

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

	Ref	Estimate (£m)			
		2025/26 Annual	2026/27 Annual	2027/28 Annual	Total Cumulative
Council 6 February 2024 DEFICIT		30.978	16.503	0.000	47.481
CARRY FORWARD OF 2024/25 DEFICIT		14.344	0.000	0.000	14.344
Total After Carry Forward		45.322	16.503	0.000	61.825
Normal Updates:					
Council Tax Flexibility: Add a further 3.00% to our current 1.99% assumption to get to 4.99% (2.99% plus 2.00% ASC Precept) in 2025/26	A	(11.272)	(0.169)	(0.172)	(11.613)
Council Tax (inflation, base growth and collection)		(4.885)	5.522	(13.129)	(12.492)
Council Tax: Eastbourne Reduction Scheme Proposals			0.819		0.819
Business Rates Retention (inflation and growth)	B	(0.032)	(0.211)	(2.195)	(2.438)
Business Rates Proceeds of Pooling		(2.194)	2.194		0.000
Revenue Support Grant	C	(0.037)	(0.009)	(0.089)	(0.135)
New Homes Bonus	D	(0.517)	0.517		0.000
Continuation of Social Care grant funding	E	(5.386)			(5.386)
Social Care grant additional funding		(8.861)			(8.861)
Children's Social Care Prevention Grant	F	(1.485)			(1.485)
Services Grant	G	0.478			0.478
Inflation for contracts (normal and contract specific)	H	3.661	5.055	19.353	28.069
CET: Waste Housing Growth	I	(0.048)	0.026	0.342	0.320
Treasury Management: Update		(0.100)	(0.100)	1.800	1.600
Treasury Management: Capital Programme Review	J	(0.800)	(2.000)	(1.100)	(3.900)
Treasury Management: Impact of SEN deficit		0.000	1.668	1.368	3.036
Pay award	K	1.491	0.567	5.555	7.613
Levies Increase	L	0.010		0.004	0.014
General Contingency	M	0.340	(0.080)	0.150	0.410
Pressures added to / (removed from) the MTFP:					0.000
ASC: Growth & Demography	N	5.709		3.917	9.626
CSD: Growth & Demography		6.671	(2.402)	3.346	7.615
CET: Waste PFI additional income	O	(1.550)	(0.100)	0.800	(0.850)
District / borough Elections	P		0.409		0.409
Savings 2024/25	Q	(2.685)			(2.685)
Savings 2025/26-2027/28		(13.505)	(3.279)	(1.219)	(18.003)
Pressures approved by Protocol	R	1.124	0.986		2.110
DEFICIT AFTER NORMAL UPDATES		11.449	25.916	18.731	56.096
One-off use of reserves:					
Waste	S	(9.449)	9.449		0.000
Insurance		(2.000)	2.000		0.000
DEFICIT AFTER ONE-OFF USE OF RESERVES		0.000	37.365	18.731	56.096

Normal Updates:

A Council Tax

Inflation and Base

The Government 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% in 2024/25; this flexibility has now been confirmed for 2025/26. Council Tax inflation is therefore currently assumed at 4.99% for 2025/26 and 1.99% in future 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.

The estimated impact on ESCC of premiums on second and empty homes is provided in the MTFP based on reports from the billing authorities, with the full impact of these changes to be assessed with District / Borough councils and reflected in the ongoing council tax assumptions.

Eastbourne Reduction Scheme Proposal

Eastbourne Borough Council (EBC) were consulting on changes to their Local Council Tax Reduction Scheme (LCTRS) for 2025/26 which would see a reduction on Council Tax income received by the County Council, estimated to be £0.819m. ESCC submitted a response to the consultation following approval by the Lead member for Resources and Climate Change on 1 November 2024.

On 22 January 2025 EBC confirmed the council tax base which did not include the proposed change to the scheme and the MTFP has been amended to reflect this, with an assumption that the decision will be consulted for 2026/27.

B Business Rates Retention and Growth

Business rates have been updated for the additional year reflecting the latest inflation estimates by the Office of Budget Responsibility (OBR) published in October 2024. Business rates will continue to be monitored along with the collection fund and reviewed alongside the District / Borough Councils latest collection forecasts to understand any further impacts.

Confirmation has been received that pooling will continue into 2025/26.

C Revenue Support Grant

The revenue support grant (RSG) was confirmed in the Provisional Local Government Settlement. A number of grants have been rolled into RSG for 2025/26 including: Election Integrity Programme New Burdens, Extended Rights for Home to School Transport, Island Funding, Tenant Satisfaction Measures and Transparency Code.

D New Homes Bonus

The New Homes Bonus payments will continue into 2025/26.

E Social Care Grant funding

The Government provided additional grant funding of £500m as part of the Local Government Settlement 2024/25, with the ESCC share being £5.386m, which will continue into 2025/26.

In the Provisional Settlement, the Government provided a further £880m Social Care Grant, an increase of £200m from the £680m announced in the Policy Statement. ESCC will receive £8.9m.

F Children's Social Care Prevention Grant

Allocation of the new £250m Children's Social Care Prevention Grant has been confirmed at £1.5m.

G Services Grant

The Provisional Settlement confirmed in the Policy Statement of 28 November 2024 that the Services Grant will not continue into 2025/26.

H Inflation for contracts (normal and contract specific)

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 October 2024 to coincide with the Autumn Statement. The rates are higher than the March 2024 estimate. As is normal practice these figures have been used inform the proposed budgets. The table below shows the changes in OBR inflation estimates from its previous publication:

	2024/25		2025/26		2026/27		2027/28	
	Mar 24	Oct 24	Mar 24	Oct 24	Mar 24	Oct 24	Mar 24	Oct 24
CPI*	1.65%	3.33%	1.63%	2.68%	1.64%	2.16%	1.98%	2.11%
RPI*	2.51%	4.76%	2.17%	3.47%	2.59%	3.17%	3.01%	3.08%
RPIX*	1.74%	3.65%	2.19%	3.13%	2.43%	2.89%	2.86%	2.90%

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

The MTFP normal update includes inflation increases from 2025/26 onwards. Normal practice is that in year services would be expected to manage movement in actual inflation through contract/budget management and the pressures protocol.

I CET: Waste Housing Growth

The forecast pressure for 2027/28 has been added to the current plan. Further review and update will be required to reflect the latest modelling and reflect any offset, such as increased recycling prices.

J Treasury Management

The additional year of 2027/28 shows the estimated cost to support the borrowing required to fund the approved Capital Programme and Strategy. In addition, the Capital Strategic Asset Board (CSAB) has conducted a capital programme risk review to consider the risks and implications of removing / reducing core funded programmes to seek reductions to the cost of borrowing that impact the MTFP position. The revised capital programme, including the impact of the capital programme risk review, would reduce the level of borrowing to £39.9m up to 2027/28, which is estimated to have a positive MTFP impact for cost of borrowing of £3.9m by the end of the MTFP period. The cost of borrowing required to fund the emerging SEND deficit has also been included.

K Pay Award Added Year and uplift

Provision has been made for an award of 2.5% in all years of the MTFP. In addition, the MTFP now includes the ongoing impact of the agreed 2024/25 pay award of £1,290 up to LMG2 Spinal Point 10 and a 2.5% uplift for higher grades.

L Levies Increase

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

M General Contingency

This is calculated at 1% of net budget less treasury management. The figures reflect the addition of 2027/28 and impacts of other changes.

Pressures added to / (removed from) the MTFP:

N ASC & CSD Services Growth & Demography

Values for ASC growth and demography and additional demand have been included based on a continuation of current pressures. Values for CSD general growth and demography have been included based on a continuation of current pressures, plus updated estimates for Home to School Transport as the annual average increase in the number of pupils requiring home to school transport continues to increase.

O CET: Waste PFI Additional Income

The budget requirement can be reduced by £1.6m for 2025/26 and £0.1m for 2026/27; mainly due to electricity and recycling income forecast above baseline assumptions, less an allowance to offset Highways streetlighting electricity overspend. Reducing electricity prices will result in annual pressures with £0.8m expected for 2028/29.

P District / Borough Council Elections

The Council pays district and borough councils to administer local elections. The cost of elections in 2025 will be met from reserves and/or contingency. For future elections it is proposed to set aside budget of £0.409m per year from 2026/27 onwards to build up the reserve. Whilst Cabinet has submitted a request to defer the 2025 County Council election, the Government decision is awaited.

Q Savings

Savings of £2.7m have been actioned in 2024/25, and savings totalling £18.0m are proposed for 2025/26 to 2027/28; details of the proposed savings are provided at Appendix 4.

Department	Savings £m				
	Actioned	Proposals			
		2024/25	2025/26	2026/27	2027/28
Adult Social Care and Health	1.510	7.420	2.525		9.945
Business Services	0.017	1.060		0.825	1.885
Children's Services	0.794	3.239	0.070	0.020	3.329
Communities, Economy and Transport	0.349	1.553	0.621	0.374	2.548
Governance Services	0.015	0.233	0.063		0.296
Total	2.685	13.505	3.279	1.219	18.003

R Pressures Protocol

There has been an adjustment in the MTFP for a previously approved bid to reflect that the project is due to end in 2026/27, plus a number of bids that have been approved by CMT, see table below:

Pressures Protocol	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Previously approved:				
CET: Access to Employment and Skills - adjustment		(0.200)		(0.200)
Approved by CMT:				
BSD: Occupational Health and Employee Assistance	0.036			0.036
CET: Statutory Concessionary Fares reimbursement increases		1.250		1.250
BSD: IT&D Microsoft 365 Licencing	0.351			0.351
BSD: Corporate ArcGIS Licencing	0.044			0.044
BSD: Controller of Premises for Corporate Estate	0.089			0.089
BSD: HR Advisory Consultant	0.064	(0.064)		0.000
CET: Streetlighting & Libraries electricity	0.345			0.345
BSD: Corporate Estate electricity	0.150			0.150
BSD: WAN costs	0.045			0.045
TOTAL	1.124	0.986	0.000	2.110

S One-off Use of Reserves

The deficit position on the MTFP requires the use of £11.4m from the Waste and Insurance Reserves for a balanced budget to be set. The table below sets out the impact of these draws on the on projected reserve balances:

Named Service Reserves	Estimated Balance at 1 April 2025	EPR Funding	Draws to Support MTFP	Planned Service Draws 2025-29	Estimated Balance at 1 April 2029
	£m	£m	£m	£m	£m
Waste Reserve	19.3	4.8	(9.4)	(7.3)	7.4
Capital Programme Reserve	9.5	0.0	0.0	(9.5)	0.0
Insurance Reserve	7.4	0.0	(2.0)	(0.2)	5.2
Adult Social Care Reform Reserve	0.6	0.0	0.0	(0.6)	0.0
Total Named Service Reserves	36.8	4.8	(11.4)	(17.6)	12.6

Medium Term Financial Plan	2024/25	2025/26	2026/27	2027/28
	Approved Budget	Estimate	Estimate	Estimate
	£million	£million	£million	£million
TAXATION & GOVERNMENT FUNDING		(538.102)	(579.615)	(586.096)
Council Tax	(352.015)	(18.157)	(7.311)	(13.301)
Adult Social Care Precept	(21.535)	(7.515)	0.000	0.000
Business Rates (inclusive of Pooling)	(102.469)	(0.518)	0.385	(2.195)
Social Care Grant	(45.393)	(14.247)		
ASC Market Sustainability and Improvement Grant	(11.312)			
Services Grant	(0.478)	0.478		
Children's Social Care Prevention Grant	0.000	(1.485)		
Revenue Support Grant	(4.346)	(0.106)	(0.072)	(0.089)
New Homes Bonus	(0.554)	0.037	0.517	
TOTAL TAXATION & GOVERNMENT FUNDING	(538.102)	(579.615)	(586.096)	(601.681)
SERVICE PLAN				
Service Expenditure	457.488	515.467	548.095	572.928
Inflation				
Non-pay Inflation	28.222	19.402	21.061	19.330
Allocation of pay award and pensions to service departments	10.401	1.948		
Adult Social Care & Health				
Better Care Fund - Discharge Funding	(2.035)	5.088		
Discharge Funding - New Burdens	2.035	(5.088)		
Growth & Demography	3.917	7.491	3.917	3.917
Future demand modelling net of attrition (Covid-related)	(0.365)			
Transfer PH savings grant to CHB		1.444		
Pressures approved via protocol in previous years	0.330	0.330		
Service Demand		5.709		
Children's Services				
Growth & Demography	0.973	0.808	0.808	0.808
Looked After Children Placements Covid-related	(0.347)	(0.519)		
Covid Grant Funding for Looked After Children Placements	(0.442)	0.519		
Family Safeguarding	(0.194)	(2.075)	(3.533)	
Net Operational Pressures incl. Careleavers and Locality		0.475	2.929	
Pressures approved via protocol in previous years	21.597	3.790	0.186	0.680
Reprofile of Public Health Investment	(2.420)	0.459	(0.586)	
Home to School Transport Growth & Demography		5.908	1.926	1.858
Communities, Environment & Transport				
Waste Housing Growth	0.265	0.307	0.414	0.342
Waste PFI Additional Income	(3.000)	1.450	(0.100)	0.800
Highways Contract Mobilisation	(2.313)			
Highways Contract Mobilisation (offset by Reserve Contribution)	0.817			
Pressures approved via protocol in previous years	(0.047)	0.100	(0.505)	
Pressures approved via protocol 2024/25		0.345	1.250	

Medium Term Financial Plan	2024/25	2025/26	2026/27	2027/28
	Approved Budget	Estimate	Estimate	Estimate
	£million	£million	£million	£million
Business Services				
Pressures approved via protocol in previous years	(0.078)			
Modernising Back Office Systems (MBOS)	0.386			
Licences, including digital and robotics	0.403			
Pressures approved via protocol 2024/25		0.779	(0.064)	
Governance Services				
Pressures approved via protocol in previous years	0.567	0.148		
Elections			0.409	
Savings				
Savings 2024/25		(2.685)		
Savings 2025/26 to 2027/28		(13.505)	(3.279)	(1.219)
Review of BSD Savings Options	(0.693)			
NET SERVICE EXPENDITURE	515.467	548.095	572.928	599.444
Corporate Expenditure		36.979	42.969	50.533
Treasury Management	11.080	3.700	2.068	2.068
General Contingency	5.270	0.380	0.040	0.140
Contingency for Potential Pay Award, Recruitment and Retention	7.940	4.413	5.419	5.555
Inflation Risk Provision	6.217	0.025	0.023	0.023
Provision for Energy Price Increase	4.874			
Pensions	0.600			
Movement in Reserves		(1.107)		
Levies & Grants	0.998	0.023	0.014	0.014
Transfer PH savings grant to CHB		(1.444)		
TOTAL CORPORATE EXPENDITURE	36.979	42.969	50.533	58.333
TOTAL PLANNED EXPENDITURE	552.446	591.064	623.461	657.777
CUMULATIVE DEFICIT/(SURPLUS)	14.344	11.449	37.365	56.096
ANNUAL DEFICIT/(SURPLUS)	14.344	(2.895)	25.916	18.731
One-off use of Financial Management Reserve	(14.344)	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	0.000	37.365	18.731