of individual schemes within the Programme to establish the impact of removing or reducing schemes on the ability to meet statutory service requirements, basic need and Council objectives. Review of the Programme has taken place alongside review of the Capital Strategy, Council Plan and budget to ensure all continue to align. For 2024/25 the outturn position on the Capital Programme was net expenditure for the year of £87.0m, against a budget of £106.6m. This represents slippage of £19.6m (18%). Causal factors include challenges in resourcing, planning delays, supply chain issues and other unforeseen events.

The Council continued to have in place a People Strategy 2024-27, a Climate Emergency Plan 2023-2025 and three complementary asset related strategies spanning 2020-25. Annual actions plans continue to be developed to support these and these plans are reflected in the budget and Capital Programme. As expected, a new Climate Emergency Plan has been developed which continues from where the last Plan ended in March 2025, to 2030. We would expect the asset related strategies to also be reviewed in 2025/26 and will review next year.

G

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	<p>The budget has a sound basis in data, trends, demographics and risk analysis. This is initially achieved via the State of the County report, which refreshes the MTFP in June 2024, and through additional budget planning updates introduced to Cabinet in September and November 2024. In reaching the annual and medium-term position the Council considers several scenarios to ensure that it is satisfied with the reliability of the budget and responds to the inherent uncertainty. These scenarios have been updated for emerging information, throughout the Cabinet reporting, before reaching a neutral scenario, approved in February 2025. Key factors explored in these scenarios were inflation, council tax, savings and social care funding. Ultimately through this process the Council has been able to produce a balanced budget for 2025/26. In reaching this position the Section 151 Officer has confirmed that consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. Key risks that have been considered are relevant to sector wide risks, as well as those specific to the Council's circumstances, including social care pressures, Special Educational Needs and Disabilities (SEND), inflation, savings, uncertainties around government funding and environmental/climate factors.</p>	G

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: Whilst the Council has taken and continues to take steps to manage its medium-term financial resilience, specifically focussing on making transformative changes within Children's Services, where the most significant pressures exist, there remain unidentified savings or actions to meet funding gaps in the MTFP. The Council's reserves balances are not sufficient to support the Council's current medium term gap and emerging 2025/26 overspend, as well as any further risks identified within the budget.

Evidence: See Table 1 where we have identified each factor causing us to identify a weakness in arrangements in the prior year, and assessed their relevance to 2024/25 and 2025/25 arrangements. Overall, we continue to recognise a weakness in arrangements and reiterate the need for action by the Council via a Key Recommendation. We acknowledge the Council's actions in relation to savings being made in Children's Services, an improvement in the overspend for 2024/25 (compared to prior year) and are aware that the Council have commissioned CIPFA to do a financial resilience review. As such the risk has not increased significantly since the prior year, although it continues to exist, and the Council is actively taking steps to manage the risk. Therefore although a weakness continues to be observed, it has not been escalated above a Key Recommendation. This will be kept under review as part of our 2025/26 work.

Impact: If the Council is not able to effectively manage demand to reduce costs, and deliver all planned savings, reserve levels will reduce to a level putting the medium-term financial sustainability of the Council at risk.

Key recommendation 1

KR1: The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.

Financial sustainability (continued)

Table 1: Assessment of Financial Sustainability

Factor leading to weakness in 2023/24	Arrangements in 2024/25	Contributes to a weakness in 2024/25
Significant overspend against budget	<p>Services achieved an overspend of £21.9m. We would consider overspends in excess of 5% of planned budget to be significant, this is 4.2%. It continues to be predominantly attributed to pressures in Children's Services and Adult Social Care. Although actions taken by the Council in 2024/25 are beginning to generate efficiencies. The newly opened Lansdowne Children's Home has produced a £650k underspend and the Council plans to expand this, an Early Intervention Strategy has been in place all year and is beginning to deliver outcomes (50-80%), the Valuing Care approach from IMPOWER consultancy work has been embedded across all children in the Council's care and has delivered £2.3m of savings to date and the Connected Families Intervention Programme has seen a reduction in Child Protection and Children in Need case numbers, resulting in £8.5m in cost avoidance.</p>	<p>Yes – although we acknowledge the work undertaken in Children's Services which has managed the overspend, compared to prior year</p>
Track record of overspends over multiple years	<p>Services overspend trend is 2022/23 £10.7m, 2023/24 £30.1m, 2024/25 £21.9m and Q1 2025/26 forecast £25.8m. Total Council overspend trend is 2022/23 £1.8m, 2023/24 £10.5m, 2024/25 £7.6m and Q1 2025/26 forecast £14.9m.</p>	<p>Yes – Although a reduction from prior year the Council is yet to demonstrate a consistent downward trend.</p>
A significant increase in the overspend year on year	<p>The services overspend has reduced compared to prior year by £8.2m, a reduction of 27%. Although, as noted above, the current 2025/26 forecast predicts an increase in the overspend for 2025/26.</p>	<p>As above</p>
Unplanned use of reserves to mitigate overspend	<p>The £21.9m services overspend in 2024/25 has been met from the Financial Management Reserve, £14.3m of this was planned within the budget, therefore unplanned usage is £7.6m. The 2025/26 budget requires the use of £11.4m of further reserves to balance the budget, as well as seeking to reduce service levels in some departments, including some non-statutory adult services.</p>	<p>Yes – continued unplanned use of reserves</p>

Financial sustainability (continued)

Table 1: Assessment of Financial Sustainability (continued)

Factor leading to weakness in 2023/24	Arrangements in 2024/25	Contributes to a weakness in 2024/25
Reliance on reserves to produce a balanced budget	Total Strategic, General Fund and Service Reserves at the start of 2025/26 are £63m. As noted, the Council requires the use of £11.4m to balance the 2025/26 budget, has estimated potential risks totalling £34.9m, as well as a medium term budget gap of £56m by 2027/28. The total exceeds the balance of available reserves, therefore if risks and the budget gap were unaddressed reserves would be eradicated before the end of 2026/27.	Yes – use of reserves to balance the budget is likely to divert service specific reserves away from the purpose they have been set aside for.
Budget risks emerging in next financial year	£34.9m of potential risks have been identified in the 2025/26 budget. At Q1 of 2025/26 the Council is forecasting a £25.8m overspend, suggesting risks are beginning to emerge, in addition to those provided for within the balanced budget,	Yes – emerging risks that if unmitigated at year end would be an additional call on reserves
Medium term deficit, limiting ability to replenish reserves	As noted above, the medium term gap, emerging risks and use of reserves in 2025/26 exceeds available reserves.	Yes – reserves not sufficient to support forecast medium term position
Insufficient savings identified to close medium-term gap	For 2025/26 the balanced budget position includes new savings proposals of £13.5m, as well as the full year impact of savings delivered in 2024/25 of £2.7m and £745k of undelivered savings from 2024/25. Therefore the total savings required in 2025/26 is 15 times more than that delivered in 2024/25, a substantial increase. Despite the ambitious savings target, this is not sufficient to close the 2025/26 budget gap and so £11.4m of reserves are still required to meet the balanced budget. Further savings are required to address the medium-term gap of £56m by 2027/28.	Yes – unidentified savings to support MTFP gap

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud Page 232	<p>The Council has strong arrangements in place to monitor and assess risk and gain assurance over internal controls, including fraud prevention. It maintains a comprehensive Risk Management Framework, this was updated in October 2024 and therefore is suitably up to date. It clearly defines policy, strategy, roles, and processes with regards to risk. The Strategic Risk Register is maintained and reviewed quarterly by the Corporate Management Team (CMT), and reported publicly to Cabinet and Audit Committee, achieving transparency and accountability. The register effectively links risks to strategic objectives and proposes further actions where residual risks remain high. Of the 23 risks within the register, 13 are red-rated. These relate to common sector issues, as opposed to any specific control issues at the Council. Mitigating actions and controls for each of these risks are clearly documented and closely monitored. Our prior year recommendation, raised to encourage the Council to review the format of the Strategic Risk Register to achieve best practice has been effectively responded to and has been closed. See page 37 for further details.</p> <p>Internal Audit, delivered by Orbis, provides assurance across strategic and operational areas, with findings and follow-ups reported to the Audit Committee, quarterly. Internal Audit carried out 61 audits in 2024/25, although some audits were deferred due to the need to reallocate resources to support implementation of the new Oracle system. No critical reviews (based on risk) were deferred and appropriate coverage of risk and operations in the audits undertaken was observed. Deferred audit will be carried out on 2025/26 to ensure no gaps in assurance are experienced by the Council. Internal Audit uses action tracking and follow-up reviews to monitor progress of the Council against their recommendations. Eleven follow-up audits were completed in 2024/25, with all but one showing improved assurance. Internal Audit provided 'substantial assurance' that the Council has an adequate and effective framework of governance, risk management, and internal control for the 2024/25 year.</p> <p>Orbis also operates a proactive Counter Fraud Team, supported by a whistleblowing policy and staff training. Fraud investigations are reported quarterly. In 2024/25, the team investigated 27 allegations, with 7 cases taken forward for full investigation, and 3 still active at year-end. Investigations covered a range of issues including theft, false representation, multiple employment, conflict of interest, and unfair recruitment with timely responses including disciplinary action, prosecutions, and control improvements.</p>	G

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	<p>The Council's budget setting process continues to be well established, embedded and understood, with few changes from the prior year. The process is known as the Reconciling Policy, Performance and Resources (RPPR) process, and is an integrated business and financial planning cycle. It begins with the State of the County report, which was presented to Cabinet in June 2024 for the 2025/26 planning round. This updates and extends the MTFP, based on the emerging financial position, trend, demographic and financial analysis.</p> <p>In prior years Finance, Members and Departments have then worked collaboratively to build the annual budget, using the State of the County report and the prior year budget as its foundation, reporting a draft budget in January. However, as part of the 2025/26 budget setting process the Council made an active decision to increase the level of reporting to Cabinet, updating the position in both November and September 2024. In addition, more frequent reporting to Corporate Management Team (CMT) on emerging savings, reserves and MTFP position has taken place. These reports are outside of the usual RPPR cycle due to the Council acknowledging that, since the June 2024 State of The County Report and 2024/25 budget, the Council's financial position has deteriorated, therefore providing closer monitoring.</p> <p>The process continues to be collaborative, Council-wide process. As well as well as Finance, Service and Cabinet Members, we continue to observe input from the Scrutiny Committees, partners, young people, Trades Unions, business ratepayers and wider public consultation. Stakeholder engagement is comprehensive.</p>	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Council continues to follow a well-established budget monitoring process, whereby a fully integrated report on financial, non-financial, treasury, capital and risk performance is reviewed monthly by Department Leadership Teams (DLTs) and quarterly by CMT and Cabinet. Narrative on the reasons for financial performance, at directorate level, is comprehensive and clearly articulates the impact of current performance on the year end forecast outturn. We have acknowledged in prior years that due to the integrated nature of the reporting and detailed level of narrative, that Members could become overwhelmed by the information. However, we continue to observe that Member discussion is focussed on the key issues, with time spent discussing key risks such as financial position, and therefore is appropriate engagement. From Quarter 3, the Council revised its reporting in light of these observations, and separate reports (although still integrated) are presented for each department. This revision has strengthened arrangements, making the information easier to digest whilst ensuring transparency is retained.</p>	G

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council ensures informed decision-making through structured governance, clear documentation, and active oversight. Cabinet papers are detailed and transparent, with decision items clearly marked and supported by financial, risk, and policy considerations for each agenda item. Overview and Scrutiny Committees (People, Place, and Health) engage early in the decision-making process, using access to the Cabinet's Forward Plan and officer support to challenge and shape decisions.</p> <p>The Audit Committee Annual Report found that the Committee was effective in its role during 2024/25, demonstrating good governance, strategic oversight, and consistent challenge. The Committee maintained stable membership, proactively scheduled meetings, and supported the Oracle Subgroup in overseeing a major system implementation. Members received targeted training, enabling informed scrutiny, and the Committee operated with a clear forward work programme.</p> <p>The Council has effectively collaborated with five local district Council's to develop the proposed governance model for "One East Sussex", which proposes to implement the Government's Local Government Reorganisation agenda via a single unitary Council model for East Sussex. There is a shared vision across all six councils, is rooted in the principles of financial sustainability, service integration, and community empowerment. The proposals are supported by public consultation, staff engagement, options appraisal, detailed financial modelling and a clear phased implementation plan. Current decision making at the Council continues to concentrate on the medium term and delivering its 'Best Value Duty' to residents. The business case explicitly seeks to minimise disruption during restructuring, under a Continuing Authority model, that transfers only district and borough staff while retaining the County Council's larger workforce until a new organisation is in place. This approach is designed to streamline the transition and avoid the high costs and risks associated with disaggregating services. Due to the timing of the proposals our work has not focussed on the effectiveness of the model as this has yet to be agreed by Government.</p>	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Council actively monitors and enforces compliance with legislative and regulatory standards, including ethical behaviour among staff and elected members. The Monitoring Officer and Chief Finance Officer oversee legal compliance, supported by updated policies and mandatory training. The Standards Committee manages member conduct and complaints, while registers of interests, gifts, and hospitality are maintained and audited by Internal Audit. Procurement and commissioning activities follow revised Contract Standing Orders aligned with the Procurement Act 2023, with oversight from statutory officers and the Audit Committee.</p>	G

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>As noted under Financial Sustainability, the Council continues to monitor performance through a fully integrated quarterly report to Cabinet which covers financial, non-financial, treasury, capital and risk performance. From Q3 onwards the reporting has been updated to provide a separate report for each Directorate, strengthening accessibility of the information. Overall, performance monitoring continues to be comprehensive, well integrated into wider performance measures, fit for purpose and well discussed.</p> <p>Reporting is kept under review and strengthened as required, in 2024/25 this has been evidenced by an increase in the number of Key Performance Indicators (KPIs) increasing from 54 at the start of the year, to 60 at year end. The additions made to ensure that reporting continues to reflect the operating environment of the Council. At year end 43 (73%) of KPIs are green-rated and have been achieved, therefore overall operational performance is positive.</p>	G
evaluates the services it provides to assess performance and identify areas for improvement	<p>Ofsted and the Care Quality Commission (CQC) undertook an Area SEND inspection of the East Sussex Local Partnership (ESCC and NHS Sussex Integrated Care Board) in November 2024. The report identified that the partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND) and made recommendations across four themes which the Local Area Partnership must work jointly to improve. The Council welcomed the findings and has taken immediate actions to respond by updating and extending the existing East Sussex SEND Strategy, including an Improvement Plan, to reflect the findings. This now runs until 2026, at which point the Partnership will develop a new Strategy.</p> <p>The Improvement Plan is being monitored through the SEND Strategy Implementation Group (SSIG) which reports directly to the SEND Governance Board. Each of the four areas for improvement are overseen by leads across the Children's Services Department and the Integrated Care Board (ICB), who are responsible for providing an update on the actions to SSIG. The Improvement Plan was finalised in April 2025 and, to date, all actions have been, or are, on track to be completed within the agreed timescales. The Local Authority and ICB met with the DfE and NHS in October 2025 to formally review the progress made.</p>	G

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	<p>The Council works with a wide range of partners across public, private, and voluntary, community and social enterprise sectors. Key public sector partners include NHS organisations, Police, Fire Service, and local district and borough councils. A central partnership register is maintained as part of the corporate Reconciling Policy, Performance and Resources business planning process, while individual departments maintain their own registers for engagement purposes. Engagement is tailored to local needs through a place-based approach. While there is no single overarching protocol for this, formal agreements are in place for individual partners and a joint protocol exists between major partnership bodies. Strategy documents and formal work plans are in place which set out how partnerships will deliver joint objectives, specific examples include the Health and Wellbeing Board's Shared Delivery Plan, which was last reviewed in March 2025, and the Children and Young People's Plan. Performance monitoring of partnerships is embedded into the Council's existing reporting structures, with Cabinet and Scrutiny Committees playing a key role. Key partnership activities are included in quarterly Council Monitoring Reports submitted to Cabinet, as well as regular informal briefings being received. Many Cabinet Members serve as chairs or representatives within partnership bodies providing the opportunity to feedback to the Council.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>While strategic contracts are recorded and classified in Oracle, contract management remains devolved to individual services, limiting corporate oversight. As part of Local Government Reorganisation, the Council is identifying all contracts and assigning Contract Managers and Senior Responsible Owners. A new Contract Management Framework and Playbook, aligned with the Procurement Act, will launch in Q3 2025. However, as a corporate view of contract performance is not yet in place, our prior year improvement recommendation remains open (see page 38 for further details). The Council has not entered into significant commercial ventures but has focused on improving the value of its two non-core office investments. Any major property transactions require formal Lead Member approval, supported by reports assessing risks and financial implications, ensuring appropriate governance and expert input. For large capital projects, the Council has established monthly departmental monitoring and quarterly corporate reporting, with oversight from the Capital and Strategic Asset Board and sub-boards for key projects. Reports track overspends, slippage, and grant compliance. The Council continues to use the Orbis Procurement Shared Service to flexibly deploy procurement staff, leverages external frameworks and enters into joint contracts, as required, to maximise value.</p>	A

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued)	<p>The Council achieved its planned ‘go-live’ date for completion of phase 2 of the Oracle Implementation Programme in April 2025. The Oracle Implementation Programme was established by the County Council in 2019 to replace the Council’s existing Enterprise Resource Planning (ERP) software, SAP, the vision for Oracle is ‘to implement a suite of back-office systems that best meet the current and future needs of the Council and which provides optimal return on investment’. Phase 2 represents a key milestone, implementing Finance, Procurement and Recruitment modules. The Council intensified its monitoring arrangements for the programme in 2024/25, to reflect the impending implementation date. The Audit Committee, at its meeting in September 2021, approved the establishment of a Subgroup to provide oversight of progress with the Oracle implementation programme, seeking assurance that the programme is performing adequately. The group met monthly from November 2024, and fed back to the Audit Committee at each meeting. In each of the meetings the delivery plan, progress and key risks of the Oracle Programme were discussed. Positive progress towards the ‘go-live’ date was observed at each meeting. Post implementation, users are being supported by a suite of training modules, in application guidance and day to day support from Oracle Business Partners. The Council plan to take forwards learning from the implementation phase, and processes embed, from phase 2 into phase 3 (which will see implementation of Payroll and Expenses modules, with the Annual Leave module at a later phase). The Council effectively planned for the implementation over an extended period, successfully achieving the target implementation date. The ‘amber’ rating of this section, is therefore not attributed to arrangements in relation to this project. We will keep a watching brief as the Programme embeds in 2025/26.</p>	

Pension Fund

The Council is the administering authority for the East Sussex Pension Fund. As part of our VfM work we are required to consider the Council's arrangements in respect of the Pension Fund.

We considered the Pension Fund's:

Commentary on arrangements

Rating

Financial Sustainability: sufficiency of funds to meet liabilities	<p>The Pension Fund is revalued every three years by an independent actuary, to assess future liabilities and set employers' contribution rates. The most recent formal valuation, as at 31 March 2022, assessed the whole Pension Fund as being 123% funded. This is a strong position whereby the Fund is estimated to be able to meet its pension liabilities with its available assets. As of 31 March 2025, a funding update was provided by the fund's actuaries which assessed the Pension Fund as being 123.9% funded. A full valuation will be conducted in 2025, and finalised by March 2026, but based on current early estimates the Fund would continue to be in a similarly strong position.</p>	
Governance: appropriateness of governance arrangements	<p>The Fund's governance arrangements consist of a Pension Committee and Pension Board. The Pension Committee has delegated responsibility to manage the pension fund and is the decision-making body and they support the Pension Board in their role to ensure compliance with LGPS regulations and legislation and to ensure the effective and efficient governance and administration of the Fund. The two have met sufficiently regularly, quarterly, in 2024/25. Standing agenda items and ad hoc reports cover a range of issues in relation to risk, performance and compliance.</p> <p>Although the Fund have 'red-rated' performance of the Administration Team against its KPI target, as the target is set at 100%, the team has achieved a high level of compliance, at between 77.8% to 91.2% achievement in the 2024/25 year. Risks are appropriately mitigated or managed, and this is clearly articulated through the Pension Fund risk register which is presented quarterly at the Pension Committee and Board. In addition, a detailed risk register workshop was undertaken in March 2025, where a full detailed review of the risk register was carried out.</p> <p>The Government published its 'Fit for Future' consultation response in May 2025. This confirmed that Funds should have all their assets under pool management by 31 March 2026. However, two existing pension pools, Brunel and Access, were not accepted by the Pensions Minister as the business cases was not deemed to meet the Government's objectives set out in the consultation . East Sussex, at this stage was a member of the Access pool. The Fund has worked to undertake due diligence work, consider its options of an alternative pool, effectively update members throughout the decision making process and transparently report in the Pension Fund accounts. This has culminated in East Sussex Pension Fund agreeing to join the Border to Coast Pension Partnership Pool in August 2025, ahead of the September 2025 deadline for committing to a pool, and one which meets the Government requirements. The Fund will now work to transfer its assets.</p>	G

Pension Fund (continued)

Grant Thornton insight

Strengthening Savings Delivery - We recommended in the prior year that the Council should review the format of the Pension Fund risk register to include a target risk score for each risk, a responsible individual for each risk and information on the impact vs likelihood score for each risk. The register now includes a responsible individual. The risk register has other compensating information which means it is fit for purpose, this includes trend data/direction of travel and score before and after mitigating actions. But the opportunity remains to review the format of the register for further useful information to decision makers

We considered the Pension Fund's:

Commentary on arrangements

Rating

Page 239

Improving Economy, Efficiency and Effectiveness: annual report findings	<p>We considered arrangements for implementing some key work streams and the impact on the Fund Administration teams. For 2024/25 these include:</p> <ul style="list-style-type: none"> implementing the McCloud remedy - implementation requires lots of complex calculations so could potentially impact heavily on administration teams. The Pension Committee receive regular Administration Updates which include details of McCloud progress. At the start of 2025/26 data collection for all active employers was complete and uploaded to the test system, however final data validation has unearthed several new issues which were being investigated. Once resolved, the data will be moved into the live system. The Fund considers itself on track to implement the McCloud remedy with underpinning calculations, where the data is loaded into the live system, to be included in the 2025 Annual Benefit Statements. preparing for the Pension Dashboard - The Department for Work and Pensions (DWP) have designed an online platform (Pension Dashboard), public sector schemes are required to be connected by October 2025 per the guidance provided, with a statutory deadline of 31 October 2026. a project plan has been created, with a 2-phase approach drafted and training scheduled. The deadline is made clear in the Administration Updates to members, with further updates planned. Reporting at this stage suggests the Fund is on track to meet the deadline. preparing and maintaining a Funding Strategy Statement - In January 2025 the SAB, CIPFA and MHCLG produced “Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)”. The Fund has worked closely with the fund actuary, Barnett Waddingham, to produce a draft Funding Strategy Statement (FSS) which is compliant with this guidance. The draft FSS was presented to the Pension Committee at its meeting on 25th September 2025. Subsequently, the Fund began a consultation period over the autumn, with scheme employers, with a view to having a final version of the FSS approved in the new year at a meeting of the pension committee on 26th February 2026. Once approved the Fund will publish the document on the Fund website. 	G
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04 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>KR1</p> <p>The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as a lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.</p>	<p>Financial sustainability</p>	<p>Actions: As part of the Reconciling Policy, Performance and Resources (RPPR) process, all efforts will be made to set a balanced budget, and seek longer term financial stability. Engagement with MHCLG will continue, together with lobbying MPs and through CCN, the LGA and South East 7.</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Due Date: Work underway and due to be completed when the budget is set 10 February 2026.</p>

05 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations

Prior Recommendation	Raised	Progress	Current status	Further action
<p>The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as a lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.</p>	2023/24	<p>Pages 18-19 (Table 1) where we follow up each finding from 2023/24, which led to the recommendation being raised. Overall, this analysis shows that we continue to recognise a weakness in arrangements and reiterate the need for action by the Council via a new Key Recommendation. We acknowledge the Council's actions in relation to savings being made in Children's Services, an improvement in the overspend for 2024/25 (compared to prior year) and are aware that the Council have commissioned CIPFA to do a financial resilience review. As such the risk has not increased significantly since the prior year, although it continues to exist, and the Council is actively taking steps to manage the risk. Therefore, although a weakness continues to be observed, it has not been escalated above a Key Recommendation.</p>	Some limited improvement noted.	Prior year Key Recommendation replaced and superseded by KR1 raised on page 17.

06 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year

Key performance and risk management information reported to the Executive or full Council

Interviews and discussions with key stakeholders

External review such as by the LGA, CIPFA, or Local Government Ombudsman

Progress with implementing recommendations

Regulatory inspections such as from Ofsted and CQC

Findings from our opinion audit

Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	<p>The Council should review the format of both the Council, and Pension Fund, risk register to ensure that the best practice is achieved in the information it presents to decision makers, notably including a clear link to objectives within the Council Plan, target risk score for each risk, a responsible individual for each risk and information on the impact vs likelihood score for each risk, consistently in the two registers.</p>	2023/24	<p>The Council's updated Risk Management Framework (October 2024) outlines a structured approach that ensures risks are clearly linked to strategic objectives through the business planning cycle. Risks are assessed using a consistent scoring system based on impact and likelihood, with scores categorised into low, medium, or high levels. Each risk is assigned a risk owner, and mitigation strategies are applied and reviewed quarterly. The Council Strategic Risk Register includes all key elements recommended—objective alignment, target risk scores, responsible individuals, and consistent scoring—demonstrating that best practice has been achieved. The Pension Fund register has been updated to include a risk owner, with the opportunity to include additional information still present. We have included this as an 'insight' on page 28 ,as compensating information is included in the register, which ensures it is fit for purpose. This replaces the recommendation.</p>	<p>Recommendation implemented and closed</p>	No
IR2	<p>The Council should seek to strengthen contract management by ensuring arrangements are in place to monitor the performance of individual contracts centrally, to provide a Council-wide picture of performance and take action accordingly.</p>	2023/24	<p>Work to address the recommendation remains in progress. The Council aims to identify all contracts, along with the associated Contract Manager and the Senior Responsible Owner, as part of LGR preparations. The management of contracts is not centralised and remains the responsibility of the individual services to monitor and manage. As this responsibility is devolved to the service, there is currently no corporate view of contract performance. The Council plans to work with Orbis Procurement's Contract & Commercial Assurance team to develop a strategy to address this.</p>	<p>Actions to respond remain in progress</p>	To follow up progress in 2025/26

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
IR3 The Council should consider implementing a longer MTFP horizon (e.g., 5 years) to improve visibility to members and the public on how the impact of the large in year funding deficit currently projected for 2025/26 could be mitigated over multiple years. This could be used to highlight the Council's expectations for the path of funding and cost pressures in key areas such as social care.	2022/23	<p>The MTFP covers 2025/26 to 2027/28 inclusive, this is a 3 year planning horizon, but includes 2025/26 which is the current budget base year. As such the medium term outlook continues to be a 2 year basis. Given the proposed reforms to local government (with 2028/29 – 'year 4' of an MTFP – expected to be the first year of the establishment of new unitary authorities), and the first multi-year finance settlement not due until November 2025, The Council do not feel there is merit in extending the planning horizon of the MTFP for 2025/26 budget setting. The Council will review this following the government's spending review during 2025 and decisions relating to local reforms. Therefore this recommendation remains open and is unaddressed.</p> <p>We do note that reserves, are planned for on a longer basis, until the end of 2028/29, and therefore reflect the expected medium term horizon. This demonstrates that the Council have the underlying information for the time frame but present a more limited picture to Members due to the inherent uncertainty. As reserves are a key measure of financial sustainability this medium term analysis goes some way to provide the required assurances to Members and so does not present a weakness in arrangements.</p>	Actions to respond remain in progress	To follow up progress in 2025/26

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Agenda Item 8

Report to:	Cabinet
Date:	27 January 2026
By:	Chief Finance Officer
Title of report:	Treasury Management Strategy Statement 2026/27
Purpose of report:	This report proposes the Treasury Management Strategy Statement for 2026/27, including the Minimum Revenue Provision Policy Statement for 2025/26 and 2026/27, and Annual Investment Strategy. The Council is also required to set Prudential Indicators as set out in the Prudential Code which are included in this strategy for approval.

RECOMMENDATIONS

Cabinet is recommended to recommend Council to:

- 1) approve the Treasury Management Strategy Statement for 2026/27;
- 2) approve the Annual Investment Strategy for 2026/27;
- 3) approve the Prudential and Treasury Indicators 2026/27 to 2028/29;
- 4) approve the Minimum Revenue Provision (MRP) Policy Statement for 2025/26 and 2026/27 at Appendix 1 (Section 3).

1. Background

1.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing.

1.2 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

1.3 The Treasury Management Strategy Statement (TMSS) for 2026/27 is presented in Appendix 1 to this report. The strategy includes the Treasury Management Policy Statement, the Annual Investment Strategy, Prudential and Treasury Indicators for the next three years and the annual Minimum Revenue Provision (MRP) Policy Statement.

1.4 The 2026/27 TMSS has been prepared within the context of the financial challenge being faced by the County Council over the Medium Term Financial Plan (MTFP). A summary of the outlook for Local Government finances is outlined in Annex F of Appendix 1 of this report. The treasury management strategy for the year seeks to compliment the MTFP and 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;
- 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.
- ensuring that the impact of Exceptional Financial Support in the form of capitalisation direction has been incorporated into the TMSS for the year.

1.5 As set out in the Reconciling, Policy, Performance and Resources (RPPR) papers earlier in the agenda, the Council continues to face unprecedented financial challenges, with the demand for, and cost of, services continuing to increase beyond the resources available, resulting in the application to Government for Exceptional Financial Support (ESF) in the form of a capitalisation direction. This would allow the Council to treat certain types of revenue expenditure as capital expenditure, allowing them to be funded by borrowing or capital receipts as opposed to from the revenue budget. The impact of this on the Council's borrowing strategy and treasury management activity have been reflected in this TMSS, with specific implications separately reported where possible to explicitly demonstrate the financial implications.

Investment Strategy

1.6 The 2026/27 Investment Strategy has been set in the context of moderate investment returns as a result of expected decreases in the Bank of England (BoE) Base Rate. The Base Rate has continued to fall from its peak at 5.25% during 2024/25, with markets and economists' current expectation that rates will continue to fall further into 2026/27 and beyond as the BoE is expected to tighten monetary policy in order to contain the impact of inflation. At the time of writing, the Council's treasury advisors, MUFG, are forecasting that Monetary Policy Committee will cut Base Rate to 3.25% by December 2026. The investment performance for 2026/27 is therefore forecast at 3.59%. The average rate of return for 2024/25 was 5.26% and for the first six months of 2025/26 was 4.63%.

1.7 The Strategy is also being set in the context of the Council's deficit revenue budget forecast and application for EFS in 2026/27, as well as the ongoing deficit position forecast in the MTFP to 2028/29. Annex F of Appendix 1 outlines the context for the outlook of Local Government finances in general. Additionally, paragraph 1.4 outlines the principles that will be applied during the year to ensure the Investment Strategy appropriately contributes to mitigating the Council's ongoing deficit revenue position.

1.8 The planned use of reserves, revenue budget overspend and debt maturities have all contributed to the falling investment balances during 2025/26. Cash balances are expected to reduce further into 2026/27 due to the Council's forecast deficit position and borrowing need. However, in this context, the Council's risk appetite for investments will not be modified to increase income. The strategy will continue to prioritise security and liquidity of the Council's funds. New investment options will be explored within the current risk appetite and strategy parameters.

1.9 There are various changes proposed in the Annual Investment Strategy from 2026/27 to reflect the challenging financial position of the Council and ongoing reduction in available balances, and the need to manage the subsequent risk to security and liquidity. These changes are detailed in Section 4 of the TMSS.

1.10 Officers continue to seek out Environmental Social & Governance (ESG) investment opportunities with counterparties that meet the Council's investment parameters. There are currently limited available products within the market that meet both the Council's security requirements and the Council's shortened investment time horizon due to the strategy to use cash to initially fund the Council's liquidity and borrowing requirement. Nevertheless, appropriate ESG investment products will continue to be researched and considered into 2026/27.

Borrowing Strategy

1.11 The total level of borrowing need over the next three years (between 2026/27 and 2028/29) is estimated to be £121m, split as £51m capital programme borrowing between 2026/27 and 2028/29 and £70m capitalisation direction in 2026/27.

1.12 Officers will seek to use cash from the Council's own reserves to initially fund borrowing whilst interest rates remain relatively elevated, however, the ongoing cashflow forecast suggests the new external borrowing will need to be undertaken during 2026/27. Modelling of the Council's borrowing plans and cashflows had previously identified an appropriate level of internal borrowing of around £75m in the longer term, however, due to ongoing pressures and reducing reserve levels, it is proposed that this be reduced to £50m from 2026/27 onwards.

1.13 It is therefore anticipated that external borrowing will be required during 2026/27. During a reducing interest rate environment, the strategy will be to borrow over a short to medium term period and to seek new longer-term borrowing on maturity once when rates are expected to reduce. This strategy will be kept under constant review as there are risks that are required to be managed and balanced during the year. Officers will review the interest rate forecast, cashflow needs, the revenue deficit and the Capital Programme to ensure this remains the most appropriate strategy through the year.

1.14 The liability benchmark in Section 2.3 of Appendix 1 demonstrates that the council will be required to undertake new external borrowing during 2026/27. The benchmark also suggests that if reserve balances continue to decrease as currently anticipated, then the Council may need to borrow to finance day-to-day activity in addition to its capital programme by 2028/29. This indicator will be used to assist with future borrowing decisions, in conjunction with the Treasury Management Tool.

Minimum Revenue Provision (MRP) Policy

1.15 The council is required under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended), where it has financed capital expenditure by borrowing, to pay off an element of the accumulated General Fund capital spend (prudential borrowing) each year through a revenue charge (a MRP). Regulation 28 provides local authorities with some flexibility in how they calculate MRP, providing the amount is 'prudent'. The Ministry of Housing, Communities and Local Government (MHCLG) statutory guidance requires the council to approve an MRP Policy Statement in advance of each financial year. This can be amended during the year, by presenting a revised MRP Policy Statement to council for approval.

1.16 The Minimum Revenue Provision Policy Statement for 2025/26 forms part of the council's Treasury Management Strategy 2025/26 which was formally approved at Full Council on 11 February 2025.

1.17 The report recommends updates to the council's Minimum Revenue Provision Policy to reflect changes to, and provide clarity on, interest rates used for annuity calculations, as well as clarity on the policy in relation to provision for capitalisation direction. To ensure that prudent provision is made as early as possible, it is recommended that this policy be approved for both the 2025/26 and 2026/27 financial years.

Revenue impact

1.18 The Treasury Management budget within the MTFP supports the cost of borrowing which includes MRP provision and interest for the capital programme. It is proposed that an increase of £2.7m is made to the Treasury Management budget in 2026/27 due to the current falling interest rate environment and reducing investments. With interest rates expected to normalise at a lower level in the medium term, alongside increasing costs of capital programme borrowing, it is modelled that further increases to the budget will be required in future years. Due to the Council's challenging revenue budget position, the treasury management portfolio will continue to be reviewed to minimise the borrowing costs and impact on the revenue budget.

1.19 The budget within the MTFP is calculated using the Treasury Management Tool that reflects the costs of borrowing 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.

2. Supporting Information

Treasury Management Reporting

2.1 As well as this annual strategy, the CIPFA Code requires the Council reports as a minimum:

- A mid-year review;
- An annual report at the close of the year;
- Quarterly updates on treasury activity.

2.2 This Council meets this requirement with the Treasury Management Stewardship Report 2024/25 and Mid-Year report 2025/26 presented to Cabinet on 16 December 2025. Additionally, the treasury management quarterly monitoring position is reported to Cabinet as part of the Reconciling, Policy, Performance and Resources quarterly monitoring.

Economic Background

2.3 The Council takes advice from MUFG on its treasury management activities. A detailed view of the current economic situation and forecasts, as prepared by MUFG is included in Appendix 1 (Annex B) to this report.

3. Conclusion and recommendations

3.1 This policy sets out the acceptable limits on ratings, investment periods, amounts to be invested and the borrowing strategy. Cabinet will be aware that the financial position is kept under constant review and if at any time it is felt that any of these limits represent an unacceptable risk appropriate and immediate action will be taken accordingly.

3.2 Cabinet recommends the 2026/27 Treasury Management Strategy Statement for approval by Council.

IAN GUTSELL
Chief Finance Officer

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Local Member(s)
All

Background documents

CIPFA Prudential Code and CIPFA Treasury Management Code – available on request

Local Government Act 2003 – Capital Finance

MHCLG Statutory Guidance on Local Authority Investments and the Minimum Revenue Provision.



Treasury Management Strategy

Statement 2026/27

Including Minimum Revenue Provision Policy Statement and Annual Investment Strategy

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- Annex D Scheme of Delegation
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- Annex F Local Authority Outlook

1. INTRODUCTION

1.1 *Background*

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

As set out in the RPPR Budget report to Cabinet on 27 January 2026, due to the Council's overall challenging financial position, the Council has applied to government for Exceptional Finance Support (EFS) for 2026/27 in the form of a capitalisation direction. If approved by Government, this would allow the Council to treat certain types of revenue expenditure as capital expenditure, allowing them to be funded by borrowing or capital receipts as opposed to from the revenue budget. The impact of this on the Council's borrowing strategy and treasury management activity has been reflected in this TMSS, with specific implications separately reported where possible to explicitly demonstrate financial implications.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 *Reporting Requirements*

1.2.1 *Capital Strategy*

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the capital strategy is to ensure that all elected members on the Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the

core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This Council delegates responsibility for implementation and monitoring treasury management to Cabinet and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. Cabinet therefore receives the Mid-Year and Annual treasury reports in December each year.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

- d. Quarterly reports** – In addition to the three major reports detailed above, quarterly treasury reporting is incorporated into the quarterly Council Monitoring process.

1.3 Treasury Management Strategy for 2026/27

The strategy for 2026/27 covers two main areas:

Capital issues

- the capital expenditure plans, including expenditure allowable under capitalisation direction, (section 2) and associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

Treasury management issues

- the current treasury portfolio position (section 1.5);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.4);
- debt rescheduling (section 2.5);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4);
- the policy on use of external service provider (section 5.3).
- prospects for interest rates (Annex B); and
- treasury indicators which limit the treasury risk and activities of the Council (Annex C);

These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Treasury Management Policy Statement

The policies and objectives of the Council's treasury management activities are as follows:

- i) This Council defines its treasury management activities as:

'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

- ii) This Council regards the successful identification, monitoring and control 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 Council, and any financial instruments entered into to manage these risks.
- iii) This Council 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 value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Portfolio Position

A summary of the Council's borrowing & investment portfolios as at 30 November 2025 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	Actual at 30 November 2025			Forecast to 31 March 2026		
	£'000	% of portfolio	Average Rate	£'000	% of portfolio	Average Rate
Investments						
Banks	11,000	15%	4.07%	10,000	20%	3.80%
Local Authorities	35,000	47%	4.35%	25,000	50%	4.25%
Money Market Funds	22,800	31%	4.05%	10,000	20%	3.75%
CCLA Pooled Property Fund*	5,000	7%	3.90%	5,000	10%	3.90%
Total Investments	73,800	100%	4.20%	50,000	100%	4.03%
Borrowing						
PWLB loans	200,142	100%	4.38%	200,142	100%	4.38%
Market loan	-	-	-	-	-	-
Total external Borrowing	200,142	100%	4.38%	200,142	100%	4.38%

*£4,358,632 capital valuation 30 November 2025

2. BORROWING STRATEGY

The capital expenditure plans of the Council are set out in the Capital Strategy Report being considered by Full Council on 10 February 2026. 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 this service activity and Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

Any capital investment, or expenditure allowable under capitalisation direction, that is not funded from these new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the Council's need to borrow, represented by the Capital Financing Requirement (CFR). However, external borrowing does not have to take place immediately to finance its related capital expenditure: the Council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing'.

The Council's primary objective is to strike an appropriate balance between securing cost certainty, securing low interest rates.

2.1 Capital Prudential Indicators

The Authority's capital expenditure plans are a key driver for Treasury Management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Tables 2 and 3 show the capital expenditure plans of the Authority, and the implications of these on the Capital Financing Requirement over the 3-year MTFP period to 2028/29.

The liability benchmark shown in section 2.3 measures the authority's external debt levels net of the external investments, with the inclusion of a liquidity buffer against the Authority's CFR projection. This measure assumes that the authority will internally borrow almost all its available cash balances held in reserves and balances, with an allowance ensure it is able to meet its cash obligations.

There are four components to the Liability Benchmark: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

The Liability Benchmark has been produced below in section 2.3 and notes included to explain each element and the Authority's assumptions and forward view.

2.2 Borrowing Strategy for 2026/27

The Council has been carrying an internal borrowing position since 2019/20, which means that the capital borrowing need has not been fully funded with external borrowing as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This policy reduces cost and reduces investment counterparty risk as the Council are using cash from its own reserves to fund its borrowing requirement as opposed to entering into external borrowing, and has been considered prudent as medium and longer dated borrowing rates are expected to fall from their current levels.

Modelling of the movement of reserves and the Council's capital expenditure plans previously demonstrated that the Council's long-term reserves could support a level of at least £75m of internal borrowing, mitigating the need to undertake new external borrowing. The borrowing strategy for 2026/27 will initially focus on meeting this borrowing need from internal borrowing; however, due to an increasing borrowing requirement, reducing reserves, and the recommendation to apply for Exceptional Financial support in the form of capitalisation direction, it is likely that the council will need to enter into new borrowing at some point during 2026/27.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. Interest rates in financial markets will be monitored and a pragmatic approach adopting to changing circumstances when considering the timing of undertaking any new borrowing.

Table 2 below provides a summary of the Council's current borrowing portfolio and projected for future balances based on known maturity of existing debt. During the 2025/26 financial year, the last remaining market loan (with Barclays) was repaid early at a discount to the initial loan value. Therefore, all current borrowing is held with the PWLB.

Table 2 – Current Borrowing Portfolio

2025/26 Projected £m		2026/27 Projected £m	2027/28 Projected £m	2028/29 Projected £m
212	External Debt at 1 April	200	195	190
(12)	In-Year Maturity	(5)	(5)	(6)
200	External Debt at 31 March	195	190	184
	Total Borrowing by Type:			
200	PWLB	195	190	184
-	Market Loans	-	-	-
200	Total Borrowing at 31 March	195	190	184

Table 3 below provides the Council's capital expenditure plans for 2025/26 and over the MTFP period to 2028/29 and how these plans are being financed, with any shortfall in resources resulting in a borrowing requirement. The Council's Capital Programme 2026/27 to 2028/29 forecasts £234m of capital investment with £183m met from existing or new resources, therefore resulting in a borrowing need of £51m over the next three years. There is £29m expected to be funded via borrowing in the 2025/26 Capital Programme, which is expected to be funded temporarily through cash balances.

The table also presents the additional borrowing requirement as part of the application for Exceptional Financial Support (EFS) in the form of a capitalisation direction. This allows local authorities to treat certain types of revenue expenditure as capital expenditure, allowing them to be funded by borrowing or capital receipts as opposed to from the revenue budget. The council intends to treat up to £70m of revenue spend as additional capital expenditure 2026/27 as part of the capitalisation direction.

Table 3 – Capital Programme Borrowing Requirements

2025/26 Projected £m		2026/27 Projected £m	2027/28 Projected £m	2028/29 Projected £m
97	Capital Expenditure	102	72	60
(68)	Capital Programme Funding	(72)	(57)	(54)
29	Capital Programme Borrowing	30	15	6
-	EFS Capitalisation Direction Borrowing	70	0	0
29	Total Borrowing Requirement	100	15	6

Table 4 below shows the impacts of the borrowing requirement identified above against the Capital Financing Requirement (CFR). The CFR represents the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. Any capital expenditure which has not immediately been paid for through an identified funding, will increase the CFR. The CFR is reduced over time in the form of a Minimum Revenue Provision (MRP) charge, being a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life.

The table also presents the impact of the additional borrowing requirement in the form of a capitalisation direction. Where revenue costs may be treated as capital expenditure by virtue of a capitalisation direction and the costs are financed by debt (borrowing), this will increase the council's CFR and MRP will be due. The MRP guidance recommends that MRP in cases of capitalisation direction should be charged over a maximum of 20 years.

Table 4 – Capital Financing Requirement

2025/26 Projected £m		2026/27 Projected £m	2027/28 Projected £m	2028/29 Projected £m
292	Opening Capital Programme CFR	313	334	339
29	Capital Programme Borrowing (table 3)	30	15	6
(8)	Minimum Revenue Provision	(9)	(10)	(11)
313	Closing Capital Programme CFR	334	339	334
-	Opening Capitalisation Direction CFR	-	70	67
-	Capitalisation Direction Borrowing (table 3)	70	-	-
-	Minimum Revenue Provision	-	(3)	(3)
-	Closing Capitalisation Direction CFR	70	67	64
313	Total Capital Financing Requirement	404	406	398

*CFR in Table 4 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C

Table 5 below compares the forecast CFR position against the current debt portfolio to demonstrate how this is expected to increase the Council's under-borrowed position if no further borrowing is undertaken.

Table 5 – Level of Under Borrowing

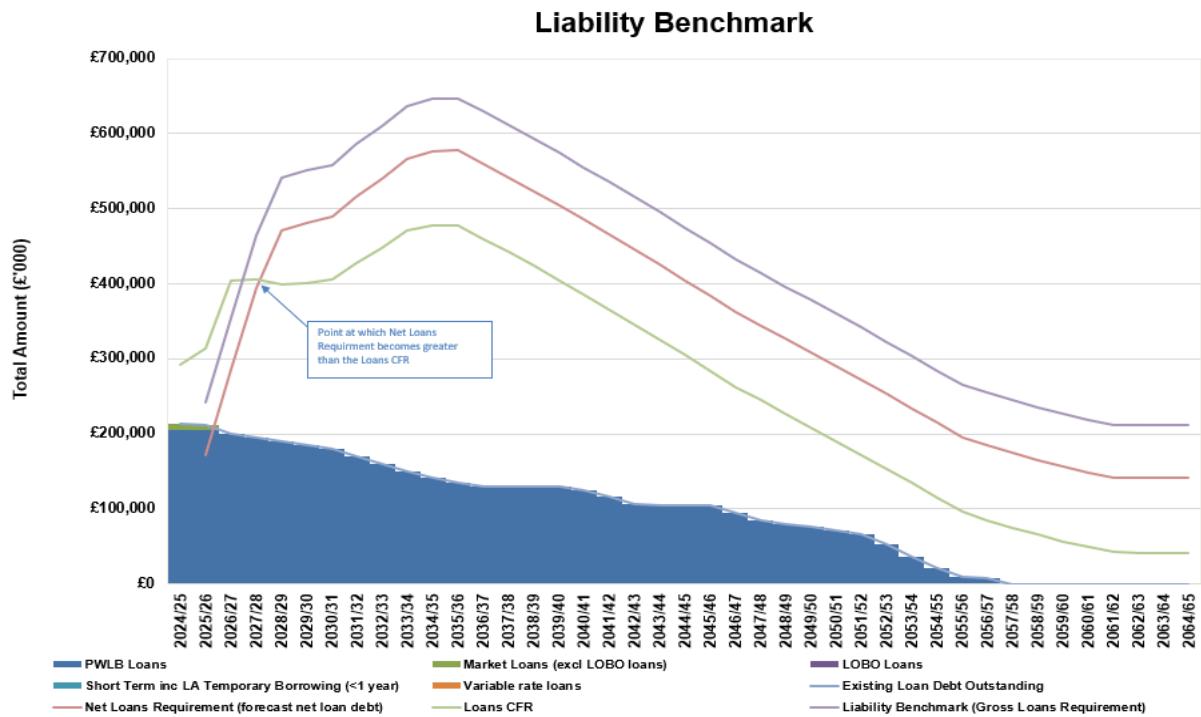
2025/26 Projected £m		2026/27 Projected £m	2027/28 Projected £m	2028/29 Projected £m
200	External Debt at 31 March (table 2)	195	190	184
313	Capital Financing Requirement (table 4)	404	406	398
(113)	Level of Under Borrowing	(209)	(216)	(214)

The Council's priority is to strike a balance between cost and certainty, and therefore the internal borrowing position will be carefully monitored to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

2.3 Liability Benchmark

The Liability Benchmark is a measure of the Council's borrowing need were it to fully utilise its cash-backed reserves and balances to avoid external borrowing. It assumes a liquidity buffer is maintained to ensure the Council's obligations are able to be met.

The Council's liability benchmark is shown below:



- 1) **External Debt** – The maturity profile of the current portfolio of external debt is shown by the bars. The debt has a very gradual maturity profile which means that there are no requirements to pay back large amounts of debt in any one year.
- 2) **Loans CFR** – This is the projections of the Council's underlying borrowing requirement (or CFR) based on the Council's capital plans and capitalisation direction, and is shown by the green line. The 2025/26 opening Loans CFR was £292m, and it is expected to peak at £478m in 2035/36. This only shows the Loans CFR projection based on the current capital programme of the Council, therefore if ongoing borrowing is required beyond 2035/36 then the CFR would rise further and for longer.
- 3) **Net Loans Requirement** – The expected net treasury position is shown by the red line. This shows a projection of the loans requirements measured by opening external debt for 2025/26 (£212m) less the opening external investments for 2025/26 (£115m). The projections are then based on the expected borrowing and the expected movement in reserves and balances, and shows the borrowing requirement if the Council were to utilise all of its reserves and balances for internal borrowing. This shows that the Council had more external debt than external investment as at 31/03/25, which is expected to continue into 2026/27 and beyond as reserves reduce and borrowing is required in the capital programme. The Net Loans Requirement also peaks in 2035/36 as a result of the end of current capital planning period.

The graph shows that the Net Loans Requirement will become greater than the Loans CFR value in 2028/29, suggesting that if the council's financial position continues as expenditure currently forecast, then the Council will need to borrow to finance its day-to-day expenditure in addition to its capital programme and applied capitalisation direction.

- 4) **Liability Benchmark** – The liability benchmark shows the Net Loan Requirement, but with a buffer of £70m incorporated to ensure the Council has sufficient cash to meet its cash obligations. This measure shows the level to which the Council can internally borrow based on the projection of the capital programme, movement of reserves and allowing for a liquidity buffer. Where the liability benchmark rises above the current debt portfolio, this shows a need for external borrowing, and where the benchmark reduces back below the current portfolio, it shows that the Council will be over-borrowed based on current plans.

This graph demonstrates that the Council will need to externally borrow in 2026/27, and that the external borrowing requirement will peak at £647m in 2034/35, before falling.

Whilst the Liability Benchmark is a good indicator of the Council's direction of travel in terms of borrowing need, it assumes that capital borrowing stops after the current capital planning period, and ignores future borrowing beyond the planning period. Therefore it should not be used in isolation when making long term decisions, but as part of a range of factors.

2.4 Policy on Borrowing in Advance of Need

The Council will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

2.5 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling, but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The strategy is to continue to seek opportunity to reduce the overall level of Council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the Chief Finance Officer.

2.6 Interest Rate Risk & Continual Review

The total borrowing requirement in **Table 3**, as well as the debt at risk of maturity shown in **Table 6** below is the extent to which the Council is subject to interest rate risk. Note that the 2025/26 figure includes the early repayment of the last remaining market loan (with Barclays) at a discount to the initial loan value.

Table 6 – Debt Maturity				
2025/26 Projected £m		2026/27 Projected £m	2027/28 Projected £m	2028/29 Projected £m
12	Maturing Debt	5	5	6
0	Debt Subject to Early Repayments	0	0	0
12	Total debt at risk of maturity	5	5	6

Officers continue to review the need to borrow taking into consideration the potential increases 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.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Chief Finance Officer will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) regulation 2023, where the Council has financed capital expenditure by borrowing, The Council it is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the Minimum Revenue Provision - MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of CFR from its calculation, unless by an exception set out in statute.

The Ministry of Housing, Communities and Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to Councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The Minimum Revenue Provision Policy Statement for 2025/26 forms part of the council's Treasury Management Strategy 2025/26 which was formally approved at Full Council on 11 February 2025. Under MHCLG guidance, when a local authority varies the methodology used to determine prudent provision, they should present a revised MRP statement to the next full Council or equivalent explaining the rationale for the change and the financial impact. Changes to policy or methodologies from the previously approved policy are:

- Clarity to the interest rate used for annuity calculations. It is recommended that annuity calculations use an interest rate based on the Council's average rate of all long-term external borrowing. This is a change from the previous methodology, which used a straight 2% interest rate on all charges, regardless of timing of expenditure and asset life. The revised methodology is considered to be a more prudent methodology for provision, as it better represents the Council's actual cost of borrowing and ensures that any decisions on further capital expenditure are based on the actual cost of borrowing. For historical expenditure, the revised policy will be applied to the remaining balance as at 31st March 2025 for each asset.
- Clarification on the policy for expenditure which is subject to a capitalisation direction.

It is recommended that this revised policy is applied for the 2025/26 financial year onwards, to ensure that prudent provision is made at the earliest opportunity.

The Council is recommended to approve the following MRP Statement for 2025/26 onwards.

For borrowing incurred before 1 April 2008, the MRP policy will be:

- Annuity basis over a maximum of 40 years.

From borrowing incurred after 1 April 2008, the MRP policy will be:

- Asset Life Method (annuity method) – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations. A maximum useful economic life of 50 years for land and 40 years for other assets. This option will also be applied for any expenditure capitalised under a capitalisation directive.
- The interest rate to be used for annuity calculations will be the Council's prevailing average rate of all long-term borrowing as at the 31st March of the financial year in which the expenditure was incurred.
- Where the debt relates to expenditure which is subject to a capitalisation direction issued by the government, the council will set aside a sum equivalent to repaying the debt over a period consistent with the nature of the expenditure on an annuity basis for a maximum of period of 20 years in accordance with the Statutory Guidance.

For PFI schemes, leases and closed landfill sites that come onto the Balance Sheet, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the "capital repayment element" of the annual charge payable that goes to write down the balance sheet liability.

Expenditure financed by borrowing will not be subject to an MRP charge until the financial year after the expenditure has been incurred, or in the case of assets under construction, MRP will be delayed until the relevant asset becomes operational.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP). The cumulative amount of any future VRP will be included in the MRP Policy Statement to enable the Authority to 'offset' this against future MRP charges. To date there has been no VRP made by the Authority.

For loans to third parties that are being used to fund expenditure that is classed as capital in nature, the policy will be to charge an MRP over the life of the loan.

In view of the variety of different types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure. This approach also allows the Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending.

4. ANNUAL INVESTMENT STRATEGY

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy.

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments (the "Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (the "Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be the security of capital first, portfolio liquidity second and then yield (return). The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Authority's risk appetite.

4.1 Annual Investment Strategy for 2026/27

Investments will be made with reference to the core balance and cash flow requirements and the outlook for interest rates.

Greater returns are usually obtainable by investing for longer periods. However, based on the forecast of Bank Rate below and the Councils' ongoing challenging financial position, it is considered appropriate to maintain a large degree of liquidity to cover cash flow needs, but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions if cash balance allows.

While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is predicted that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments on short term or variable terms.
- Conversely, if it is predicted that Bank Rate is likely to fall within that time period, consideration will be given to locking in the higher rates currently obtainable, for longer periods.

It is currently expected that the Bank Rate will not fall during the remainder of 2025/26, but with the prospect for Bank Rate to be cut further into 2026/27. MUFG Bank Rate forecasts for financial year ends (March) are:

Year	2025/26	2026/27	2027/28	2028/29
Bank Rate	3.75%	3.25%	3.25%	3.25%

The MUFG view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments;
- It receives a yield that is aligned with the level of security and liquidity of its investments;
- Where possible, it actively seeks to support Environmental, Social and Governance (ESG) investment products and institutions that meet all of the above requirements.

The preservation of capital is the Council's principal and overriding priority.

4.1.1 Changes from 2025/26 Strategy

A number of changes are proposed from the 2025/26 the Annual Investment Strategy in response to reducing investment balances and to manage subsequent risks to security and liquidity.

- Maximum investment limits on counterparty types been reduced compared to the 2025/26 strategy to avoid over exposure to individual sectors due to reducing investment balances and subsequent risk to overexposure.
- Limits for investments in individual UK Local Authorities have been reduced from a maximum £60m to £20m per authority to avoid over exposure to individual counterparties, and to manage size of individual investments to manage ongoing liquidity,
- A reduction in maximum investment limit on some individual counterparties to avoid overexposure.
- Reduced limits of principal sums to be invested for longer than 365 days to ensure liquidity is maintained,

4.2 Investment Policy – Management of risk

The guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- i) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- iii) Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- iv) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.
 - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 7.
 - b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 8.
- v) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).
- vi) This authority will set a limit for the amount of its investments which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C.
- vii) Investments will only be placed with counterparties from countries with a specified minimum sovereign rating of AA- (see paragraph 4.3).
- viii) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given

the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

- ix) All investments will be denominated in sterling.
- x) As a result of the change in accounting standards for 2025/26 under IFRS 9, this Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year and included within the quarterly reporting.

4.3 Sovereign Credit Ratings

The current approved strategy of lending to sovereign nations and their banks which hold a minimum of AA- remains in place. The proposed Maximum investment limits and duration periods will remain the same as in the previous strategy at £60 million and one year respectively. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

- AAA** Australia, Denmark, Germany, Netherlands, Norway, Singapore, Sweden, Switzerland
- AA+** Canada, USA
- AA** Abu Dhabi (UAE), Finland,
- AA-** **United Kingdom**

4.4 Creditworthiness Policy

The Council applies the creditworthiness service provided by the MUFG Corporate Markets. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies which is then 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;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This weighted scoring system then produces an end product of a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council (in addition to other due diligence consideration) will use counterparties within the following durational bands provided they have a minimum A- (UK Banks) and AA- (Non-UK Banks) credit rating:

Y	P	B	O	R	G	N/C
Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yrs	Up to 6 months	Up to 100 days	Not to be used

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A- for UK Banks. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

All credit ratings are monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the LAS credit worthiness service. If a downgrade results in the counterparty or investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings, the Council is advised of information re movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list. The counterparties in which the Council will invest its cash surpluses is based on officer's assessment of investment security, risk factors, market intelligence, a diverse but manageable portfolio and their participation in the local authority market.

Table 7 below summarises the types of specified investment counterparties available to the Council, and the maximum amount and maturity periods placed on each of these. A full list of the Council's counterparties and the current limits for 2026/27 are appended at Annex A.

Criteria for Specified Investments

Table 7	Country/ Domicile	Instrument	Min. Credit Criteria/LAS colour band	Max. Amount	Max. maturity period													
Debt Management and Deposit Facilities (DMADF)	UK	Term Deposits (TDs)	N/A	£50m (previously unlimited)	6 Months (previously 12 months)													
Government Treasury bills	UK	TDs	UK Sovereign Rating	£50m (previously unlimited)	6 Months (previously 12 months)													
UK Local Authorities*	UK	TDs	UK Sovereign Rating	£20m (previously £60m)	12 Months													
Banks – part nationalised	UK	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ Certificates of Deposit (CDs) 	N/A	£20m (previously £60m)	12 Months													
Banks	UK	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ CDs 	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>Blue</td></tr> <tr><td>Orange</td></tr> <tr><td>Red</td></tr> <tr><td>Green</td></tr> </table>	Blue	Orange	Red	Green	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>£20m (previously £60m)</td></tr> <tr><td>12 Months</td></tr> <tr><td>12 Months</td></tr> <tr><td>6 Months</td></tr> <tr><td>100 Days</td></tr> </table>	£20m (previously £60m)	12 Months	12 Months	6 Months	100 Days	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>12 Months</td></tr> <tr><td>12 Months</td></tr> <tr><td>6 Months</td></tr> <tr><td>100 Days</td></tr> </table>	12 Months	12 Months	6 Months	100 Days
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Individual Money Market Funds (MMF) CNAV and LVNAV	UK/Ireland/ EU domiciled	AAA Rated Money Market Fund Rating	N/A	£60m	Liquid													
VNAV MMF's and Ultra Short Dated Bond Funds	UK/Ireland/ EU domiciled	AAA Rated Bond Fund Fund Rating	N/A	£60m	Liquid													
Banks – Non-UK	Those with sovereign rating of at least AA-**	<ul style="list-style-type: none"> ▪ TDs ▪ Deposits on Notice ▪ CDs 	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>Blue</td></tr> <tr><td>Orange</td></tr> <tr><td>Red</td></tr> <tr><td>Green</td></tr> </table>	Blue	Orange	Red	Green	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>£20m (previously £60m)</td></tr> <tr><td>12 Months</td></tr> <tr><td>12 Months</td></tr> <tr><td>6 Months</td></tr> <tr><td>100 Days</td></tr> </table>	£20m (previously £60m)	12 Months	12 Months	6 Months	100 Days	<table border="1" style="display: inline-table; vertical-align: middle;"> <tr><td>12 Months</td></tr> <tr><td>12 Months</td></tr> <tr><td>6 Months</td></tr> <tr><td>100 Days</td></tr> </table>	12 Months	12 Months	6 Months	100 Days
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* Local Authorities appear on both Specified and Non-specified investment list – an investment with a LA for up to a year is Specified, and between 1-2 years is Non-specified. The maximum amount that can be lent to any single Local Authority is £20m across both specified and unspecified Investments

**See Paragraph 4.3 for full list of countries that meet these criteria

Non-Specified investments are any other types of investment that are not defined as specified. The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out in **Table 8** below:

Table 8	Minimum credit criteria	Maximum investments	Period
UK Local Authorities**	Government Backed	£20m (previously £60m)	2 years
Corporate Bond Fund(s)	Investment Grade	£30m	2 - 5 years
Pooled Property Fund(s)	N/A	£30m	5+ years
Mixed Asset Fund(s)	N/A	£30m	2 - 5 years
Short Dated Bond Fund(s)	N/A	£30m	2 – 5 years

*** Local Authorities appear on both Specified and Non-specified investment list – an investment with a LA for up to a year is Specified, and between 1-2 years is Non-specified. The maximum amount that can be lent to any single Local Authority is £20m across both specified and Unspecified Investments*

The maximum amount that can be invested will be monitored in relation to the Council's surplus monies and the level of reserves. The approved counterparty list will be maintained by referring to an up-to-date credit rating agency reports, and the Council will liaise regularly with brokers for updates. Where Externally Managed Funds are not rated, a selection process will evaluate relative risks & returns. Security of the Council's money and fund volatility will be key measures of suitability. Counterparties may be added to or removed from the list only with the approval of the Chief Finance Officer. A full list of the Council's counterparties and the current limits for 2026/27 are appended at Annex A.

4.5 Investment Risk Benchmarking

The weighted average benchmark risk factor for 2026/27 is recommended to be 0.05%. This is unchanged from 2025/26. This is a measure of the percentage of the portfolio deemed to be at risk of loss by reference to the maturity date, value of investment, and credit rating of the individual investments within the portfolio compared to the historic default data for those credit ratings.

This benchmark is a simple target (not limit) to measure investment risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that the in-house treasury team can monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons in the mid-year or end of year reviews.

This matrix will only cover internally managed investments, excluding externally managed cash that has been subject to an individual selection process. It also excludes funds lend to other Local Authorities, consistent with the CIPFA Accounting Code.

4.6 Investment Performance Benchmarking

The performance of the Council's investment portfolio will be measured against the overnight SONIA Rate.

5. OTHER TREASURY ISSUES

5.1 *Banking Services*

NatWest currently provides banking services for the Council.

5.2 *Training*

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ Council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/Council members.
- Require treasury management officers and board/Council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/Council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

The training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function and members who are responsible for decision making and scrutiny of the Treasury function will be maintained by the Principal Accountant (Treasury).

5.3 *Policy on the use of External Service Providers*

The Council uses MUFG as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented and subject to regular review.

5.4 *Lending to Third Parties*

The Council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken.

5.5 *Updates to Accounting Requirements*

▪ **IFRS9 – local authority override – English local authorities**

The MHCLG has extended the IFRS 9 statutory override to apply to existing local authority investments in pooled investment funds that were made before 1st April 2024. The government has extended this specific override for these existing investments until 1st April 2029, to provide local authorities with additional time to manage their investment strategies.

However, any new investments in pooled investment funds made on or after 1st April 2024 are subject to the standard IFRS 9 accounting requirements, meaning fair value movements must be recognised directly in the general fund. The override prevents these "paper" fluctuations from immediately impacting the authority's revenue accounts and annual balanced budget requirement.

Additionally, IFRS9 impacts the write-down in the valuation of impaired loans.

- **IFRS 16 – Leasing**

The CIPFA LAASAC Local Authority Accounting Code Board has deferred implementation of IFRS16 until 1.4.24, the 2024/25 financial year. Once implemented, this has the following impact to the Treasury Management Strategy:

- The MRP Policy sets out how MRP will be applied for leases bought onto the balance sheet. Where a lease (or part of a lease) is brought onto the balance sheet, having previously been accounted for off-balance sheet, the MRP requirement is regarded as having been met by the inclusion in the charge for the year in which the restatement occurs, of an amount equal to the write-down for that year plus retrospective writing down of the balance sheet liability that arises from the restatement;
- The Council's Capital Financing Requirement authorised limit and operational boundary expectations for 2025/26 onwards have been increased to reflect the estimated effect of this change.

COUNTERPARTY LIST 2026/27

Bank with duration colour	Country	Fitch Ratings				Moody's Ratings		S & P Ratings		ESCC Duration	MUFG Duration Limit	Money Limit
Specified Investments:		L Term	S Term	Viab.	Supp.	L Term	S Term	L Term	S Term	(Months)	(Months)	(£m)
UK Counterparties:												
Lloyds Bank PLC (RFB)	UK	AA-	F1+	a+	WD	A1	P-1	A+	A-1	12	12	20
Lloyds Bank Corporate Markets Plc (NRFB)	UK	AA-	F1+	-	WD	A1	P-1	A	A-1	12	12	
Bank of Scotland PLC (RFB)	UK	AA-	F1+	a+	WD	A1	P-1	A+	A-1	12	12	
NatWest Bank (RFB)	UK	AA-	F1+	a+	WD	A1	P-1	A+	A-1	12	12	20
NatWest Markets Plc (NRFB)	UK	AA-	F1+	WD	WD	A1	P-1	A	A-1	12	12	
Royal Bank of Scotland (RFB)	UK	AA-	F1+	a+	WD	A1	P-1	A+	A-1	12	12	
HSBC UK Bank (RFB)	UK	AA-	F1+	a+	WD	Aa3	P-1	A+	A-1	12	12	20
HSBC Bank (NRFB)	UK	AA-	F1+	a	WD	A1	P-1	A+	A-1	12	12	
Barclays Bank UK (RFB)	UK	A+	F1	a	WD	A1	P-1	A+	A-1	6	6	20
Barclays Bank (NRFB)	UK	A+	F1	a	WD	A1	P-1	A+	A-1	6	6	
Santander UK	UK	A+	F1	a	WD	A1	P-1	A	A-1	6	6	20
Santander Financial Services (NRFB)	UK	A+	F1	-	WD	A1	P-1	A-	A-2	6	6	
Goldman Sachs International Bank	UK	A+	F1	-	WD	A1	P-1	A+	A-1	6	6	20
Handelsbanken PLC	UK	AA	F1+	-	WD	-	-	AA-	A-1+	12	12	20
SMBC Bank International Plc	UK	A-	F1	-	WD	A1	P-1	A	A-1	6	6	20
Standard Chartered Bank	UK	A+	F1	a	WD	A1	P-1	A+	A-1	6	6	20
Clydesdale Bank PLC	UK	A	F1	a	WD	A1	P-1	A+	A-1	6	6	20
Nationwide Building Society	UK	A	F1	a	WD	A1	P-1	A+	A-1	6	6	20
Non UK Counterparties:												
Royal Bank of Canada	Canada	AA-	F1+	aa-	WD	Aa1	P-1	AA-	A-1+	12	12	20
Toronto-Dominion Bank	Canada	AA-	F1+	aa-	WD	Aa1	P-1	A+	A-1	12	12	20
Nordea Bank Abp	Finland	AA-	F1+	aa-	WD	Aa2	P-1	AA-	A-1+	12	12	20
NRW BANK	Germany	AAA	F1+	-	WD	Aa1	P-1	AA	A-1+	12	24	20
Landwirtschaftliche Rentenbank	Germany	AAA	F1+	-	WD	Aaa	P-1	AAA	A-1+	12	24	20
BNG Bank N.V.	Netherlands	AAA	F1+	-	WD	Aaa	P-1	AAA	A-1+	12	24	20
DBS Bank Ltd.	Singapore	AA-	F1+	aa-	WD	Aa1	P-1	AA-	A-1+	12	12	20
Oversea-Chinese Banking Corp. Ltd.	Singapore	AA-	F1+	aa-	WD	Aa1	P-1	AA-	A-1+	12	12	20
United Overseas Bank Ltd.	Singapore	AA-	F1+	aa-	WD	Aa1	P-1	AA-	A-1+	12	12	20
Svenska Handelsbanken AB	Sweden	AA	F1+	aa	WD	Aa2	P-1	AA-	A-1+	12	12	20
First Abu Dhabi Bank PJSC	UAE	AA-	F1+	a-	WD	Aa3	P-1	AA-	A-1+	12	12	20
Bank of New York Mellon	USA	AA	F1+	aa-	WD	Aa1	P-1	AA-	A-1+	12	24	20
Non-Specified Investments:												
		Minimum Credit Criteria				Maximum Investments				Period		
UK Local Authorities		Government Backed				£20m				2 years		
Corporate Bond Fund(s)		Investment Grade				£30m				2 - 5 years		
Pooled Property Fund(s)		N/A				£30m				5+ years		
Mixed Asset Fund(s)		N/A				£30m				2 - 5 years		
Short Dated Bond Fund(s)		N/A				£30m				2 - 5 years		

ECONOMIC OVERVIEW – TO BE UPDATED FOR LATEST OVERVIEW**Provided by MUFG, December 2025**

- 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, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.
 - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.
 - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
 - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August (and subsequently to 3.75% in December).
 - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).
- 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 (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 - 2028 is currently forecast by the Office for Budget Responsibility to be in the region of 1.5%.
- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was only 0.1% q/q.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but headwinds are gathering.
- Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the

consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

- Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.
- 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 nearly all the months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- 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 4.6% in September (still at that level in November). The rate for the private sector has slipped just below 4% as the year end approaches.
- CPI inflation remained at 3.8% in September but dropped to 3.2% by November. Core inflation also fell to 3.2% by November while services inflation fell to 4.4%. Nonetheless, 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.
- An ever-present issue throughout recent 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 June at 4.50%.
- 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 kept yields elevated over 4.70% although by late December had fallen back again to a little over 4.50%.

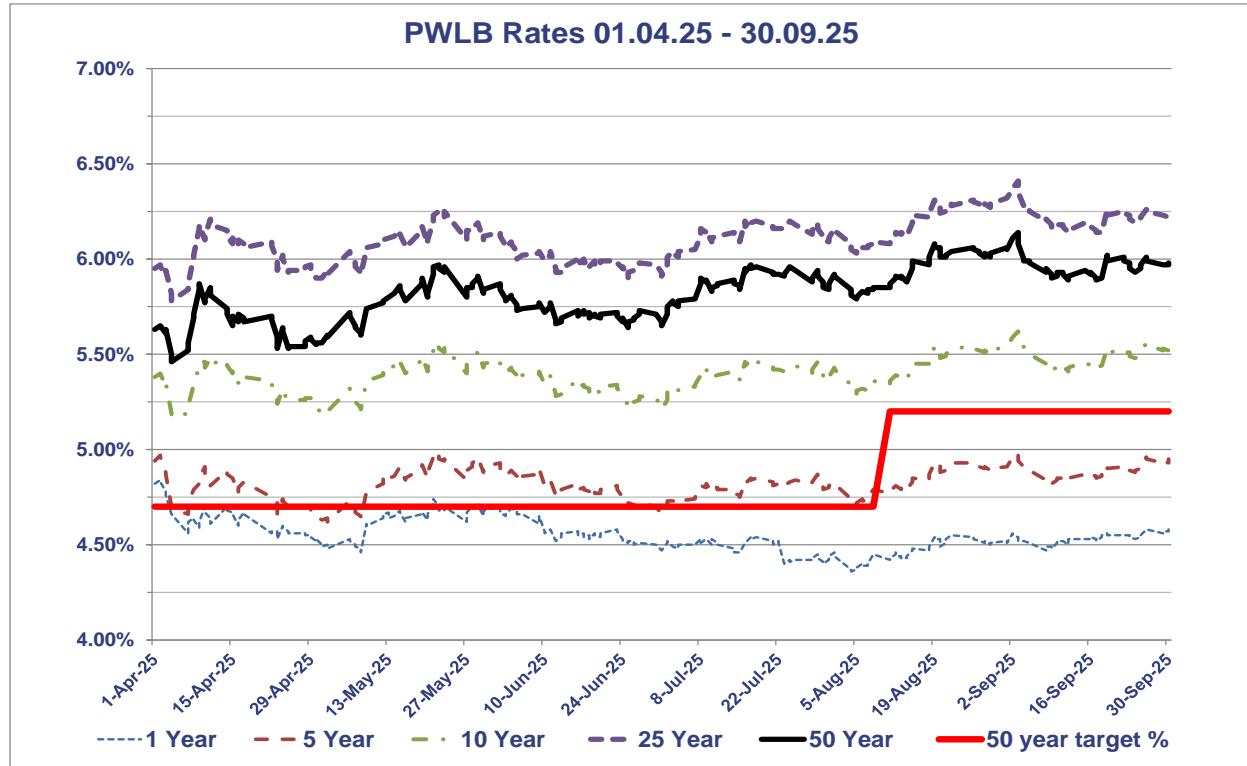
- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March 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 September 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. In early November, the FTSE100 climbed to a record high just above 9,900. By late December, the index had clung on to most of those gains standing at 9,870 on 23 December.

MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025

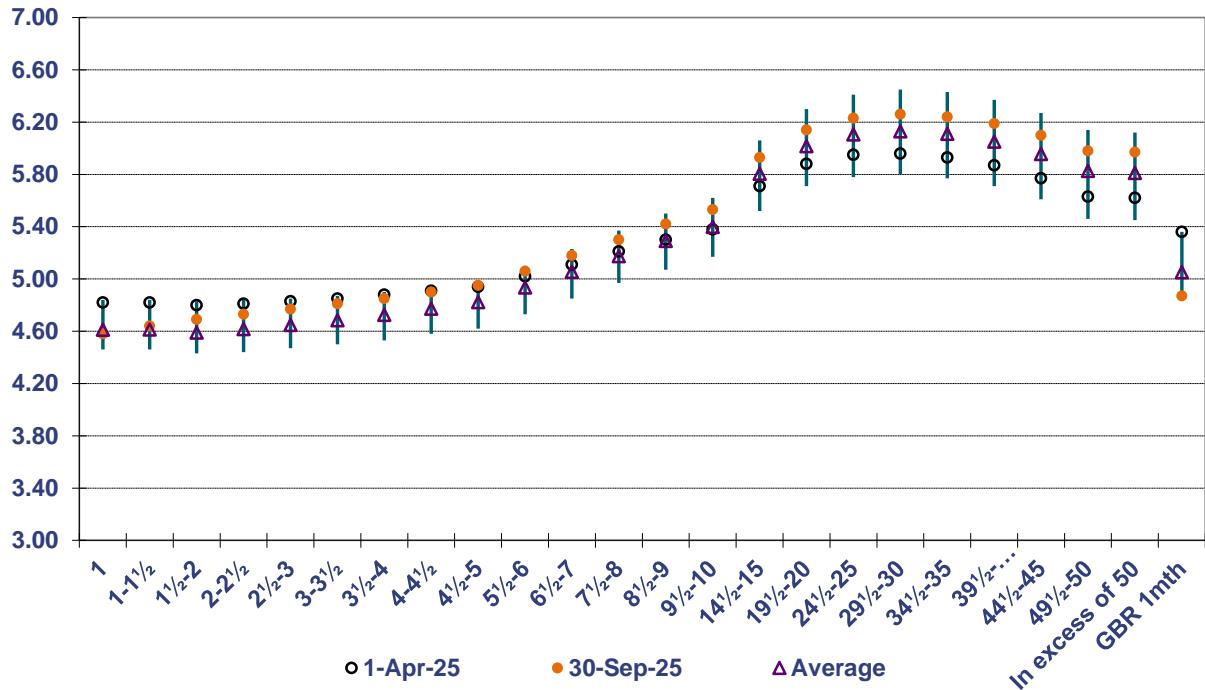
- There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June’s vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening 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.
- 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 was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- 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). Moreover, 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 suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the

MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

PWLB RATES 01.04.25 - 30.09.25



PWLB Certainty Rate Variations 01.04.25 to 30.09.25



HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 30.09.25

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
30/09/2025	4.58%	4.95%	5.53%	6.23%	5.98%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low Date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High Date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.55%	4.82%	5.40%	6.11%	5.83%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

Prospects for Interest Rates

The Authority has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

- Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.
- Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.
- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space as Bank Rate approaches a neutral level".
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a

short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.

- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a "given", and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.
- Our revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are generally to the upsides. Our target borrowing rates are set two years forward (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB debt	Current borrowing rate as at 22.12.25 p.m.	Target borrowing rate now (end of Q4 2027)	Target borrowing rate previous (end of Q4 2027)
5 years	4.81%	4.10%	4.20%
10 years	5.39%	4.70%	4.70%
25 years	6.01%	5.30%	5.30%
50 years	5.78%	5.10%	5.10%

Borrowing advice: Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity/<10 years PWLB EIP) and short-dated fixed LA to LA monies

should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now	Previously
2025/26 (residual)	3.80%	3.90%
2026/27	3.40%	3.60%
2027/28	3.30%	3.30%
2028/29	3.30%	3.50%
2029/30	3.50%	3.50%
Years 6 to 10	3.50%	3.50%
Years 10+	3.50%	3.50%

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

ANNEX C

PRUDENTIAL AND TREASURY INDICATORS 2026/27 to 2028/29

The Council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans is reflected in prudential indicators. Local Authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2026/27 to 2028/29 are set out in **Table A** below:

Table A – Capital Expenditure and Borrowing Plans	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital Expenditure £m (gross) Council's capital expenditure plans	£102m	£72m	£60m
Capital Financing Requirement for Capital Programme £m* Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£410m	£406m	£392m
Capitalisation Direction £m (gross) Council's application to borrowing for revenue expenditure	£70m	£0m	£0m
Capital Financing Requirement for Capitalisation Direction £m* Measures the underlying need to borrow for capitalisation direction	£70m	£67m	£64m

**The CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations. Where it may not be currently possible to be precise about such adjustment figures until detailed data gathering has been substantially completed at the end of the 2024/25 financial year, the impact on the Capital Financing Requirement includes initial estimates of the likely effect of this change, and these indicators may need to be amended mid-year once the detailed impact is known.*

Table B – Ration of Financing Cost to Net Revenue Stream	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Ratio of financing costs to net revenue stream (Capital Programme) ** Identifies the trend in the cost of capital programme (borrowing and other long term obligation costs) against net revenue stream	3.08%	3.38%	3.33%
Ratio of financing costs to net revenue stream (Capitalisation Direction) ** Identifies the cost of capitalisation direction (borrowing and other long term obligation costs) against net revenue stream	0.29%	1.00%	0.98%
Ratio of financing costs to net revenue stream (Total) ** Identifies the trend in the total cost of capital (borrowing and other long term obligation costs) against net revenue stream	3.37%	4.38%	4.31%

*** the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the Council's borrowing. This includes interest costs relating to the Council's borrowing portfolio and MRP. allowable under the 2021 Code, and therefore the ratio is higher than previously reported.*

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2026/27 to 2028/29 are set out in **Tables C & D** below. These have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.:.

Table C	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Authorised Limit for External Debt £m* The Council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£510m	£510m	£533m
Operational boundary for external debt £m* The Council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£490m	£490m	£513m
Principal Sums invested for longer than 365 days	£30m (previously £60m)	£30m (previously £60m)	£30m (previously £60m)
Control on interest rate exposure: Upper limit for fixed interest rate exposure Identifies a maximum limit for fixed interest rates for borrowing and investments.	100%	100%	100%
Control on interest rate exposure: Upper limit for variable interest rate exposure Identifies a maximum limit for variable interest rates for borrowing and investments.	15%	15%	15%

**The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations under IFRS16. Where it may not be currently possible to be precise about such adjustment figures until detailed data gathering has been substantially completed at the end of the 2024/25 financial year, the impact on the Authority Limit and Operational Boundary includes initial estimates of the likely effect of this change, and these indicators may need to be amended mid-year once the detailed impact is known.*

The Authorised Limit and Operational Boundary also include provision for applied capitalisation direction in 2026/27 and assumed additional borrowing in future years to fund the MTFP deficit position.

Table D – Maturity Structure of fixed interest rate borrowing		
The Council needs to set upper and lower limits with respect to the maturity structure of its borrowing.		
	Lower	Upper
Under 12 months	0%	40% (previously 25%)
12 months to 2 years	0%	50% (previously 40%)
2 years to 5 years	0%	60%
5 years to 10 years	0%	70%
Over 10 years	0%	90%

SCHEME OF DELEGATION

1. Full Council

In line with best practice, Full Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. These reports are:

i. Treasury Management Policy and Strategy Report

The report covers:

- the capital plans (including prudential indicators);
- the Capital Strategy;
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

ii. A Mid-Year Review Report and a Year End Stewardship Report

These will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether the treasury strategy is meeting the strategy or whether any policies require revision. The report also provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

2. Cabinet

- Recommendation of the Treasury Management Strategy to Full Council
- Approval of the Treasury Management quarterly update reports;
- Approval of the Treasury Management mid-year and outturn reports.

3. Audit Committee

- Scrutiny of performance against the strategy.

4. Role of the Section 151 Officer

The Section 151 (responsible) Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

INVESTMENT PRODUCT GLOSSARY

Bank / Building Society: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Bank / Building Society Secured (Covered Bonds): These investments are secured on the bank's assets, which limit the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Corporate Bonds: Bonds issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent.

Enhanced Cash / Ultra Short Dated Bond Funds: Funds designed to produce an enhanced return over and above a Money Market Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated investments.

Equity Fund: Equity funds are pooled investment vehicles that will focus investments primarily in UK equities.

Government: Loans, bonds and bills issued or guaranteed by UK government, local authorities and supranational banks. These investments are not subject to bail-in, and there is a minimal risk of insolvency.

Money Market Funds: An open ended fund that invests in short term debt securities, offers same-day liquidity and very low volatility.

Mixed Asset Funds: Rather than focus on a particular asset class, these funds will look to invest across a broader range of classes in an effort to provide investors with a smoother performance on a year-to-year basis. Primarily, the asset classes will be equities and fixed income, but the latter will include both corporate and government-level investments.

Pooled Property Funds: Shares in diversified property investment vehicles. Property funds offer enhanced returns over the longer term but are more volatile in the short term. The funds have no defined maturity date, but are available for withdrawal after a notice period

Short Dated Bond Funds: Funds designed to produce an enhanced return over and above an Ultra Short Dated Fund. The manager may use a wider range of alternative options to try and generate excess performance. These could include different counterparties, instruments as well as longer dated and a proportion of lower rated investments. The return on the funds are typically much higher but can be more volatile than Ultra-Short Dated bond funds, so a longer investment time horizon is recommended.

LOCAL GOVERNMENT OUTLOOK

Since the Autumn Budget Statement on 26 November, which was accompanied by new national economic forecasts from The Office for Budget Responsibility (OBR), there have been further developments in the economic outlook. Latest figures from the Office for National Statistics showed that the economy shrank unexpectedly by 0.1% in October 2025. Inflation, as measured by the Consumer Prices Index (CPI) fell further than expected to 3.2% in the year to November 2025, down from 3.6% in October. The Bank of England cut interest rates from 4% to 3.75% in December, the lowest level since February 2023, following the sharper than expected fall in inflation, but indicated that any further reductions were likely to be gradual.

The Government published the first multi-year Local Government Finance Settlement in a decade on 17 December 2025, consulting on provisional allocations for 2026/27 to 2028/29. Core Spending Power (CSP) is projected to rise nationally, underpinned by assumptions that councils take the maximum referendum-free Council Tax increases, which were confirmed as 5% (comprising of 3% core services and an additional 2% ASC precept).

The settlement implements the *Fair Funding Review 2.0* (FFR 2.0) reforms, moving to a Fair Funding Assessment (FFA) that simplifies grant funding, updates both needs assessments for each authority and the calculation of the council tax adjustment, and maintains existing council tax flexibility. The updates to formulae emphasise linking funding to deprivation and need, while transitional arrangements have been put in place to help councils who will see a loss of grant funding over the settlement period.

While the Government highlights a fairer, evidence-led system, that results in a closer relationship with, impacts are uneven across the sector, with cash-flat or real-terms reductions for some authorities once council tax is excluded.

For ESCC, CSP increases by 11% over the settlement period, compared with an average of all English councils of 15.1%. This increase assumes ESCC will increase council tax by the maximum of 5% in all years. Non-council tax CSP reduces by 5.8% by 2028/29, with the change in grant funding cash-neutral between 2025/26 and 2026/27 (a real-terms cut given current inflation).

This loss of funding is driven by several key factors in the new funding methodology: the impact of council tax equalisation, the absence of a metric that reflects the significant proportion of residents aged over 85; the limitations of using median wages as a proxy for the labour costs borne by the Council; and the government's decision, announced with the Policy Statement, that rurality was to be removed as a factor from all but the ASC needs formulae. This is compounded by the continuation of the Recovery Grant (which has been top-sliced from the overall quantum to be paid to qualifying authorities). These changes fail to capture the true cost pressures in delivering statutory services in a county with high social care demand and a dispersed population, with limited opportunities to raise income locally.

As a result, ESCC's 2026/27 budget is contingent on Exceptional Financial Support (EFS) via a £70m capitalisation direction to achieve legal budget balance. Capitalisation does not provide additional funding; it is a temporary measure to enable councils to meet statutory duties while implementing sustainable solutions and will result in increased future borrowing costs.

While we welcome the move to a multi-year settlement and the continuation of grant funding, the settlement does not address the structural gap created by rising demand for statutory services, particularly in social care. Without a significant increase in the overall quantum of funding or fundamental reforms to statutory services at a national level, the Council's financial position will remain extremely challenging.

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Agenda Item 9

Report to:	Cabinet
Date of meeting:	27 January 2026
By:	Chief Operating Officer
Title:	The Conservators of Ashdown Forest 2025/26 forecast outturn position and updated medium term financial plan including the 2026/27 budget.
Purpose:	To present the forecast financial position as at the end of 2025/26 and the updated medium term financial plan, with the 2026/27 Core budget for approval.

RECOMMENDATIONS:

Cabinet is recommended to:

- 1) note the Quarter 2 budget position for the Conservators' 2025/26 Core Budget.
- 2) note the Conservators of Ashdown Forest medium term financial plan.
- 3) approve the 2026/27 Core Budget.

1 Background

1.1 This report sets out the financial position of the Conservators of the Ashdown Forest (COAF) for 2025/26 (Appendix 1), against the approved budget agreed by the Board of Conservators at their meeting on 17 November 2024 and presented to Cabinet in January 2025. Appendix 2 presents the COAF Medium Term Financial Plan (MTFP) to 2028/9.

2 Supporting information

Financial Year 2025/26

2.1 The 2025/26 original budget set out a deficit budget of £15,620, being a surplus on the Core Budget of £9,106, and a deficit on the Countryside Stewardship (CS) budget of £24,726. At the end of September there is a forecast surplus of £176,033 in the Core budget.

2.2 Core budget expenditure and income are both higher than budgeted. This is mostly due to project expenditure and offsetting income. Projects include the Winnie the Pooh centenary celebration and the Strategic Access Management Measures (SAMMS). There was a capital purchase of a new vehicle, and this has been funded by donations. Income includes the receipt of the one-off contribution from the Ashdown Forest Trust as approved by Cabinet in September.

2.3 The current 2025/26 Core budget projections indicate that no additional contribution from East Sussex County Council (ESCC) will be required.

2.4 The current Countryside Stewardship (CS) budget is forecast to overspend by £88,589 this year. This is more than the budgeted overspend of £24,726. The forecast assumes a CS funding gap from January to March 2026. However Natural England have just announced an extension of the funding which should reduce the forecast 2025/26 overspend.

2026/27 Budget and Medium Term Financial Plan to 2027/28

2.5 The COAF 2026/27 budget and MTFP is shown at Appendix 2. There is a budgeted surplus in the Core budget. It is therefore unlikely that ESCC will need to make an additional financial contribution for that year. The Board was informed by the Rural Payments Agency that there would be a funding gap between the end of the current agreement and the start of a new agreement and the reported core budget deficits for 2027/28 and 2028/29 reflect that. The Board have now been informed that the current agreement has been extended. The organisation will take action to address

any remaining funding gap and it is unlikely that the 2027/28 and 2028/29 deficits will occur. CS has a budgeted deficit of £3,019 which reflects an increase in planned works for 2026/27. The CS deficit will be funded from the CS reserve.

2.6 The current CS programme has been extended to the end of 2026 with a new scheme likely to start from January 2027. The Conservators will apply for the replacement CS scheme when the government announce the funding schemes available. The CS expenditure and income streams included from 2026/27 are therefore indicative pending that announcement.

3 Conclusion and reasons for recommendations

3.1 Cabinet is recommended to:

- note the Quarter 2 budget position for the Conservators' 2025/26 Core Budget.
- note the Conservators of Ashdown Forest medium term financial plan.
- approve the 2026/27 Core budget.

ROS PARKER

Chief Operating Officer

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LOCAL MEMBERS

Councillors Galley, Howell, Lunn & Taylor

Ashdown Forest Finances to 31 March 2026
Income and Expenditure Forecast and Budget Summary
Core Budget and Countryside Stewardship Budget Combined

	2025/26 Original Budget	2025/26 Current Budget	2025/26 Forecast
CORE INCOME	£	£	£
Licences & Forest Rate	209,147	209,147	203,131
Unrestricted funding (WDC, AFT, T/PCs)	561,544	561,544	1,044,302
Income generation and Donations	24,027	24,027	12,303
Forest Products incl. Meat and Deer Carcasses	26,118	26,118	20,502
Visitors	22,620	22,620	22,612
Financial	15,000	15,000	15,000
Recharges from Countryside Stewardship programme	163815	163815	109,198
Unrestricted Core Income	1,022,271	1,022,271	1,427,048
Other Restricted Core Funding/Grants (specific purpose)	60,000	60,000	174,435
TOTAL CORE INCOME	1,082,271	1,082,271	1,601,483
COUNTRYSIDE STEWARDSHIP INCOME			
Grant funding for CS work programme	748,261	748,261	562,565
TOTAL CS INCOME	748,261	748,261	562,565
TOTAL CORE AND COUNTRYSIDE STEWARDSHIP INCOME	1,830,532	1,830,532	2,164,048

	2025/26 Original Budget	2025/26 Current Budget	2025/26 Forecast
CORE EXPENDITURE	£	£	£
Core Forest Staff Costs	470,509	470,509	555,706
Operational expenses	346,453	346,453	306,765
Administration Overheads	131,543	131,543	157,312
Financial	32,856	32,856	23,305
Visitors	10,851	10,851	6,500
Expenditure from Ringfenced Funding (primarily education prog)	37,445	37,445	367,728
Core capital expenditure	41,866	41,866	8,100
Governance/Charity set-up	1,642	1,642	64
TOTAL CORE EXPENDITURE	1,035,720	1,035,720	1,425,480

COUNTRYSIDE STEWARDSHIP EXPENDITURE			
Countryside Stewardship Work Programme Project Expenditure	343,253	343,253	351,479
Staff Costs	429,734	429,734	269,674
Countryside Stewardship Staff Recharges	0	0	30,000
TOTAL COUNTRYSIDE STEWARDSHIP EXPENDITURE	772,987	772,987	651,153
TOTAL CORE AND COUNTRYSIDE STEWARDSHIP EXPENDITURE	1,846,152	1,846,152	1,599,707

SURPLUS OF INCOME OVER EXPENDITURE	(15,620)	(15,620)	652,929
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Core Budget surplus/(deficit)	9,106	9,106	176,003
CS Budget surplus/(deficit)	(24,726)	(24,726)	(88,589)
Total Budget surplus/(deficit)	(15,620)	(15,620)	87,414

Ashdown Forest Medium Term Financial Plan

	2025/26	2026/27	2027/28	2028/29
INCOME SUMMARY	£	£	£	£
Licences & Forest Rate	209,147	204,240	209,049	214,099
Unrestricted funding (WDC,T/PCs)	201,544	759,190	231,747	234,004
Car Parking	360,000	428,540	340,000	346,460
Income generation and Donations	24,027	12,303	12,351	12,400
Forest Products incl. Meat and Deer Carcasses	26,118	20,502	22,525	22,915
Visitors	22,621	27,412	22,805	23,734
Financial	15,000	12,000	5,000	4,000
CS Recharges	163,816	181,086	184,765	188,549
Other Restricted Funding	60,000	139,690	71,400	72,002
Total Core Income	1,082,273	1,784,963	1,099,642	1,118,163
Countryside Stewardship Funding from Natural England	748,261	791,563	791,563	791,563
Total Countryside Stewardship Income	748,261	791,563	791,563	791,563
TOTAL INCOME	1,830,534	2,576,526	1,891,205	1,909,726
EXPENDITURE SUMMARY	£	£	£	£
Core Forest Staff Costs	470,509	547,467	561,464	589,715
Operational expenses	213,598	360,883	217,270	218,292
Administration Overheads	131,543	200,381	149,189	152,023
Financial	32,856	23,864	24,318	24,780
Visitors	10,851	10,547	7,748	7,895
Capital purchases -Core	41,866	95,614	35,336	36,007
Governance/charity set up	1,642	66	67	68
Car Parking	132,855	103,782	105,858	107,975
Expenditure from Ringfenced Funding	37,445	408,209	26,685	27,364
Total Core Expenditure	1,073,165	1,750,813	1,127,935	1,164,119

Staff Costs (Countryside Stewardship)	429,734	393,016	403,266	413,804
CS Work Programme Project Expenditure	343,253	401,566	388,491	394,974
Total CS Expenditure for Funded Projects	772,987	794,582	791,757	808,778
TOTAL EXPENDITURE	1,846,152	2,545,395	1,919,692	1,972,897

Core Budget Surplus/(Deficit)	9,108	34,150	(28,293)	(45,956)
CS Budget Surplus/(Deficit)	(24,726)	(3,019)	(194)	(17,215)
Total Budget Surplus/(Deficit)	(15,618)	31,131	(28,487)	(63,171)

Movement in Reserve Balances	Core	HLS*	CS+
	£	£	£
Reserves at 01/04/2025	471,232	223,304	566,009
Forecast movement 2025/26	176,003	-	(88,589)
Forecast balance 31/3/2026	647,235	223,304	477,420
Forecast movement 2026/27	34,150	-	(3,019)
Forecast balance 31/3/2027	681,385	223,304	474,401

+CS Reserves figures to be confirmed.

*The Higher Level Stewardship (HLS) programme ceased in 2016 the balance of funds will be spent in the spirit of the original agreement under the guidance of Natural England.