

Report to: Audit Committee

Date of meeting: 21 November 2025

By: Director of Communities, Economy and Transport and Director of Children's Services

Title: Response to Internal Audit Report and Actions – Home to School Transport

Purpose: To update the Audit Committee on the Home to School Transport Audit Action Plan.

RECOMMENDATIONS:

The Audit Committee is recommended to:

- (1) note the good practice identified in the audit report; and
 - (2) note the significant progress made within the Audit Action Plan (Appendix 1), with all outstanding actions on track to be completed in Quarter 3 2025/26.
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1 Background Information

1.1. An internal audit of Home to School Transport (HTST) was undertaken in May 2025, at the request of the Corporate Management Team (CMT), following financial reporting during 2024/25 that predicted the HTST budget would be overspent by more than £4.7m, against the budget of £23.8m. This report provides an update in relation to the actions being undertaken by the HTST teams following the Quarter 1 Internal Audit progress report to the Committee on 19 September 2025.

1.2. The Department for Education provides statutory guidance to Local Authorities setting out requirements to provide HTST for eligible children in the authority's area to facilitate their attendance at school. Eligibility for HTST is determined by Children's Services Department (CSD), which holds the HTST budget, with service delivery administered by the Communities, Economy and Transport (CET) Department.

1.3. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Clear and effective governance arrangements to ensure that only eligible children and young people are provided with Home to School Transport, are provided with transport in accordance with their assessed needs and deliver the service within budget.
- Effective procurement results in contracts for the provision of home to school transport that deliver value for money; and
- Robust contract management arrangements to deliver the full value for money offered by contracts.

1.4. Internal Audit teams found that there were no fundamental weaknesses in control that have resulted in the overspend, and that the overspend was primarily driven by an increase in demand and costs, noting an increase in the complexity of children eligible for transport.

1.5. Partial Assurance was provided as the opinion for the audit, as examples of non-compliance with policies and weaknesses in processes to secure value for money were found. The report also identified areas of good practice which have also formed part of the services' operational review, to build on these strengths to support and deliver assurance for the areas of improvement.

2 Supporting Information

Areas of good practice

2.1. The areas of good practice which were identified included:

- Education, Health and Care Plans (EHCP), which include assessments of eligibility for HTST, are approved by the relevant panel.
- Needs assessments are carried out to identify individual transport requirements, e.g., the need for an escort or medical support which informs accurate tendering.
- Controls are in place to check suppliers' invoices and to challenge and correct inaccuracies before they are paid.
- Regular exception reports are run to monitor suppliers' performance.
- A project was initiated by CSD and CET to review and control Home to School Transport costs with the aim of mitigating increasing expenditure where possible.

2.2. These areas of good practice demonstrate a shared responsibility to delivering East Sussex County Council (ESCC)'s statutory duty, alongside a commitment to closely monitoring and reviewing expenditure. As part of regular quality assurance, quarterly finance updates to CMT via the HTST Board are provided, alongside updates regarding current route optimisation and future cost avoidance activities. The aim of these updates is to maintain transparency and awareness of continued pressures and actively reduce the rate of increase in expenditure where possible.

Areas for improvement

2.3. There were 11 areas identified within the audit for improvement which highlighted the need to:

- Define more clearly the respective roles and responsibilities of the CSD and CET Departments, including by the provision of a Service Level Agreement (SLA) or similar, and updating the terms of reference of the HTST Board;
- Strengthen guidance available for officers to promote a consistent and robust approach to applying the Council's HTST Policy;
- Review the budget settling process to ensure that the budget is set on the most up-to-date and realistic basis, including an analysis of demand;
- Ensure that the procurement of new routes complies with the Council's Procurement and Contract Standing Orders; and
- Expedite the process to the recovering of costs incurred for transporting children placed in East Sussex schools by other authorities.

2.4. Since the action plan was agreed with CSD and CET officers, significant progress has been made against delivery. This progress has been made during the peak time of year for HTST, as the annual process commenced in June 2025 for teams to deliver all eligible children school transport ahead of the new academic year. Despite this seasonal peak in operational activity, teams have successfully completed 7 out of the 11 actions identified, with a further 2

actions on track for completion by the end of November 2025. All actions within the action plan will be completed by the end of Quarter 3 2025/26.

2.5. Appendix 1 details the progress update which has been used by the HTST Board during both Quarter 1 and Quarter 2 to monitor activity. As at 21 October 2025, 4 actions were presented to the Board as on track, but not yet complete. These were:

- The creation of all operational guidance for CET HTST team
- An update of the HTST Policy
- Budgeting for unrealised income
- The monitoring of Personal Transport Budgets (PTBs).

2.6. Whilst these actions are not yet complete, good progress has been made in all 4 areas to deliver these actions by the end of Quarter 3. Activity has been undertaken to document all CET procedures, an updated draft of the HTST Policy has been prepared, revised forecasts are being undertaken to inform 2026/27 budget setting as well as a shared action to strengthen PTB monitoring. Detailed progress updates have been provided in Appendix 1 for the Committee to note alongside revised deadlines for completion.

3 Conclusion and Reasons for Recommendations

3.1. The actions identified within the internal audit report have been consistently progressed since May 2025, during the peak time for CSD and CET school transport services. Seven actions have been delivered, with 4 in progress, 2 of which will be completed by the end of November 2025, with the final 2 actions on track to be completed by the end of Quarter 3.

3.2. Areas of good practice identified within the audit demonstrate a strong shared responsibility to deliver ESCC's statutory duty, alongside a commitment to closely monitor and review expenditure. Quarterly finance updates to CMT via the HTST Board will continue to be provided, and the HTST Board will continue to monitor delivery of the Audit Action Plan in Appendix 1.

3.3. The Audit Committee is therefore recommended to note the good practice identified in the audit report and to note the significant progress made within the Audit Action Plan (Appendix 1), with all outstanding actions on track to be completed in Quarter 3 2025/26.

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LOCAL MEMBERS

None

BACKGROUND DOCUMENTS

None