

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 November 2025</b>
<b>By:</b>	<b>Chief Executive</b>
<b>Title of report:</b>	<b>Reconciling Policy, Performance and Resources (RPPR) – update on planning for 2026/27 and beyond</b>
<b>Purpose of report:</b>	<b>To update Members on the latest policy context, Medium Term Financial Plan and capital programme.</b>

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## **RECOMMENDATIONS:**

**Cabinet is recommended to:**

- i. note the updated policy context as set out in paragraph 2;**
  - ii. note the updated Medium Term Financial Plan as set out in paragraph 3 and appendix 1;**
  - iii. note the reserves summary set out in paragraph 3;**
  - iv. note the CIPFA Assurance Review report and recommendations at appendix 2 and the proposed response to recommendations at appendix 3;**
  - v. note the capital programme update as set out in paragraph 6 and appendix 4;**
  - vi. agree that officers bring forward further savings proposals as part of work towards a balanced budget for 2026/27;**
  - vii. agree to receive a further update on the planning position, including proposed savings, in December; and**
  - viii. note recent lobbying activity and agree to continue pressing Government for sustainable funding to meet the needs of the residents of East Sussex.**
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## **1. Background**

1.1 The State of the County report considered by Cabinet in June laid out the complex and challenging context in which we are planning for 2026/27 and beyond, including the considerable uncertainty on a number of fronts – funding, policy reform and changes to the structure of local government itself. As we move through the autumn, much of that uncertainty remains and key information we need to inform our planning, particularly on future funding arrangements, is still awaited. Despite these missing pieces of the planning jigsaw, we continue to work proactively and in partnership to deliver our local priorities, respond to ongoing high levels of demand for support from local people and make best use of the limited resources we have, including shaping the future direction for local government in the county. This report sets out what we know at this point about the outlook for the coming year and beyond, the detail still awaited and the next steps in our planning.

1.2 June's report to Cabinet highlighted the wide range of national and local challenges impacting on the Council's services and the vital support they provide to East Sussex

residents, businesses and communities. The County Council's annual budget of almost £580m net (over £1.1bn gross) is spent on services and support which have a big impact on quality of life and prosperity in the county and deliver both local and national priorities. However, the State of the County report also set out the stark reality that, despite our track record of efficient and effective services and partnerships, there remains a fundamental mismatch between the needs of East Sussex residents for essential statutory support, the cost of delivering these services and the funding we currently expect to have.

1.3 Like other councils nationally, we have seen the enduring impacts of Covid and cost of living increases, alongside wider demographic changes, translate into sustained higher demand for services and more complex needs amongst those seeking support. In addition, factors beyond local control have significantly increased our costs, notably higher levels of inflation and market conditions, particularly in children's services and adult social care. Our projections for the current year show demand for support and the costs of providing it continuing to outstrip our best estimates in these areas as pressures continue and urgently needed national reforms are awaited.

1.4 The particular profile of the population and economy in East Sussex, and the actions the County Council has been required to take over the past decade or more to sustain statutory services within increasingly stretched resources, mean that national pressures are felt especially sharply here. East Sussex is ahead of the national ageing population trend, with amongst the highest proportion of over 85s in the country, and has pockets of significant deprivation which also impact on demand. The county is notably different from the wider south east region in this respect. The protected landscapes in large parts of East Sussex represent a major environmental asset but also constrain economic growth, infrastructure and the related generation of business rates to help fund services.

1.5 East Sussex County Council (ESCC) is also more restricted in the resources available to us than many others. Our funding gap has already required the use of substantial reserves as a temporary solution to make ends meet in recent years, meaning remaining balances have significantly reduced and our resilience to risks compromised. We also have very limited assets and the county's residents already experience relatively high Council Tax levels as there has been ongoing reliance on this route by successive Governments to generate funding for social care. Most significantly, the national formula used to allocate funding to individual councils does not reflect current local needs, particularly in places like East Sussex, with high demand for social care. It is vital that Government reforms to funding formulas properly recognise the true levels of need, costs and local resource-raising ability in East Sussex when final plans are confirmed imminently.

1.6 In light of these challenges, over the past year we have had to take further unavoidable but difficult decisions to reduce services, with significant impacts on residents, staff, our partners and communities. Even as these previously identified savings continue to be implemented, the growing funding gap means we need to consider additional steps from the very limited options remaining. Without substantial additional national funding, of which there is currently no indication, there will continue to be a large shortfall in the money available to the Council to meet escalating needs and costs now and in the future. Whilst we recognise the potential benefits from local government reorganisation, devolution and new technologies, and we are pursuing these with determination and pace, the impacts are not immediate or of a scale which will fully bridge the gap. These developments also require additional capacity to implement in the short term at the same time we are taking every step possible to minimise day to day spend and maintain service delivery in a difficult and evolving context. These concurrent challenges will place considerable demands on the organisation over the next two years.

1.7 The Reconciling Policy, Performance and Resources (RPPR) process enables us to approach our policy, business and financial planning and risk management in an integrated way to support the Council in navigating the challenges ahead. As part of our ongoing RPPR planning, we are updating our Council Plan for 2026/27 and beyond to reflect the latest policy and financial context as it develops. The updated Council Plan will ensure we direct the resources we have as effectively as possible on delivery of our evidence-based priorities for the county:

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

1.8 This report provides our latest assessment of the financial position at this point, as well as the significant additional information awaited from final funding reform plans, the national Budget later this month and the provisional finance settlement, all of which are expected to have material impacts on our financial outlook. It also provides an overview of key national developments since the State of the County report which we need to take account of in our planning.

1.9 The report also sets out the actions we need to set in motion now as we work towards meeting the Council's legal duty to set a balanced budget in February and to safeguard the provision of our essential services for the coming year. As always, we will take a prudent and responsible approach, ensuring that all avenues are explored to inform Members' final decisions in the new year. We will work with the county's MPs and partners locally, regionally and nationally to amplify the voice of the Council in our vigorous lobbying for the interests of East Sussex. We will also continue to be open and honest with local people, our staff and partners about the scale of the challenge, the limited options open to us and the impact of the tough choices we must necessarily make.

## **2. Policy context update**

2.1 The key areas in which there have been developments since the State of the County report, or in which further developments are expected, are detailed below.

2.2 **Government changes** – The September 2025 Government reshuffle brought significant changes at the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Education (DfE), with implications for local government policy and delivery. Steve Reed MP was appointed the new Secretary of State for MHCLG, along with new ministers for local government (Alison McGovern MP) and devolution (Miatta Fahnbulleh MP). Following his appointment the Secretary of State signalled continued focus on progressing devolution and local government reorganisation, funding reform, empowering communities and accelerating housing delivery. At DfE, Bridget Phillipson MP retained her role as Secretary of State, while a new ministerial team was appointed, including Georgia Gould MP as Minister for School Standards, which incorporates responsibility for Special Educational Needs and Disability (SEND) reform, and Josh MacAlister MP, who led the Independent Review of Children's Social Care under the last Government, as Minister for Children and Families. These changes come at a critical time, with major reforms underway in education and children's social care.

2.3 **National economic context** – Inflation, as measured by the Consumer Prices Index (CPI), remains above the Bank of England's 2% target, standing at 3.8% in the 12 months to September 2025, unchanged from the previous two months, following increases earlier in

the year. The latest Bank of England forecasts expect CPI to gradually fall to its 2% target next year. Reflecting the above target rate of inflation, the Bank has held interest rates steady at 4% since August 2025. Although there remains a possibility of a further cut this year, analysts have predicted that any further reduction may be delayed to next year. The economy is expected to grow by just over 1.0% this year, a similar rate to 2024, rising to 1.9% in 2026, before falling to around 1.8% over the remainder of the Office for Budget Responsibility's current five year forecast, which will be refreshed for the autumn Budget.

2.4 Persistently higher levels of inflation and the associated cost of living pressures have continued to impact on households, with ongoing implications for the support required from services. The Government confirmed earlier in the year that the Household Support Fund (HSF) which runs until March 2026, will be replaced by a new Crisis and Resilience Fund running for three years from 2026/27. More recently, Government funding for the Holiday Activities and Food (HAF) programme which provides targeted support with food and activities for children eligible for free school meals, has also been extended for three years to March 2029, allowing the ongoing commissioning of this support by Children's Services.

2.5 **Local government funding** – A report on the financial sustainability of local government, published by the Communities and Local Government Select Committee in July, highlighted that local government finance is in a precarious state, with funding failing to keep pace with rising demand, population growth, and service delivery costs. Over the summer MHCLG consulted on the detail of proposed reforms to the formulae used to allocate national funding to individual councils through its Fair Funding Review 2.0. These reforms could see significant shifts in how resources are allocated to different areas based on updated assessments of need and local resources. A Government response to the consultation, setting out final intentions which will underpin a multi-year settlement from 2026/27, is expected imminently within a finance policy statement due later in November.

2.6 Further significant information is expected from the autumn Budget on 26 November including any changes to taxation, and we await an update to the level of the National Living Wage from April 2026 which will impact on our providers and potentially the costs of commissioning services, particularly in the care sector. Higher than expected inflation will further affect costs across a range of services. We will assess the impact for ESCC as we receive detail from Government in all these areas in the coming weeks. Further analysis of the potential impact of awaited announcements is set out in section 3.

2.7 The Government has committed to simplifying funding arrangements by moving away from fragmented, ringfenced grants and burdensome reporting requirements towards increased local flexibility in the use of resources. To support this, it is introducing the Local Government Outcomes Framework (LGOF), which will apply from April 2026. The framework sets out 15 priority outcomes that local authorities are expected to deliver which cover areas such as social care, health, education, environment and highways and transport. These outcomes are supported by metrics drawn from existing data sources which will be used to track councils' progress. Performance against LGOF will form part of the assessment of councils' compliance with the Best Value Duty. Details of these arrangements and the final framework will be published alongside the provisional local government finance settlement later this year.

2.8 Throughout 2025, Government has continued to position artificial intelligence (AI) as a central pillar of its strategy to modernise public services. Through the AI Playbook and the AI Opportunities Action Plan, central government departments and public sector bodies are being encouraged to adopt AI technologies to streamline operations, reduce costs, and enhance service delivery across both support functions and frontline services. There is an emphasis on responsible deployment, with clear expectations around transparency, data protection, bias mitigation, and robust governance. Nationally, councils are at varying stages

of adoption, and barriers such as limited funding, staff capacity, and technical expertise are significant. However, the Government and Local Government Association anticipate that AI will play a transformative role and are working to ensure councils have the tools and support needed to deploy AI safely and effectively. Locally, we have been piloting and researching the use of AI applications to maximise efficiency in recent months, particularly in areas of high demand, and we are working to scale up adoption across the council with associated safeguards in place and within the resources available.

**2.9 Devolution and local government reorganisation** – In July, the Government introduced the English Devolution and Community Empowerment Bill to parliament which legislates for the policy intentions set out in the December 2024 English Devolution White Paper. Further detail on the content of the Bill, and implications for devolution and local government in Sussex was reported to Cabinet in October. Government intends for the Bill to have received Royal Assent by April 2026, in order to ensure the relevant powers can be conferred ahead of the inaugural elections for Devolution Priority Programme (DPP) areas, including Sussex, in May 2026.

**2.10** While the Bill's core focus is on expanding devolution, it also introduces a range of other reforms related to local authority governance and community empowerment. These include a streamlined process for transitioning to single-tier local government structures, mandating the leader and cabinet governance model and a requirement on councils to establish effective neighbourhood governance arrangements to strengthen local voice and accountability. A new statutory Community Right to Buy will give local groups first refusal on assets of community value. The Bill also establishes a Local Audit Office to oversee public audit. Taken together, these measures aim to modernise governance, improve transparency and accountability, and empower communities alongside the broader devolution agenda.

**2.11** DPP areas were required to submit proposals for local government reorganisation by 26 September. Ahead of this deadline Cabinet agreed to submit the One East Sussex proposal for a new single unitary council on the current County Council footprint and we await the Government response to this and other proposals submitted across Sussex. A Government-led consultation on proposals considered viable is expected to start before the end of the year ahead of a final decision on future structures in the spring of 2026. In the meantime we continue to progress, with district and borough council partners, our local planning for reorganisation and the challenges and opportunities it presents.

**2.12 Children's services** – Significant pressures arising from demand and complexity of need, alongside wide-ranging service reforms, continue to impact children's services nationally and locally. The Children's Wellbeing and Schools Bill, which introduces 39 new policies to reform children's social care and education, is nearing the final stages in parliament and will have significant implications for local services. Children's Services continues to work towards implementing these reforms, including through our Transformation Programme focused on integrating targeted early help with social work teams and strengthening our partnerships to improve outcomes for children.

**2.13** In July the Government published its Giving Every Child the Best Start in Life strategy and announced funding to support the roll out of Family Hubs across every local authority, improvements to health services, increased government funded childcare and the promotion of inclusion. The Government also announced a new Better Futures Fund - a £500m 10-year fund aimed at providing opportunities for vulnerable children and young people and addressing issues such as school attendance, mental health and youth employment. For young people not in education or employment (NEET) a Youth Guarantee has been confirmed whereby every eligible unemployed young person on Universal Credit for 18 months without earning or learning will be provided guaranteed paid work. It is also expected that the autumn Budget will respond to recommendations from the Child Poverty

Taskforce to lift the two-child limit for universal credit and tax credit and will coincide with the publication of a Child Poverty Strategy.

2.14 High demand and complexity in SEND also continues, along with related pressure on home to school transport. National reports, including from the Education Select Committee in September, have continued to warn of an unsustainable system with increasing demand for education health and care plans (EHCPs) and a need for greater inclusion in mainstream schools. In October it was announced that promised reforms to the system which are due to be set out in a Schools White Paper have been delayed from this autumn to early 2026, to allow a further period of co-production and testing with stakeholders. SEND reforms are urgently needed and without sufficient steps being taken to address the sustainability of the system nationally, councils will continue to face significant pressure on resources for SEND at local level for the foreseeable future.

2.15 In response to wider educational challenges, the Government has announced a new support package for schools and the roll out of RISE (Regional Improvement for Standards and Excellence) Attendance and Behaviour Hubs which aim to tackle poor attendance and behaviour in schools. The forthcoming Schools White Paper is also expected to build on these aims. In inspection and regulation, Ofsted, as part of wider reforms, has set out its new approach based on 'report cards' that include a 5-point grading scale and additional information for parents and carers.

2.16 **Adult social care and health** - Given rising demographic and demand pressures, there remains an urgent need for a comprehensive plan for the funding and reform of adult social care which will ensure that those in need of care services can receive appropriate and timely care. The Government-commissioned Casey review has started work, including holding cross party discussions on potential reforms; however, it is not expected to report on phase 1 until 2026 and charging reform will not be addressed until phase 2 which will report in 2028. Locally, we have received the report of our Care Quality Commission assessment of how the Council meets its duties under the Care Act. The significant strengths of our adult social care services were recognised in the overall 'good' rating, along with the challenges faced and areas for development which we will continue to progress.

2.17 The Government's 10 Year Health Plan, Fit for the Future, published in July 2025, included further detail on plans to implement the 'three shifts' of analogue to digital, hospitals to communities and sickness to prevention. Key impacts for Adult Social Care include a greater emphasis on neighbourhood health and closer working between social care and health services, with neighbourhood health plans to be drawn up by local government, the NHS and local partners; development of the NHS App to support unpaid carers; and changes to statutory organisations including the proposal to abolish Healthwatch (the independent voice of people with lived experience of health and care services) and Integrated Care Partnerships. The Better Care Fund is also set to be reformed from 2026/27 with a focus on providing consistent, joint funding to services which are essential to deliver in a fully integrated way, such as discharge, intermediate care, rehabilitation and reablement.

2.18 Hastings and Rother have been confirmed as pilot areas for Neighbourhood Health Services which will draw together a range of professionals from health, care and the voluntary sector to develop a neighbourhood health team and aim to provide people with the right care and support in their area. The 10 Year Plan also confirmed further NHS structural change including changes to how local services are planned and commissioned, with a more focussed role for Integrated Care Boards (ICBs), reforms to health care providers, and a streamlined national oversight. The Government has confirmed a single joint executive team will be established at the Department of Health and Social Care and NHS England as part of the transition to one organisation. Locally, the merger of NHS Sussex and NHS Surrey ICBs

has been confirmed, with the two ICBs working more closely together from autumn 2025 ahead of the creation of the new, larger ICB from April 2026.

2.19 In September, the Government launched a public consultation to gather views on the design of a social care Fair Pay Agreement (FPA) process, as set out in its roadmap for implementing the Employment Rights Bill. We will work with our providers to form a response to the consultation which sets out our local needs and any risks related to the introduction of the FPA. Following the consultation, the Adult Social Care Negotiating Body will be established through regulations in 2026 to negotiate changes to pay and terms and conditions for care workers, with the first FPA coming into effect in 2028. The Negotiating Body will aim to improve recruitment and retention and an initial £500m funding has been committed with an expectation that by 2028, care workers will see an increase in their yearly wages.

2.20 **Economy, transport and environment** – The Government's Modern Industrial Strategy, announced in June 2025, has been expanded through sector-specific plans published from August onwards. The strategy is explicitly place-based, recognising that regional growth is essential to national competitiveness and councils are expected align economic and spatial planning with the strategy's sectoral goals. Locally, we continue to focus on implementation of our evidence-based East Sussex Prosperity Strategy, including the development of a strategic investment plan. In September, the Prime Minister announced a new Pride in Place Strategy focused on directing funding to deprived areas and empowering local communities to drive change. The Pride in Place programme builds on the 75 areas, including Hastings and Eastbourne, already identified through the Plan for Neighbourhoods and each allocated a £20m 10-year fund. Hastings has been allocated a further £1.5m investment over two years from the new Pride in Place Impact Fund, intended to support the development of shared spaces, revitalise local high streets and improve public spaces.

2.21 The Government published a 10-year National Infrastructure Strategy in June in support of its economic growth mission. The strategy brings together economic, social and housing infrastructure under one strategy and aims to speed up the development of infrastructure and provide longer-term certainty for investors. In September the Secretary of State for Transport confirmed approval for the use of a second runway at Gatwick airport, with potential to increase the airport's capacity from around 45 million passengers per year to up to 80 million. The approval came with conditions, including additional noise controls and increased use of public transport to access the airport.

2.22 The creation of a Mayoral Strategic Authority (MSA) in Sussex will reshape the role of councils by transferring strategic powers such as transport, skills, and economic development, to the mayoral level. While responsibility for day-to-day service delivery in some areas will remain with local councils, funding streams are consolidated under the MSA. While we await details of the funding arrangements, including transfers, an assessment is being undertaken of the implications of devolution on funding streams, staffing and policy which will be factored into our planning.

2.23 **Migration** – Since the publication of the Restoring Control Over the Immigration System White Paper in May 2025, the Government has implemented its reduced list of jobs eligible for Skilled Worker visa sponsorship and ended the recruitment of overseas social care workers. The standard qualifying period for permanent residence will be increased from five years to ten years under new proposals, and changes to English language standards, as well as a new framework for family visas, are expected to be implemented by the end of the year. A public consultation is also due to take place this year on the use of digital ID cards as part of measures to combat illegal working and check Right to Work.

2.24 We expect detail on the Government's approach on these and other key areas, and the resulting implications for the County Council, to become clearer in the coming months and will continue to factor this information into planning for 2026/27 and beyond.

### 3. Medium Term Financial Plan

3.1 Planning for 2026/27 and beyond remains highly challenging. With demand for services, and the cost of providing them, continuing to rise within the current year, the total level of expenditure required to deliver our services continues to grow. The level of Government funding that ESCC will receive between 2026/27 and 2028/29 is yet to be confirmed. Following consultation over the summer, the outcome of the Fair Funding Review 2.0 is expected later in November. The Autumn Budget Statement at the end of November may also contain measures which materially impact the Council's position. Detailed allocations will not be clear until we receive the provisional Local Government Settlement for 2026/27 in mid-December.

3.2 At this point the Medium Term Financial Plan (MTFP) has been updated for the best estimated available information, including developments since State of the County in June. The MTFP does not currently account for the effects of funding reform, the financial impacts of which will be worked through as final proposals are set out and detailed council allocations are published. However, our modelling suggests that ESCC could lose £18m of annual settlement funding by the end of the MTFP period. Transitional protections limit any loss of grant funding to one third of the total loss over each of the next three years, so the estimated loss in 2026/27 is £6m.

3.3 The MTFP presented within the State of the County report estimated a deficit budget position by 2028/29 of £70.8m. Since then, the MTFP has been updated to include our latest assessment of departmental service pressures and updated financial modelling. The impact of the updates is summarised in the table below and provides a deficit budget position by 2028/29 of £88.3m.

<b>Medium Term Financial Plan</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>2028/29* £m</b>
<b>Council 11 February 2025 DEFICIT</b>	<b>25.916</b>	<b>18.731</b>	<b>0.000</b>
Carry Forward of 2025/26 Deficit	11.449	-	-
<b>Annual Budget Deficit after Carry Forward</b>	<b>37.365</b>	<b>18.731</b>	<b>0.000</b>
<b>Annual Budget Deficit after Updates</b>	<b>55.844</b>	<b>9.809</b>	<b>22.659</b>
<b>Cumulative Budget Deficit after Updates</b>	<b>55.844</b>	<b>65.653</b>	<b>88.312</b>

\*Notional due to LGR

3.4 A detailed MTFP after normal updates is shown at appendix 1. It shows that ESCC will face a deficit of £55.8m for 2026/27, and £88.3m at the end of the MTFP period, subject to any impacts from funding announcements yet to come.

3.5 The Council reported a projected overspend for 2025/26 of £14.9m at Quarter 1, which will require a further draw on strategic reserves. The updated projected revenue outturn at Quarter 2, which will be available in December, will provide a further indication of the likely impact. The latest projected reserve balances as at 1 April 2029 are set out in the table below. This position reflects the additional draw to balance 2025/26, based on the



Quarter 1 forecast, but is prior to any draw on balances required to set a balanced budget for 2026/27.

<b>Reserves Balances</b>	<b>Balance 1 Apr 25 £m</b>	<b>Estimated 1 Apr 2026 £m</b>	<b>Estimated 1 Apr 2029 £m</b>
<b>Earmarked Reserves:</b>			
<b>Held on behalf of others or statutorily ringfenced</b>	<b>25.5</b>	<b>21.2</b>	<b>19.9</b>
<b>Named Service Reserves</b>			
Waste Reserve	19.8	14.7	7.4
Capital Programme Reserve	9.1	0.0	0.0
Insurance Reserve	7.7	3.7	3.5
Local Government Reorganisation Reserve	0.0	0.0	0.0
<b>Subtotal named service reserves</b>	<b>36.6</b>	<b>18.4</b>	<b>10.9</b>
<b>Strategic Reserves</b>			
Priority Outcomes and Transformation	5.2	5.1	4.4
Financial Management	11.3	6.0	5.0
<b>Subtotal strategic reserves</b>	<b>16.5</b>	<b>11.1</b>	<b>9.4</b>
<b>Total Earmarked Reserves</b>	<b>78.6</b>	<b>50.7</b>	<b>40.2</b>
<b>General Fund Balance</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>TOTAL RESERVES</b>	<b>88.6</b>	<b>60.7</b>	<b>50.2</b>

3.6 The projected level of strategic reserves of £11.1m as of 1 April 2026 means that the Council will have insufficient scope to use reserves to address the budget deficit or any emergent pressure, without further action over and above current steps. We continue to take a range of robust measures to contain costs in-year, including the ongoing application of stringent spending and recruitment controls on top of our existing robust governance and financial management systems. Whilst important in maintaining discipline, these measures will have limited impact in the context of the overall deficit and ongoing pressures on services.

3.7 In addition to the measures already in place, further opportunities for savings will continue to be explored across all departments. This work will focus on identifying any remaining areas where efficiencies can be achieved, while recognising the limited potential for further savings and the potential impacts on service delivery. Officers will assess the feasibility and implications of additional reductions, with a view to informing future budget planning and supporting efforts to close the funding gap. Further detail is at section 5.

3.8 Given the scale of the projected deficit and the limited scope for further savings, there is no realistic path to setting a balanced budget. As a result, the Council needs to prepare for requesting Exceptional Financial Support (EFS) from Government. EFS is not 'free' money to the Council as it would involve either borrowing to fund revenue (day to day service) costs and/or increasing Council Tax by an additional amount above the referendum limit which is already factored into the MTFP.

## **4. CIPFA Financial Assurance Review**

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

4.2 CIPFA's report, attached at appendix 2, presents a positive assessment of the Council's financial management, with no major failing identified. In summary, whilst acknowledging that the Council faces a serious shortfall in funding, it finds that the Council benefits from strong governance, respected financial leadership, and prudent treasury management, which provide a solid platform to address the significant financial challenge.

4.3 The report makes 10 recommendations. These are welcomed and reflect an endorsement and continuation of the ongoing work we have been undertaking in response to the financial challenge, with additional areas of focus on data and analytic capability and risk management. Our response to the individual recommendations is set out in appendix 3.

4.4 CIPFA's assessment will be shared with MHCLG as part of the evidence base for any EFS request. In light of the current financial outlook formal discussions will be held with MHCLG in the coming weeks to explore the options for Exceptional Financial Support available to the Council to enable a balanced budget to be set for 2026/27.

## **5. Savings**

5.1 The 2025/26 balanced budget and MTFP agreed by Council in February already includes planned savings of £16.2m. Coming on top of over £140m already delivered since 2010, the impacts on our residents, staff and partners are significant. The scope to find more savings and efficiencies is very small given the high proportion of our budget directed to delivering or supporting statutory services and duties. Most discretionary areas of work have already been reduced or removed in earlier rounds of savings. However, in light of the serious financial position the Council faces, and the very limited options remaining, Cabinet requested in June that officers explore areas of search for further savings and service reductions across all departments to help reduce the financial gap.

5.2 In this context, all departments are undertaking work to identify any scope for further reductions and to understand the impacts. At this point, any further savings proposals are expected to have significant impacts on residents, partners and staff, as well as the organisation's capacity to respond to new demands and transform services. Despite this, given the current financial outlook, it is recommended that officers bring forward specific savings proposals for consideration to support the budget position.

5.3 We are doing what we can to mitigate the impacts of the savings we are having to make out of necessity rather than choice. There is some scope from the rapid development of artificial intelligence (AI) and other digital tools to increase efficiency in frontline services, helping to absorb some of the increases in demand with our current workforce. In support services, new technology can help offset the reductions in staffing capacity arising from savings to some extent. In addition, we continue to take forward our transformation programme in Children's Services and investment in prevention where we have good evidence that it is having an impact on managing demand and reducing pressures on statutory services. We will also work with partners to ensure we make best use of resources and seek any further ways to mitigate the impact of savings.

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

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

## **6. Capital programme**

6.1 The capital programme has been updated in accordance with Capital Strategy principles and ongoing review of the programme and profiled expenditure. Appendix 4 presents a revised programme of £672.5m, of which £288.7m is planned for delivery in the period to 2028/29. The programme will be updated further to reflect the impact of the Budget once detailed allocations are known.

6.2 The capital programme is funded from several 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.

6.3 During budget setting 2025/26, in order to reduce the cost of borrowing, the Council approved changes to the capital programme outside of normal Capital Strategy updates, to reduce the level of investment in Core Council Funded programmes. The projected impact of this review was an annual reduction in borrowing costs of £3.9m by the end of the MTFP period. Since this review was undertaken, the Council is now projecting that the capital reserve will be used to offset the revenue overspend in 2025/26. This will increase the level of borrowing required to fund the ongoing programme and increase borrowing costs in future years.

## **7. Engagement, lobbying and communications**

7.1 Over the summer we have been actively making the case for East Sussex in meetings with national and local politicians and officials. In August we responded to the Fair Funding Review 2.0 consultation, clearly articulating the potentially negative overall impact on our funding, despite recognition of increased need. Whilst we welcomed the principles of the review, we made four key asks of Government in order to avoid worsening the Council's funding gap and to ensure the reforms more closely reflect need, costs and resources in East Sussex. These were:

- to review the shift in focus of adult social care funding towards working age adults, which does not reflect the costs of supporting the county's older than average population;
- to use a more detailed assessment of the costs of delivering services in different parts of the country, to reflect the true labour costs in the care sector in East Sussex - a key area which impacts ESCC's expenditure;
- to reduce the extent to which funding allocations are altered for assumed local ability to raise Council Tax – the proposed 100% Council Tax 'equalisation' is unfair, does not reflect the reality of ESCC's ability to raise income locally and is a key reason the Council is projected to lose funding despite an assessed increase in need; and
- to recognise that there remains a fundamental need for increased overall funding for local government, a review of the statutory requirements councils are expected to

deliver and an urgent need for sustainable reforms in key areas of increasing demand such as Adult Social Care and SEND.

7.2 As a Council we have been clear we need Government to act on these crucial points if we are to sustain essential services and we await its response. We shared our concerns with local MPs and received welcome support in raising these issues with Ministers. We continue to work through our networks and with our partners locally, regionally and nationally to articulate our position, and to influence national policy decisions on funding and service reform.

7.3 The outcome of funding reform consultation, when received, will provide a clearer picture of the financial outlook to inform the focus for further lobbying. Given the size of the projected financial gap we expect it to be essential that we continue to press Government as strongly as possible for additional funding and support to be provided to East Sussex ahead of the provisional financial settlement in December and the final settlement in February.

7.4 We will also continue to call for national action on unavoidable costs and market conditions over which we have very limited control locally and highlight the lack of funding to invest in the preventative approaches which are the only way to mitigate increasing need, as well as to achieve the best outcomes for our residents.

7.5 Alongside this, we will maintain open and honest communication with our residents, partners and staff on our approach to the financial position and the impacts of specific savings proposals.

## **8. Looking ahead**

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

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

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

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

**BECKY SHAW**  
**Chief Executive**

**Medium Term Financial Plan (MTFP) Update**

	Ref	Estimate (£m)			
		2026/27 Annual	2027/28 Annual	2028/29 (LGR) Annual	Total Cumulative
<b>Council 11 February 2025 DEFICIT</b>		<b>25.916</b>	<b>18.731</b>	<b>0.000</b>	<b>44.647</b>
CARRY FORWARD OF 2025/26 DEFICIT		11.449			11.449
<b>Total After Carry Forward</b>		<b>37.365</b>	<b>18.731</b>	<b>0.000</b>	<b>56.096</b>
<b>Normal Updates:</b>					
Council Tax	A	(14.078)	(14.311)	(29.425)	(57.814)
Business Rates	B	(2.240)	0.138	(2.302)	(4.404)
Children's Social Care Prevention Grant	C	(0.123)			(0.123)
Revenue Support Grant		(1.111)	(0.013)	(0.115)	(1.239)
Movement in Reserves	D	1.107			1.107
CSD Home to School Transport - grant rolled into RSG 2025/26		0.992			0.992
Inflation	E	0.817	(1.466)	18.625	17.976
General Contingency	F	0.686	0.221	0.540	1.447
Pay Awards and National Insurance	G	2.000	0.050	5.745	7.795
Levies and grants	H	0.028		0.014	0.042
Treasury Management	I	tbc	tbc	tbc	tbc
<b>Pressures added to / (removed from) the MTFP:</b>					
ASC Growth and Demography	J	14.217	3.106	22.479	39.802
CSD Growth and Demography	K	16.409	3.276	6.693	26.378
CET Waste Housing Growth	L	(0.225)	0.077	0.405	0.257
Pressures Protocol: including CoPilot and other AI applications	M	tbc	tbc	tbc	tbc
<b>DEFICIT AFTER UPDATES</b>		<b>55.844</b>	<b>9.809</b>	<b>22.659</b>	<b>88.312</b>

## Updates:

### A Council Tax

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

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

### B Business Rates

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

### C Children's Social Care Prevention Grant

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

### D Revenue Support Grant (RSG)

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

### E Inflation

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

The OBR published its updated forecast inflation rates as part of its latest outlook for the economy and public finances in March 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 October 2024*			OBR Forecast March 2025*			Actual Rates July 2025
	2026/27	2027/28	2028/29	2026/27	2027/28	2028/29	
CPI	2.68%	2.16%	2.11%	1.81%	2.00%	2.00%	3.80%
RPI	3.47%	3.17%	3.08%	2.99%	3.03%	2.82%	6.50%
RPIX	3.13%	2.89%	2.90%	2.57%	2.77%	2.76%	4.70%

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

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

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

### F General Contingency

This is calculated at 1% of net budget less treasury management. The figures reflect the addition of 2028/29 and impacts of other changes.

#### **G Pay Award Added Year and Uplift**

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.

We await the increase in National Living Wage for 2026/27 to be confirmed in the Autumn Budget Statement; if it is greater than 2.5% it will add a pressure to the MTFP.

#### **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 is being updated for latest estimates including the impact on borrowing costs of using £7.2m from the Capital Programme Reserve to balance the budget for 2025/26, as reported at quarter 1 monitoring.

#### **J Adult Social Care (ASC): Growth and Demography**

Figures for ASC Growth and Demography have been updated following the overspend projected at Quarter 1 (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 Children's Services Department (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 Communities, Economy and Transport (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.

#### **M Pressures Protocol**

Departments are able to submit pressures bids during the Reconciling Policy, Performance and Resources (RPPR) process to be considered for funding, this will include CoPilot and other Artificial Intelligence (AI) applications.

## Annex 1

<b>Medium Term Financial Plan</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>Approved Budget</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate (LGR)</b>
	<b>£million</b>	<b>£million</b>	<b>£million</b>	<b>£million</b>
<b>TAXATION &amp; GOVERNMENT FUNDING</b>		(579.615)	(608.118)	(637.889)
Council Tax	(370.172)	(13.142)	(19.074)	(20.326)
Adult Social Care Precept	(29.050)	(8.247)	(8.538)	(9.099)
Business Rates	(102.987)	(1.855)	(2.057)	(2.302)
Social Care Grant	(59.640)			
ASC Market Sustainability and Improvement Grant	(11.312)			
Children's Social Care Prevention Grant	(1.485)	(0.123)		
National Insurance Grant		(4.470)		
Revenue Support Grant	(4.452)	(1.183)	(0.102)	(0.115)
New Homes Bonus	(0.517)	0.517		
<b>TOTAL TAXATION &amp; GOVERNMENT FUNDING</b>	<b>(579.615)</b>	<b>(608.118)</b>	<b>(637.889)</b>	<b>(669.731)</b>
<b>SERVICE PLAN</b>				
Service Expenditure	515.467	548.095	622.145	653.653
<b>Inflation</b>				
Non-pay Inflation	17.011	19.519	17.863	18.602
Allocation of pay award and NI increase to services	1.948	17.032		
<b>Adult Social Care &amp; Health</b>				
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: ASC Fees	0.737	0.580		
Pressures approved via protocol: ASC Strategy	0.330			
Pressures approved via protocol: ASC Growth and Demography	3.574			
Service Demand	5.709			
<b>Children's Services</b>				
Looked After Children Growth & Demography	0.808	16.374	3.046	3.449
Home to School Transport Growth & Demography	5.908	2.769	2.896	3.244
Looked After Children Placements Covid-related	(0.519)			
Covid Grant Funding for Looked After Children Placements	0.519			
Family Safeguarding	(2.075)	(3.533)		
Net Operational Pressures incl. Careleavers and Locality	0.475	2.929		
Pressures approved via protocol: CSD Revenue Digital	0.039	0.144		
Pressures approved via protocol: CSD Staffing Capacity for Change Programme	(0.105)			
Pressures approved via protocol: CSD Care Inflation	1.654	1.754		
Pressures approved via protocol: CSD LAC Volume - Demand	5.763	0.672	0.680	



<b>Medium Term Financial Plan</b>	<b>2025/26 Approved Budget £million</b>	<b>2026/27 Estimate £million</b>	<b>2027/28 Estimate £million</b>	<b>2028/29 Estimate (LGR) £million</b>
Pressures approved via protocol: CSD LAC Volume - Savings	(1.907)	(0.630)		
Reprofile of Public Health Investment	0.459	(0.586)		
Home to School Transport - grant rolled into RSG 2025/26		0.992		
<b>Communities, Environment &amp; Transport</b>				
Waste Housing Growth	0.307	0.189	0.419	0.405
Waste PFI Additional Income	1.450	(0.100)	0.800	
Pressures approved via protocol in previous years	0.100	(0.505)		
Pressures approved via protocol 2024/25	0.345	1.250		
<b>Business Services</b>				
Pressures approved via protocol 2024/25	0.779	(0.064)		
Pressures pending approval 26/27: CoPilot & other AI applications		tbc	tbc	tbc
<b>Governance Services</b>				
Pressures approved via protocol	0.148			
Elections		0.409		
<b>Savings</b>				
Savings 2024/25	(2.685)			
Savings 2025/26-2027/28 - approved Feb 2025	(13.505)	(3.279)	(1.219)	
<b>NET SERVICE EXPENDITURE</b>	<b>548.095</b>	<b>622.145</b>	<b>653.653</b>	<b>701.832</b>
Corporate Expenditure		42.969	41.817	49.889
Treasury Management	14.780	2.068	2.068	
General Contingency	5.650	0.726	0.361	0.540
Contingency for Potential Pay Award, Recruitment and Retention	12.353	(5.143)	5.605	5.745
Inflation Risk Provision	6.242	0.048	0.024	0.023
Pensions	4.874			
Apprenticeship Levy	0.600			
Movement in Reserves	(1.107)	1.107		
Levies & Grants	1.021	0.042	0.014	0.014
Transfer PH savings grant to CHB	(1.444)			
<b>TOTAL CORPORATE EXPENDITURE</b>	<b>42.969</b>	<b>41.817</b>	<b>49.889</b>	<b>56.211</b>
<b>TOTAL PLANNED EXPENDITURE</b>	<b>591.064</b>	<b>663.962</b>	<b>703.542</b>	<b>758.043</b>
<b>CUMULATIVE DEFICIT/(SURPLUS)</b>	<b>11.449</b>	<b>55.844</b>	<b>65.653</b>	<b>88.312</b>
<b>ANNUAL DEFICIT/(SURPLUS)</b>	<b>(2.895)</b>	<b>44.395</b>	<b>9.809</b>	<b>22.659</b>
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		
<b>ANNUAL DEFICIT/(SURPLUS) AFTER USE OF RESERVES</b>	<b>0.000</b>	<b>55.844</b>	<b>9.809</b>	<b>22.659</b>

# East Sussex County Council

## A Financial Resilience Review

### August 2025

A Report by:

The Chartered Institute of Public Finance and Accountancy

**CIPFA, the Chartered Institute of Public Finance and Accountancy**, is the professional body for people in public finance. CIPFA shows the way in public finance globally, standing up for sound public financial management and good governance around the world as the leading commentator on managing and accounting for public money.

Further information about CIPFA can be obtained at [www.cipfa.org](http://www.cipfa.org)

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# 1 Executive Summary

## 1.1 Summary of Findings, Issues, Evidence and Analysis

This review assesses whether East Sussex County Council (the council) has appropriate arrangements in place for financial management and governance. It also considers the actions being taken to address the significant financial challenges it faces. This review provides assurance on the financial position and governance arrangements of and to deliver a balanced budget and a sustainable financial position.

### *A challenging position*

The council has delivered over £140m of savings since 2010, demonstrating sustained financial discipline and the willingness to take some tough and politically unattractive decisions. However, the council is now falling below its 'Core Offer' and with a projected deficit of £36m in 2026/27 and £54.6m in 2027/28 which risk exhaustion of the remaining unallocated reserves.

This has meant the council is lean and has low costs services and functions. However, the continued use of reserves and challenges in delivering savings to meet increasing budget deficits mean the council has to give urgent consideration to the action it needs to take and give serious consideration to applying for Exceptional Financial Support.

### *Inherent demographic and infrastructure challenges*

East Sussex has inherent demographic and infrastructure challenges. 26% of its population is aged over 65 compared to the national average of 17% and in the over 85 cohort the council has highest number as a percentage of the population when compared to other authorities. This is accompanied by high levels of mental health need, benefit dependency and multi-morbidity. Relatively poor infrastructure and links to London coupled with over 75% of the landscape designated as a protected cause workforce and growth challenges, with the lack of large employers and subsequent business rate growth.

### *Sound and established financial management arrangements and understanding*

Its Reconciling Policy, Performance and Resources (RPPR) framework for decision making is embedded and well understood, while vacancy and purchase order panels provide further discipline. Internal Audit has determined "Substantial Assurance," through its Internal Audit opinion and there is an experienced and established leadership team who are respected by both Members and Officers. Member maturity and constructive officer–member engagement are clear strengths, with evidence of regular and informed consideration of key financial issues.

Financial management arrangements remain prudent. The targeted capital programme focuses on core priorities such as schools and infrastructure. The council has maintained very low levels of external borrowing since 2016, supported by a conservative approach to investment and a clear Minimum Revenue Provision (MRP) policy to provide for future financing. This demonstrates a culture of prudent treasury management that has reduced risk exposure in recent years.

### *Structural funding and demand challenges*

Despite this, the council faces significant structural funding challenges, particularly within demand-led services including Adults, Children's, Home to School Transport (HTST), and High Needs block. Market volatility in placement costs remains a material financial risk, with

potential £1m+ swings in individual cases. The Dedicated Schools Grant (DSG) High Needs deficit presents a serious medium-term threat to the General Fund if the statutory override is removed in 2027/28, while overall reserves are projected to fall by 42% by March 2026 with further significant in year overspends likely. The current forecast also indicates a renewed need for external borrowing by 2025.

### *Capacity and data constraints*

Capacity and data constraints add to these risks. In Children's Services, fragmented systems and reliance on spreadsheets limit predictive modelling and strategic planning. Investment in data and analytics, supported by structured tools such as the CIPFA Data Management Model, would improve forecasting, integration, and governance. While data quality itself is not weak, it is not always being used to its full potential. Piloting improvements in Children's Services would provide the clearest and most significant benefit.

Workforce capacity is a further challenge. Recruitment and retention pressures persist across finance, property, and IT, with below-market pay reducing competitiveness. The council also relies on shared procurement arrangements through Orbis, where there are ongoing concerns around value for money and contract management capability. Looking ahead, Local Government Reorganisation (LGR) in Surrey may affect the resilience of these shared services, underlining the need for a review of the arrangements.

### *Opportunities to strengthen*

There are opportunities to strengthen resilience in some areas. Better use of data, analytics and technology would support evidence-based decision making. The council has looked at ways to address workforce challenges including internships and more trainee programmes but recognises more can be done. Stronger partnership working with the NHS, through joint commissioning and cost-sharing with districts, boroughs and West Sussex, also offers further potential to manage demand and financial pressures.

### *Member focus*

Members are experienced and supportive and bring learning back to the council, many through their peer roles. It might be appropriate to consider a re- focussing on members scrutiny responsibilities to ensure the council gets real value through the process could further enhance the robustness of challenge, particularly ahead of any future LGR.

### *A solid platform but critical decisions to make*

Overall, the council benefits from strong governance, respected financial leadership, and prudent treasury management. These provide a solid platform to address the significant financial risks. However, the scale of structural underfunding in demand-led services, coupled with declining reserves, rising placement costs, and future borrowing needs, places the council under mounting pressure. There are also operational risks in delivering new core systems such as Oracle Payroll and HR where benefits realisation will require close monitoring.

To maintain sustainability, East Sussex will need to maintain its focus on the tough decisions and consider the need for EFS as part of its budget development for 2026/27. This includes early preparation for different scenarios, assessing partnerships with a focus on cost share and priorities and strengthening procurement and workforce capacity. Ultimately, this may require further consideration of what a minimum future operating model could look like.

## 1.2 Key Recommendations/Improvement Plan

This table provides the improvement plan and roadmap that we recommend the council follows with priority actions indicated and the recommended timeline included with the recommendations. There are some observations that haven't been stated as recommendations as action is already being taken or there is an awareness of the issue raised

Recommendation
1. The council should continue its discussions on the potential need for EFS given the reintroduction of external borrowing from 2025 and continued service pressures.
2. The council needs to look at what further early action it can take on savings to reduce reliance on reserves.
3. The council should continually re-assess its risk appetite and triggers for decision making on divestment, business cases and further savings plans.
4. The council should maintain its focus on the minimum operating model and potentially reassess its core offer to set out sustainable service levels within available resources.
5. The council should strengthen its data and analytics capability in Children's Services, moving away from fragmented systems and spreadsheets towards integrated forecasting tools.
6. The council should consider applying the CIPFA Data Management Model to assess data governance, quality and accessibility in Children's Services.
7. The council should reaffirm the focus of members through scrutiny to ensure appropriate challenge of and support for key financial and service decisions.
8. The council should address procurement and contract management capacity through the review of the Orbis arrangements, ensuring value for money and stronger in-house oversight over service contracts.
9. The council should increase its focus on workforce recruitment and retention exploring market supplements or targeted career pathways to address competitiveness.
10. The council should develop a refreshed partnership position with the NHS, districts and borough councils to reflect the significant challenge it is facing and the consideration of EFS.

## 2 Introduction

### 1.3 The Requirement

East Sussex County Council (the council) commissioned CIPFA to undertake an external assurance review of its financial resilience, management arrangements, and service pressures. The review aligns with the work undertaken by CIPFA for the Ministry for Housing, Communities and Local Government (MHCLG) when assessing the need for Exceptional Financial Support (EFS).

The council is navigating significant challenges, particularly:

- A projected budget gap of £36m by 2026/27, including planned expenditure growth from £536.99m in 2024/25 to £579.62m in 2025/26.
- Sharp depletion of reserves, forecast to fall from £119m (Mar-24) to £69m (Mar-26) a 42% reduction in two years.
- Structural cost pressures in Adult and Children's Social Care, Home to School Transport (HTST), and High Needs Dedicated Schools Grant (DSG),
- A prudent but tightening treasury position, with new borrowing expected to resume from late 2025.
- Workforce pressures, including recruitment/retention challenges, pay competitiveness, and succession risks at senior leadership level.

The council has embedded governance and control frameworks and is widely regarded as well-led. However, sustained demand pressures, financial volatility, and reducing reserves raise immediate and medium-term financial sustainability concerns.

The review focused on four key areas:

- Financial Management and Sustainability
- Capital Programme and Companies
- Commercial Investments, Assets, and Debt
- Governance

### 1.4 Methodology

In our approach, we were mindful of the context set out above and our work comprised the following elements:

#### *Desktop analysis*

The council provided appropriate background. We reviewed the material and made supplementary document requests to the council. The team has analysed key documents together with other records that have been shared by the council as being relevant for the review. We also examined relevant comparator material. We would like to record our thanks to officers for their ready compliance with our request for reports and data.

#### *Specialised inputs*

Some comparative data analyses were conducted on issues such as revenue spend, and indebtedness these are based on analysis undertaken by CIPFA using published data such as the RA and RO forms. Service performance data has been extracted from a wider range of sources including: inspection reports and the council's own surveys of residents and staff.

#### *Interviews*



The bulk of the fieldwork comprised of interviews. These provided the invaluable 'triangulation' of our analysis. Council officers, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. Council officers at senior and junior levels, members, auditors, and other experts were invited to give views and respond to queries provoked by documentary evidence. We would like to thank everyone involved for their courtesy and constructiveness.

#### *Report drafting, feedback and fact-checking*

The above inputs were then analysed and subjected to our professional and expert judgement. The result is this report.

This report was fact checked as far as possible and is based on the fieldwork completed within the time frame for the review from June through to August 2025. It is not a comprehensive audit of the council's finances or its governance arrangements. Consequently, the conclusions do not constitute an opinion on the status of the council's financial accounts. Our review of the council's Minimum Revenue Provision (MRP) considers the reasonableness of the council's MRP policy and does not constitute an audit of the full application of the policy.

CIPFA's review team consisted of an experienced finance consultant and support from other consultants with relevant backgrounds in Social Care and Children's Services as appropriate.

CIPFA would like to take this opportunity to thank the council for being so amenable and open to meeting with the review team and for the considerable effort that has been expended in collating and sharing key documents with CIPFA. We also thank everyone involved for the openness, tact, and honesty in what is a sensitive issue for the council.

#### *Report Structure*

The key findings and analysis, together with supporting evidence, are set out under each of the review areas requested (as detailed in the commission). Risks and recommendations are detailed under each of the review areas.

## 2 Areas Reviewed

### 2.1 Review Area 1: FINANCIAL MANAGEMENT / SUSTAINABILITY

***An assessment of the council's financial management and management of risk to reach a view on the council's overall financial resilience and sustainability.***

***An assessment of steps the council is undertaking to ensure the council remains within its spending envelope, including deliverability and appropriateness of current savings / transformation plans***

***The council's financial management and governance as well as compliance with Local Government accounting codes and international finance reporting standards***

#### *Key findings and analysis*

*With a projected deficit of £45m for 2025/26 highlighted in the council's budget report, the challenge in securing financial resilience and sustainability should not be underestimated.*

*The council should model the implications of its latest savings forecasts in determining its need for Exceptional Financial Support (EFS). It is modelling risks, has established planning frameworks and is developing plans. It has focussed financial governance arrangements and invites challenge and support. The council has established and well understood financial management and reporting arrangements but professional resources are stretched.*

*There are no significant concerns expressed by the auditors in respect of compliance with local government accounting codes and international financial reporting standards and the auditors issued an unqualified audit opinion for 2023/24. The council has published its draft financial statements for 2024/25.*

#### ***The scale of the financial challenge is serious but understood and clearly reported***

The council's budget report published in February 2025 forecast a projected deficit of £45.3m in 2025/26 with a planned draw on reserves of £15m. This is considered later in the report. Addressing this gap with a sustainable set of deliverable savings alone is a real challenge. The S151 Officers Section 25 Statement, which forms part of the 2025/26 Budget setting report, states:

*Whilst it is welcome to note the government's commitment to a fair funding review, business rates reform and multiyear settlements from 2026/27, unless the Council receives a significant and permanent increase in funding, the deficit, which is currently projected to be £37.4m in 2026/27 will continue to prove difficult to mitigate locally, and require an approach to the Ministry for Housing Communities and Local Government (MHCLG) for Exceptional Financial Support.*

The quarter 1 budget monitoring report for 2025/26 shows a further deteriorating position with an overspend of £25.8m against the original 2025/26 budget, despite an expectation that £13.2m of the £14.2m savings will be delivered. Almost all of the further overspend relates to Children's and Adults Social Care. These in year deficits are not currently factored into the Medium Term Financial Strategy (MTFS) forecasts and will need to be met from

ever decreasing reserves in the short term. Future borrowing needs are also a key consideration.

Reports are comprehensive and Members appreciated the support they receive from Officers both formally and informally through decision making and briefings including: whole council forums, monthly meetings with group leaders and finance leads and regular briefing papers. Members meet with the S151 Officer on a regular basis to build understanding and also discuss alternative budget planning. They felt they could ask the pertinent questions and get appropriate feedback responses. There was an awareness of the underlying drivers behind the financial challenges, for example, demand and requirements governing home to school transport and demographical profiles in East Sussex creating pressures on Adult Social Care. The Finance Portfolio Lead was fully aware of the risks and responsibilities.

Savings targets are set and delivery is reviewed by Corporate Management Team and then approved through Cabinet and Full Council. The council has identified a set of priority areas to address in line with other councils who are experiencing significant financial challenges.

### ***Unsustainable use of reserves to balance the budget***

The council has been using its reserves to manage its financial position in the short term. The council regularly reviews its reserves in line with the CIPFA Financial Management Code guidance and has historically mainly used reserves to address specific priorities and schemes. The use of reserves should only be used for a limited time to manage the financial position and as part of a wider plan to deliver a sustainable balanced financial position. The CIPFA Financial Management code makes the point that reserves should be used to mitigate the impact of financial shocks and to manage implementation of sustainable change savings. They should not be used to plug recurring deficits.

The council is currently drawing down reserves to balance in-year pressures. Reserves are forecast to fall from £119m in March 2024 to £69m by March 2026 — a 42% reduction in just two years. Whilst this is necessary in the short-term, it is not sustainable.

Scenario modelling reinforces this point: even with 100% delivery of planned savings and no increased demand, all reserves (including earmarked reserves) would be exhausted by 2027/28 as annual deficits rise to £56m. With lower savings delivery (75% or 50%), reserves fall below minimum levels earlier and the council becomes financially unsustainable earlier in 2027/28. It is clear that the council cannot continue to rely on reserves when setting its budget for 2026/27 as many of these reserves are earmarked. Accelerating savings plans will be extremely difficult given the savings the council has already made and capacity challenges and lead times associated with most savings proposals.

The latest published reserves position from the 2024/25 year-end report is shown below in Table 1. It shows the council plans to continue to use its reserves to balance its budget despite limited uncommitted reserves (strategic reserves) to cover any under delivery against planned savings or deal with any unexpected shocks. Later benchmarking shows that the council continues to have lower than average levels of reserves as a proportion of net revenue expenditure when compared with its CIPFA nearest neighbours..

**Table 1: 2024/25 published reserves position**

<b>Reserves Balances</b>	<b>1 Apr 2025 £m</b>	<b>Estimated 1 Apr 2026 £m</b>	<b>Estimated 1 Apr 2029 £m</b>
<b>Earmarked Reserves:</b>			
<b>Held on behalf of others or statutorily ringfenced</b>	<b>25.5</b>	<b>22.5</b>	<b>21.4</b>
<b>Named Service Reserves</b>			
Waste Reserve	19.8	14.7	7.4
Capital Programme Reserve	9.1	5.2	0.0
Insurance Reserve	7.7	5.7	5.5
Local Government Reorganisation Reserve	0.0	4.2	0.0
<b>Subtotal named service reserves</b>	<b>36.6</b>	<b>29.8</b>	<b>12.9</b>
<b>Strategic Reserves</b>			
Priority Outcomes and Transformation	5.2	4.6	2.0
Financial Management	11.3	4.6	2.5
<b>Subtotal strategic reserves</b>	<b>16.5</b>	<b>9.1</b>	<b>4.5</b>
<b>Total Earmarked Reserves</b>	<b>78.6</b>	<b>61.5</b>	<b>38.8</b>
<b>General Fund Balance</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>
<b>TOTAL RESERVES</b>	<b>88.6</b>	<b>71.5</b>	<b>48.8</b>

### ***Challenges in the Medium Term Financial Plan (MTFP)***

Based on current planned levels of savings, the council is vulnerable to shocks and demand pressures. There are particular challenges highlighted in the later years of the MTFP. This is shown in Table 2 below. The council is, however, in a more favourable position than most when it comes to its Dedicated Schools Grant (DSG) position which currently shows a cumulative surplus of £2.8m if the statutory override was to end.

**Table 2: Medium Term Financial Plan 2026/27 to 2028/29**

<b>Medium Term Financial Plan</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>	<b>2028/29* £m</b>
<b>Annual Budget Deficit / (Surplus)</b>	<b>25.089</b>	<b>18.084</b>	<b>16.175</b>
Carry Forward of 2025/26 Deficit	11.449	-	-
<b>Annual Budget Deficit / (Surplus) after Carry Forward</b>	<b>36.538</b>	<b>18.084</b>	<b>16.175</b>
<b>Total Budget Deficit / (Surplus)</b>	<b>36.538</b>	<b>54.622</b>	<b>70.797</b>

\*Notional due to LGR

If the council reaches the point where it needed to apply for EFS or serve a S114 notice, it would have to be confident that all options to address the short term MTFS position had been explored. The council is aware of this and CIPFA are supporting them.

It is important that the council plans a course of action to deliver sufficient ongoing proposals and consider all options to balance the budget including EFS.

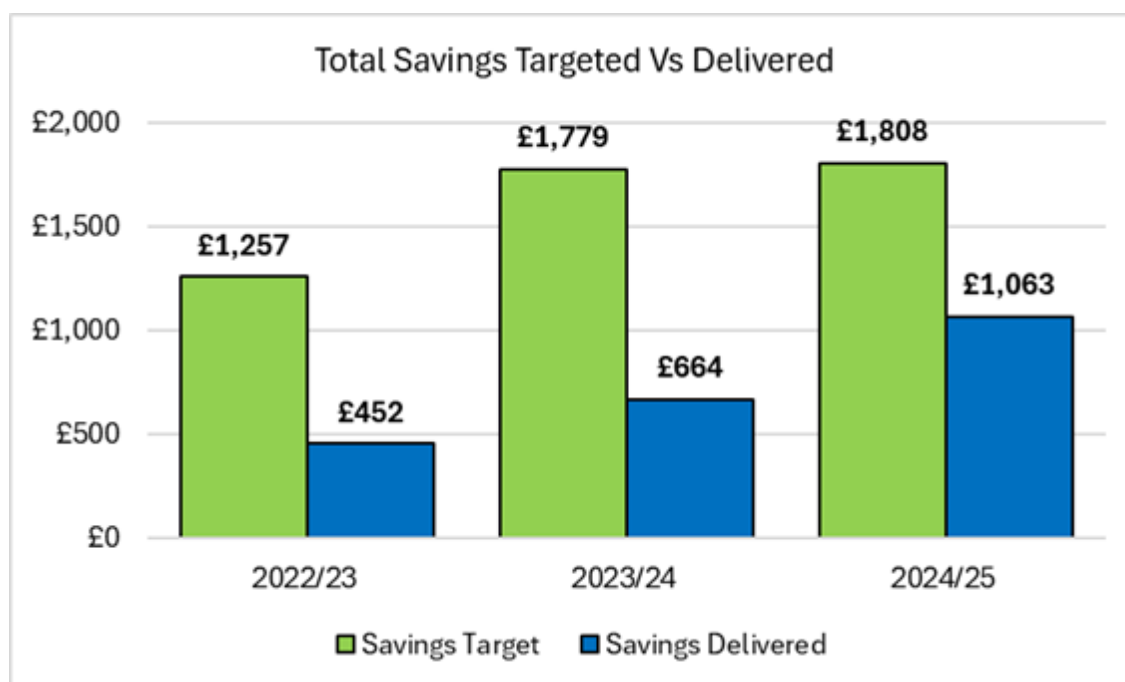
### ***Significant delivery of savings but challenges in meeting previous savings targets***

Looking across the past three years, the council has struggled to fully deliver its planned savings, with the highest level of underperformance in Communities, Economy and Transport (CET) when looking to deliver increased income from parking charges.

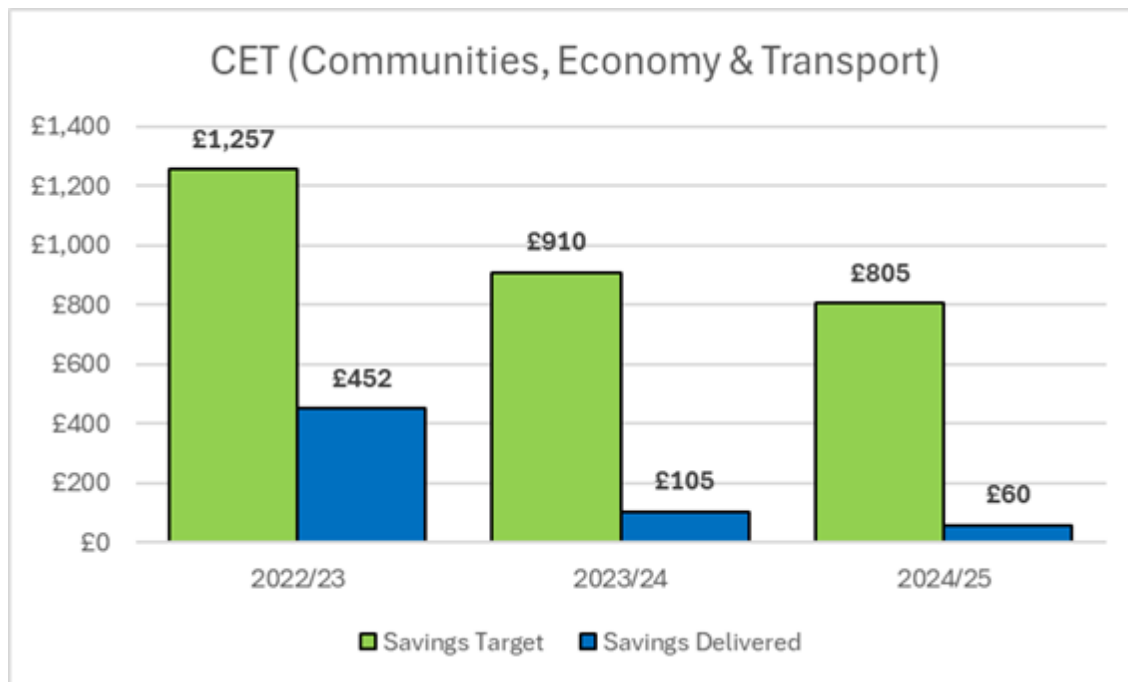
In 2022/23, £1.257m of savings were targeted but only £0.452m was achieved, leaving £805k undelivered and carried forward, all within Communities, Economy & Transport (CET). CET's long term contracts do limit some opportunity and flexibility in savings delivery although the pattern repeated in 2023/24, where just 37% of the £1.779m target was delivered, again with the majority of the gap again sitting in CET. Business Services (Orbis) delivered part of its requirement, but still fell short. By 2024/25 there was a noticeable improvement, with £1.063m delivered against a £1.808m target (59%). This was driven by BSD/Orbis meeting its savings in full, but CET continued to slip £0.745m into future years. The consistent picture is that CET's undelivered savings continue to roll forward, creating pressure on the wider programme, while other areas have either had no savings requirement or have performed strongly when targets were set. This is shown in Figure 1 below and the accompanying charts (Figures 2 and 3).

<b>Figure 1: Past savings projections and performance (£m)</b>			
	2022/23	2023/24	2024/25
Actual	£452	£664	£1,063
Plan	£1,257	£1,779	£1,808
Shortfall	(£805)	(£1115)	(£745)
% Achieved	35%	37%	59%
Source: End of year Council Monitoring Report			

**Figure 2:**



**Figure 3:**



The council is currently reviewing its savings proposals against CIPFA's savings database and is identifying where it has either taken action or is considering action in the areas. The council should also consider what a minimum operating model could look like as part of this work, building on the previous good work on determining the 'core offer' in the context of achieving an immediate and medium term balanced budget position. This is challenging and might involve increasingly difficult policy decisions, but also realistic assessments of the capacity and capabilities needed and available to ensure a resilient council. The understanding of the current RPPR framework should provide the council with a good base to consider this.

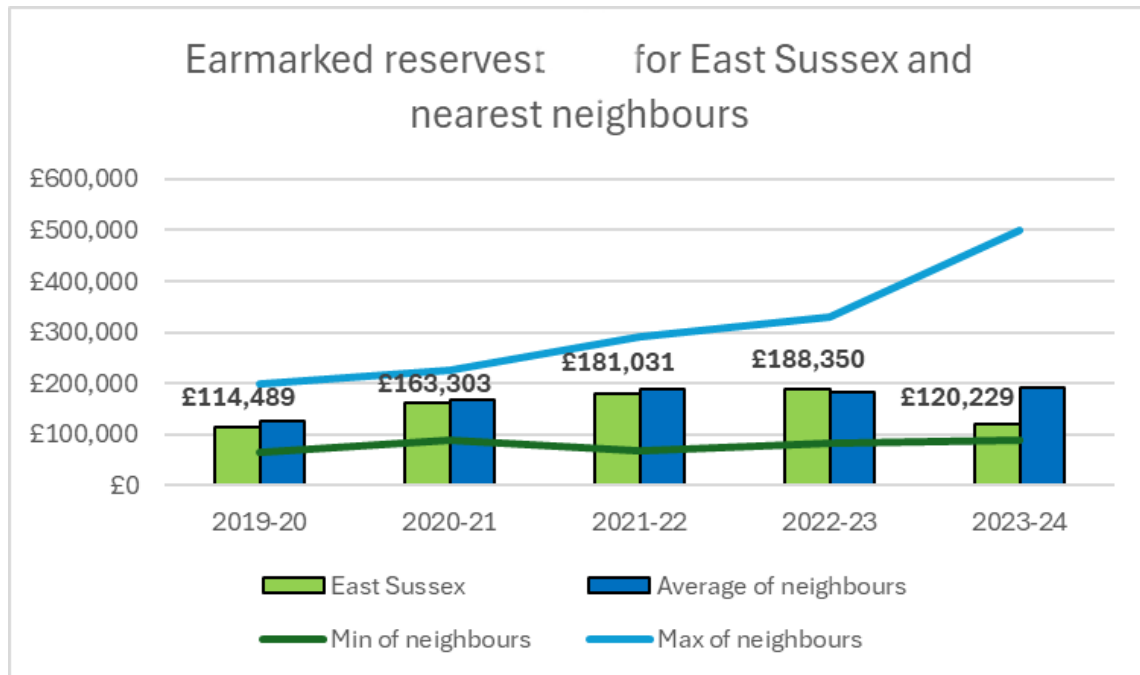
***East Sussex's relative financial position is challenging and the use of reserves higher than its nearest neighbours***

A comparison of the council against its nearest neighbours using the financial resilience index and CIPFA statistics is considered below:

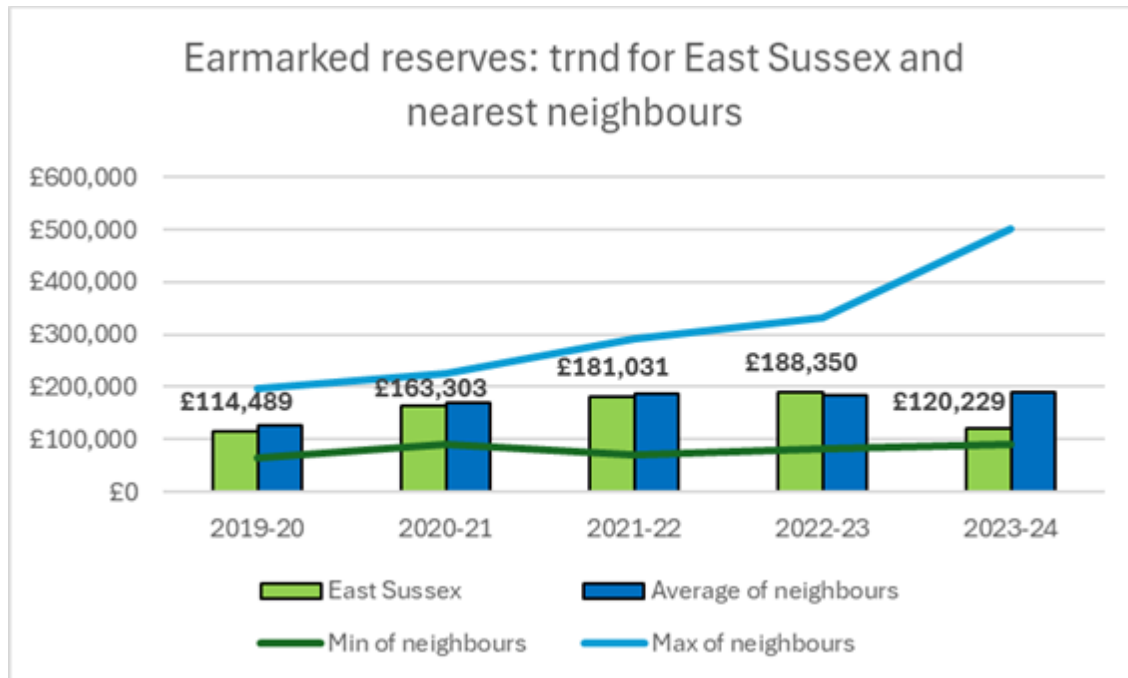
CIPFA's Financial Resilience Index for 2023/24 is a comparative analytical tool intended for use by Chief Financial Officers to support good financial management. The index shows a council's position on a range of measures associated with financial risk highlighting where additional scrutiny may be required.

Change in reserves reflecting the use of reserves to support the budget shows it compares unfavourably to its nearest neighbours which means it is using more of its reserves. This is a concern. The graphs for general and earmarked reserves are shown in Figures 4 and 5 below:

**Figure 4:**



**Figure 5**



East Sussex holds one of the lowest levels of unallocated financial reserves across its comparator group. It has maintained £10m for its General Fund balances for the past five years. The average for its statistical neighbours has ranged between £27m and £33m during the same period. Even in 2023–24, when some neighbours saw reductions in their reserves, East Sussex remained well below both the average (£31m) and the lowest point of several individual comparators (£16m). This suggests that the council has limited flexibility in responding to unexpected pressures compared with others in its group.



The picture looks different when turning to earmarked reserves. East Sussex has consistently held levels broadly in line with the average of its comparators, and in some years slightly above. In 2020–21, for example, it carried £163m against an average of £169m, and in 2021–22 £181m against £188m. This points to a potentially more prudent approach to setting aside resources for specific pressures and future risks. However, the latest figures for 2023–24 show a marked shift: East Sussex reported £120m compared with a neighbour average of £191m, and substantially lower than the maximum of £501m within the group. This reduction suggests either significant planned drawdown or a reclassification of reserves.

Taken together, East Sussex appears to be operating with a very narrow level of unallocated reserves flexibility, relying more heavily on earmarked reserves to manage risk. However, the recent decline in earmarked balances highlights a potential vulnerability, especially at a time when many comparators have maintained or increased their positions. A fuller breakdown of reserves has been provided as part of our data pack, which should assist in understanding the underlying drivers.

Other benchmarking insights show the following:

- **Reserves position:** East Sussex has significantly lower reserves than its peers, with unallocated reserves at only 1.89% compared to the group average of 6.94%, and total reserves at 24.60% versus the average of 45.76%, indicating a limited financial safety net.
- **Service spending profile:** Compared with neighbours, East Sussex devotes a **higher share of expenditure to Adults' and Children's Social Care**, reflecting demographic pressures and demand. This highlights a lack of flexibility in the base budget, with resources already concentrated on statutory services.
- **Income generation:** Sales, fees and charges per capita are below the average of comparator authorities, suggesting opportunities to explore additional charging or cost recovery measures.
- **Social Care ratio:** The data pack shows East Sussex's ratio of social care spend to total service budget is among the highest in its comparator group. This reinforces the challenges in managing demand and the potential transformation or difficult decisions needed in these service areas if financial sustainability is to be achieved.

### ***The need to maximise income and funding***

Benchmarking from 2023/24 suggests that per person East Sussex has lower Sales, Fees and charges compared to its nearest neighbour comparators. Fees and charges were increased above CPI last year and the responsibility is delegated to the Director of Finance for all increases at CPI or below. Changes to fees and charges are also considered quarterly through the council's corporate summary reports. There may, however, be merit in a more fundamental review of fees and charges through benchmarking with nearest neighbours. Such benchmarking might warrant consideration as part of future budget setting reports.

Evidence suggests that maximising the use of ring fenced funding and any historic unspent funds has been considered as part of the council's savings plans. However, this should be kept under continual review to ensure it is carefully prioritised and any further opportunities to redirect or repurpose funds are properly considered. Whilst this is unlikely to be significant in the context of the scale of savings required, it will further enhance the importance of cross functional and indeed cross partnership thinking required in the areas of regulatory, public health services and care healthcare placements.



### ***Established financial management arrangements***

From our meetings we have encountered officers and members who are committed to the council success and ensuring the council is on a sustainable financial footing, Analysis of key documents shows detailed and comprehensive reporting and analysis of the financial position. The council undertakes an annual assessment of its position against the CIPFA Financial Management Code which shows a high level of compliance which is supported by our review findings. The RPPR framework is a longstanding, well understood approach that brings finance, policy and performance together which reinforces the interdependencies and trade-offs that need to be considered. These meetings are weekly with the Director of Finance and all Heads of Finance and consider budget setting, in year monitoring and year end processes. There is also regular engagement with Directors of Adults and Children's Services to discuss recovery plans, demand management and overspending in high risk areas.

Feedback on the finance business partner support from Directorates is generally positive but there is an awareness that more work needs to be done to address the gap in the areas between finance and service departments in some areas and align finance officers to the departments they support, ensuring a pro-active and embedded approach. This is considered later under the assessment of capacity and capability.

There is clear messaging on the importance of spend being controlled responsibly and income being maximised with an annual review of income and charging as part of the RPPR process. The introduction of the Purchase Order Panel has instilled further discipline and influenced behavioural changes in spending. This was accepted and understood across the council and is considered alongside a weekly Corporate Management Team review of vacancies. This has encouraged consideration of alternative staffing models and Purchasing Card monitoring is in place through Directors.

The Annual Governance Statement and the risk register set out the financial challenges and action being taken to address them.

### ***Compliance with the CIPFA Accounting Codes and Standards***

As mentioned earlier, the council assesses themselves against the financial management code. The accounting policies applied by the council in preparing and presenting its financial statements confirm that the authority complies with the Accounting Code and relevant statutory reporting requirements.

There have been no significant issues raised by the external auditors in previous years audit reports. At the time of our work, we were not aware of any significant issues with regard to the ongoing audit.

### **Recommendations**

1. The council should continue its discussions on the potential need for EFS given the reintroduction of external borrowing from 2025 and continued service pressures.
2. The council needs to look at what further early and decisive action it can take on savings to reduce reliance on reserves.

3. The council should determine its risk appetite and triggers for decision making on divestment, business cases and further savings plans.
4. The council should develop a clear minimum operating model to set out sustainable service levels within available resources.

***The capacity and capability of the council to deliver an effective finance function to the council commensurate with the complexity of its particular circumstances***

#### *Key findings and analysis*

##### ***An experienced team but continuing difficulties in recruiting and retaining staff***

The Finance team is relatively stable and experienced with particular strength through the current S151 Officer who has significant corporate knowledge, understanding and respect across the council. The council has, however, recognised the poor value for money provided through agency staff and the challenges of high turnover and recruitment difficulties, particularly in more senior finance roles.

The council is actively recruiting CIPFA trainees to look to develop its own staff given these challenges. There is a focus on internal development given lack of a formal training budget and lunch and learn sessions and a broad area of focus framework is in place to cascade learning.

Day to day relationships with service departments appear strong and a confidence was expressed in the finance team's ability to model, analyse and support services and undertake scenario modelling, although there are weaknesses in Childrens Services which require spreadsheet analysis due to system limitations in the current Liquid logic system. The team has been bolstered in some areas with a focus on Looked After Children in through a new Finance Manager. Despite this, there are risks with significant knowledge held by key individuals

The market remains challenging for recruiting and retaining finance and other specialist professionals. There are difficulties providing the capacity to support all activities across the council but feedback on the level of support members and directorates receive was positive. There was regular access both informally and formally to financial management advice and briefings.

##### ***Ensuring the benefits are realised from the implementation of Oracle***

The phasing out of SAP and the introduction of Oracle is being managed in phases with the final phase implementation in 2027. The implementation of Oracle has been led by Finance with support from a dedicated specialist developer and finance super users trained to lead on Oracle 'guided learning' and development. Business partners provide support to Oracle developers.

The first finance, procurement and recruitment modules went live in April 2025 and there is currently work ongoing to overlay the reporting module, EPM. Payroll, which is considered to be one of the most complex modules and is expected to go live in 2026. The risks are being managed and the challenges of implementation acknowledged. The system is functioning and refinement is continuing. It appears staff have adapted to the changes and the team are making iterative improvements. Discussions are taking place with West Sussex on opportunities to collaborate on the use of and training on the system.

***The council's approach to financial risk management including identification, management and treatment of risk.***

#### *Key findings and analysis*

***Regular and comprehensive risk reporting is in place including specific reporting on financial risks and their likely impact.***

The council has a comprehensive and structured approach to risk management, embedded across its governance and operational frameworks. The Council uses a formal Risk Management Framework that outlines its policy and strategy for identifying, assessing, and managing risks. The framework supports the Council's four priority outcomes:

- Driving sustainable economic growth
- Keeping vulnerable people safe
- Helping people help themselves
- Making best use of resources

The Council maintains a Strategic Risk Register, which is reviewed quarterly. Key risks include: Uncertainty in future funding, Inflation and cost-of-living impacts, Demand pressures in adult and children's social care and Capital programme delivery risks.

Risk management is integrated into the Council's Annual Governance Statement, which aligns with the CIPFA/SOLACE framework for good governance. The Local Code of Corporate Governance ensures that risk management is part of decision-making, resource allocation, and performance monitoring and the RPPR process ensures strategic alignment of risk with planning and budgeting. Audit and Scrutiny Committees monitor risk registers and internal controls. The strategies to manage risk include the use of reserves to act as a buffer for financial shocks, a focus on commissioning and partnerships working to manage demands and share risk. The Capital Strategic Asset Board is used to oversee capital investment risk and scenario planning and forecasting to anticipate future pressures. There is no formal risk appetite statement but the process is understood and embedded. However, there is an earlier recommendation on this in the report.

***The underlying drivers of any financial fragility and risk and the council's ability to successfully manage those drivers so that issues do not materialise. This should include an assessment of the council's approach to managing increased demand in adult social care and children's services.***

***Key findings and analysis***

***Drivers of financial fragility are understood and monitored but continue to grow, particularly in Adults and Children's Social Care***

The drivers of financial fragility in the council relate primarily to adults and children's services and whilst not untypical of other county councils, are more acute and accelerating. 75% of the council's budget is spent on supporting social care and provision covers around 10% of the population which creates a real strain on other services. This is felt in the public focus on highways which has significantly lower overall spending. The two biggest areas of financial pressures are considered below:

***Adult Social Care (ASC)***

There are real pressures in ASC provision which are reflected in the significant overspends in recent budget and monitoring reports. However, the council has a good understanding of these and strong data capabilities which allows it to easily analyse caseload and client costs.

The overspend for Adult Social Care was £10.0m at the end of 2024/25 which largely related to the Independent Sector, where the overspend is £12.4m. This is due to a combination of

factors, primarily being increasing complexity of need and pressures arising from demand and demographic growth returning to pre-pandemic levels. There is an underspend in Directly Provided Services of £2.4m due to staffing vacancies which reflects the impact of savings consultations and underlying difficulties in recruitment.

### *Context and Local Pressures*

The council faces a number of key challenges affecting the resilience of the ASC system:

- A high number of support requests from older adults compared to statistical and geographical neighbours.
- Persistent and growing cost pressures associated with supporting complex needs, provider market demands and discharge pathways.
- A requirement to sustain or improve outcomes while keeping costs and unit prices low.
- Significant levels of unpaid care and rising complexity in care needs.
- Transformation and reform demands in the context of constrained capital and workforce resources.

Despite proactive management and interventions, rising demand, inflationary care costs, and increased acuity of need continue to place unsustainable pressure on revenue budgets. The council has been forced to make difficult prioritisation decisions and is actively seeking savings options to deliver medium-term financial stability.

In response to these pressures, CIPFA undertook a structured review of innovation and demand management within adult social care. This involved assessing the council's activity against a matrix of nationally recognised best practice across seven innovation areas:

1. Prevention & Early Intervention
2. Asset-Based Community Development
3. Digital Transformation
4. Alternative Housing Models
5. Strengthening Front-Door Triage
6. Commissioning Reform
7. System-Wide Integration

Each area reflects methods or service changes that can contribute to improved outcomes and financial sustainability through early intervention, better targeting, and more efficient use of resources.

#### *1. Prevention & Early Intervention*

Prevention and early intervention reduce long-term care costs by delaying or avoiding escalation of need, reducing hospital admissions, and empowering people to maintain independence for longer. The council has a mature and embedded approach to early intervention. The Joint Community Rehabilitation Service forms the basis of a reablement-first offer. Social prescribing is fully integrated through VCSE partners and wellbeing coaches. The council supports around 70,000 unpaid carers and has developed a nationally notable transitions app. Financial inclusion work, through the Money Guiders programme, has secured over £1m of additional income for residents and relieved over £2.7m in debt annually.

#### *2. Asset-Based Community Development*

Asset-based approaches use community strengths to prevent dependency on formal services, improve wellbeing, and reduce demand through informal support and local resilience. Through the "Making It Happen" programme and the Community and VCSE

Development Programme, the council has embedded asset-based working at neighbourhood level. Though not a pure Local Area Coordination model, the approach supports community leadership, peer networks and co-designed delivery. Community governance is maturing through the Integrated Community Team (ICT) strategy.

### *3. Digital Transformation*

Digital tools and assistive technology enable self-management, automate low-risk tasks, and support earlier interventions—cutting back-office costs and managing rising demand more efficiently. The council has digitised its telecare offer and now supports over 8,000 users with digital solutions. Assistive technology is being enhanced through machine learning pilots, and the council is developing business cases in collaboration with major tech providers. The adult social care portals now include self-assessment tools, financial eligibility checkers, and safeguarding referrals. Predictive analytics is still emerging but the council has commenced scoping work, including the development of an Appearance of Need Tool.

### *4. Alternative Housing Models*

Housing models like Extra Care and Shared Lives offer cost-effective alternatives to residential care and can delay or replace the need for intensive services, supporting independence and community living. The council commissions six extra care housing schemes, providing 285 flats in total, and is undertaking a strategic review to meet future demand. Shared Lives is a registered service in East Sussex and is set to expand further through a pan-Sussex initiative funded by the Accelerating Reform Fund.

### *5. Strengthening Front-Door Triage*

Effective triage at the point of first contact ensures appropriate, proportionate responses and reduces unnecessary assessments, packages, and crisis admissions. The council has dedicated Hospital Discharge Teams co-located in all acute hospital sites and works across care, housing and NHS teams. Discharge to Assess (D2A) pathways are fully embedded, with block-commissioned beds and a reduction in average length of stay from 60 to 31 days. The ICT model further supports joined-up triage and early intervention.

### *6. Commissioning Reform*

Commissioning models focused on outcomes, flexibility, and personalisation support better value for money, reduce duplication, and ensure resources align to people's actual goals and needs. Homecare commissioning has shifted towards strength-based support planning, outcome-based reviews, and an approved list of providers. The council is piloting Individual Service Funds (ISFs), with Independent Lives acting as the strategic partner. The council also supports the development of micro-providers and personal assistants through extensive guidance, training, accreditation, and promotional resources.

### *7. System-Wide Integration*

System integration enables more coordinated responses, faster discharge, shared planning, and fewer duplications across NHS and social care—unlocking capacity and reducing avoidable costs. The council participates in the East Sussex Discharge Executive Improvement Group and has established Integrated Community Team Management & Planning Groups. These structures support shared planning, escalation resolution, and local joint commissioning. The council makes good use of JSNA footprints, benchmarking, and performance dashboards to inform decisions.

### *Summary*

The council demonstrates an unusually wide and deep commitment to innovation in adult social care. It has moved from exploration to implementation in many areas and has embedded best practice models in ways that suit its local demography, geography and pressures. While some areas like predictive analytics are still in development, the system is building resilience through proactive leadership, VCSE partnerships, technology, and prevention-based commissioning.

### *Acknowledged Challenges and Areas for Development*

In addition to the areas of progress, the Director also acknowledged specific weaknesses and risks that continue to affect the long-term sustainability of adult social care in East Sussex:

- The county has been forced to reduce some preventative services, despite their known long-term value, in order to meet statutory Care Act duties. This creates a potential cycle of increased downstream demand.
- Budget constraints have led to cuts in housing-related support, which may drive future increases in mental health and respiratory conditions due to housing insecurity.
- There is growing concern over the impact of NHS funding reductions and cost shunting, with reduced investment in health services contributing directly to rising demand for social care.
- The local care market faces sustainability risks, with fee uplifts constrained to around 4% while actual cost pressures are significantly higher, creating tension with providers.
- Questions remain over the long-term sustainability of current funding models, particularly in the context of East Sussex's ageing population and growing complexity of need.

### *Children's Services*

Complex high cost placements, some over a £1m annually, and crisis driven entries into care with increasing Special Educational Needs (SEN) pressures and diagnosis with associated increased SEN Transport costs characterise the problems facing the council. Although these are not untypical, they are particularly acute in East Sussex.

Children's Services had an overspend of £13.6m at the end of 2024/25. A UASC grant funding error meant a larger overspend but this has been corrected and £1.3m received from the Home Office in 2025/26. The main areas of overspend were Early Help and Social Care and Home to School Transport. The Early Help and Social Care overspend of £12.4m was due in the main to staffing costs within Localities, pressures around agency placements and Children's Homes within Looked After Children, although there was a reduction in net costs at Lansdowne Secure Unit due to increased income from recharging other local authorities for placements.

Home to School Transport had an overspend of £3.8m due to growth in numbers of pupils and unit costs for transport that are significantly higher than estimated during the budget setting process. The final overspend has improved since quarter 3 due to legal advice confirming the possibility of charging personal transport budgets for children with Education and Health Care Plans to the High Needs Block of the Dedicated Schools Grant. This meant that £0.6m of transport expenditure could be recharged.

Fragmented systems and availability of data presents challenges in fully understanding the patterns and demands facing Children's Services. The use of work arounds and spreadsheet data alongside inconsistent versions of Liquid logic mean there are difficulties on consolidating child level costings across teams which is key when considering the number of high costs cases that the council is dealing with. This impacts on the confidence



in decision making and also business cases that are presented to the leadership team. Work is underway to improve systems integration and create a centralised approach to collecting and interpreting data but until this information is available and confidence grows in what is being presented, it will be difficult to plan and respond effectively to the continued pressures and overspends.

East Sussex's initiatives—such as integrated Family and Youth Hubs, kinship care promotion, and early help transformation—are well-aligned with the Children's Social Care National Framework. This framework emphasises:

- Multi-agency collaboration.
- Early intervention and family support.
- Stable, loving homes for children in care.
- Embedding the voices of children and families in service design.

East Sussex's governance structures and transformation board reflect best practice in implementing these principles. The council is benchmarking against other councils with a recent visit to Essex who have similar challenges with demography and coastal deprivation and rates of Looked After Children. Approaches are aimed at keeping children with families through intensive support programmes, but caseloads remain high. However, staff training is considered to be strong with a relatively stable and high number of senior social workers.

There has been a positive approach from the voluntary sector to the approaches the council is taking. An additional Director role has been created to provide capacity in Health and Social Care commissioning and there is a regional focus on fostering and placements budgets. High cost cases are often appearing from hospital discharge and adoption breakdown and 7 children are currently costing the council over £8m. The service has been successful in removing any reliance on agency staff and has delivered savings through restructures. The relationship with finance and finances understanding of the situation, in particular the focus and support from the S151 Officer is notable. Members are also considered supportive with some long standing members with a good understanding of the issues. However, risks were identified where members can interpret information and learning from other councils which may not be helpful in East Sussex's context.

The council also use in-house foster care and secure homes to reduce external placement costs and maintains strong early help services and investing in preventative mental health and parenting support where it can. However, like other councils, it is looking at further cuts in preventative services to meet statutory duties and there are growing challenges in fostering recruitment with a view that the southeast fostering hub is not ambitious enough in tackling the issue. Joint working is in place with East Sussex District Councils including Eastbourne, Hastings and Lewes.

## **Recommendations**

5. The council should strengthen its data and analytics capability in Children's Services, moving away from fragmented systems and spreadsheets towards integrated forecasting tools.

6. The council should consider applying the CIPFA Data Management Model to assess data governance, quality and accessibility in Children's Services.

***An overall view on the ability of the council to manage identified budget pressures through its own resources.***

Members have demonstrated a strong understanding of the position the council is in and have shown a willingness to make some difficult decisions despite minority leadership. The council is currently managing the identified budget pressures through its own resources, but it is highly unlikely that will be enough if it is to maintain a minimum level of reserves. The council has reviewed the mitigations available and has engaged the Executive early, including members, in discussions on the importance of delivering savings and policies that need to be reviewed. This has extended to the S151 Officer clearly articulating through his Section 25 Statement as part of the budget report of the potential risk of a S114 notice due to pressure on reserves and the need to engage with MHCLG on the potential to seek EFS.

The inherent low business rates base, high demand on social care faced by the council creates a significant challenge which is in sharp focus with all those we met.

The existing position appears manageable for 2024-25 but this assumes the savings decisions are supported and delivered on time as currently anticipated. However, unless there are significant reductions in key service demand areas, higher business rate growth or increased funding, the position is very fragile for 2025/26.



## Review Area 2: CAPITAL PROGRAMME / DEBT / INVESTMENTS / ASSETS

**An assessment of the council's capital programme / overall debt position including short and long term borrowing, and approach to investment / asset management to reach a view on the suitability, VfM and risk exposure of the council in this space, and how this may impact on the overall financial resilience / sustainability of the council.**

***The council's management / governance of its capital programme, major projects (whether delivered in house or via companies) and investments including the adequacy of internal processes, scrutiny of investment decisions, use of external expertise where required, risk management and capacity and capability to deliver. This should include an assessment of the council's exposure to refinancing and any other risks identified because of its chosen borrowing strategy.***

### *Key findings and analysis*

*The council continually challenges its capital programme given the financial pressures but there is a legacy impact of underinvestment, particularly in Highways. Its PPRR framework helps to guide decision making along with its Capital Board and Asset Management Plan, business plans and an experienced but lean property team.*

*Its overall current debt and treasury management position is being managed and reported in line with the Prudential Code requirements with recent low levels of borrowing but there is now a need to borrow to address critical investment. This needs careful management to ensure it is sustainable given the potential challenges in realising savings targets and limited available capital receipts. Maximising the use of existing limited assets remains a priority.*

***The Capital Programme is constrained by available funding but does require further borrowing to fund priority schemes***

The most acute issue facing the council is the ability to meet the highways maintenance backlog given the limited capital funding available with funding only currently available through the Highways Grant. It is estimated that £300m is required to bring the road network up to standard with the current spend at around £21m a year. Previous capital planning included needs-based projects which have had to be revisited.

The revised capital programme is after a capital programme risk review and totals of £713.9m over 10 years, aligned to the 20 year strategy. The three year funded programme is aligned to the medium term financial plan. This is shown in Table 3 below:

**Table 3:**

Table 1 - Capital Programme Gross Expenditure Updates	Ref:	Current Year 2024/25 £m	MTFP Period			2028/29 to 2034/35 £m	Total £m
			2025/26 £m	2026/27 £m	2027/28 £m		
<b>Approved Capital Programme (State of the County 2024)</b>		<b>108.305</b>	<b>116.650</b>	<b>67.960</b>	<b>72.251</b>	<b>431.879</b>	<b>797.045</b>
Approved Variations	A	7.234	19.682	1.998	1.958	13.293	<b>44.165</b>
Capital Programme Reprofiles	B	(12.717)	11.578	(0.038)	0.000	0.000	<b>(1.177)</b>
Schools Basic Need / SEND	C	0.000	0.500	0.500	(4.981)	8.981	<b>5.000</b>
IT&D Programme	D	1.829	(1.467)	(1.827)	(6.433)	7.469	<b>(0.429)</b>
Capital Programme Extension	E	0.000	0.000	0.000	1.150	35.185	<b>36.335</b>
Capital Programme Risk Review	F	0.000	(16.185)	(14.547)	(19.418)	(116.871)	<b>(167.021)</b>
<b>Total Updates</b>		<b>(3.654)</b>	<b>14.108</b>	<b>(13.914)</b>	<b>(27.724)</b>	<b>(51.943)</b>	<b>(83.127)</b>
<b>Revised Capital Programme</b>		<b>104.651</b>	<b>130.758</b>	<b>54.046</b>	<b>44.527</b>	<b>379.936</b>	<b>713.918</b>
Capital Slippage Risk Factor	G	(20.068)	(18.278)	(7.337)	(3.924)	49.607	0.000
<b>Approved Capital Programme (after Capital Slippage Risk Factor)</b>		<b>84.583</b>	<b>112.480</b>	<b>46.709</b>	<b>40.603</b>	<b>429.543</b>	<b>713.918</b>

There are a number of high profile schemes in the pipeline with £87m earmarked for Communities, Economy and Transport (CET) in 2025/26 and £38m for Education, Youth and schools programmes amongst other IT and capital schemes. Previous reviews of borrowing have meant that areas such as Highways can now only be funded through grant. The council is looking at how it funds large projects collaboratively including with central government and bus companies.

Table 4 below shows the associated revised funding with a significant new borrowing requirement for 2025/26 but a reduced the level of borrowing to £34.4m up to 2027/28, producing a revenue budget saving of £4.2m compared to the original programme. Every £10m of borrowing costs the council approximately £0.75m over the full life of the asset (assuming a 30 year life).

**Table 4**

Table 4 – Capital Programme Funding Update	Ref:	Current Year 2024/25 £m	MTFP Period			2028/29 to 2034/35 £m	Total £m
			2025/26 £m	2026/27 £m	2027/28 £m		
<b>Gross Expenditure</b>		<b>84.583</b>	<b>112.480</b>	<b>46.709</b>	<b>40.603</b>	<b>429.543</b>	<b>713.918</b>
Specific Funding	H	(29.230)	(48.400)	(3.817)	(1.209)	0.000	(82.656)
Specific Developer Contributions	I	(4.621)	(2.646)	(1.998)	(1.674)	(1.002)	(11.941)
<b>Net Expenditure</b>		<b>50.732</b>	<b>61.434</b>	<b>40.894</b>	<b>37.720</b>	<b>428.541</b>	<b>619.321</b>
Formula Grants	J	(25.772)	(29.530)	(29.330)	(30.919)	(208.370)	(323.921)
Capital Receipts	K	(4.802)	(3.950)	(2.248)	(2.198)	(4.424)	(17.622)
Reserves and Revenue Set Aside	L	(11.213)	(9.536)	(0.385)	(0.452)	(6.383)	(27.969)
Capital Reserve	M	(3.458)	(2.605)	0.000	0.000	(7.804)	(13.867)
Developer Contribution Target	I	0.000	0.000	0.000	0.000	(17.601)	(17.601)
<b>Capital Programme Borrowing</b>	<b>N</b>	<b>5.487</b>	<b>15.813</b>	<b>8.931</b>	<b>4.151</b>	<b>183.959</b>	<b>218.341</b>

### ***Monitoring of the Capital Programme has improved***

The Capital Programme receives full council approval as part of the annual budget report. This is based on the 'State of the County' report in line with the financial regulations. All schemes are formally approved into the capital programme and strategic projects require a business case. The State of the County report guides the prioritisation of schemes with exceptions reported to Cabinet;

The Council's Capital Strategic Asset Board (CSAB) consists of each service department, finance, property and procurement and oversees the development and delivery of the Council's capital programme. Working Groups also report into the Board. 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. The CET and BSD directorates manage significant capital spend.

Re-profiling of the capital programme occurs twice a year and CET has its own capital sub-board; Strategic Capital Board includes all relevant directorates. There are, however, forecasting challenges with programme slippage caused by external influences including national highways and scope creep and some room for improvement in individual project management. Reprofiling does enable realignment of borrowing and funding impacts and this should be undertaken as necessary.

The Council's current Capital Strategy runs from 2024/25 to 2044/45 and was approved as part of RPPR 2023/24. It reflects emerging risks, principles and corporate priorities, and is informed by decisions made as part of the RPPR process. It also links to the Asset Management Plan and other key corporate documents including the Environmental and Climate Action Plans and the Treasury Management Strategy.

### **The debt position is manageable and is continually reviewed but further borrowing is required and further focus on debt recovery is needed in some areas**

The council's debt position compared to income and reserves is healthy when compared to other CIPFA peer authorities. The council's total debt of £200m is held as long term loans in PWLB which limits refinancing risks. The position is reported routinely to members as part of regular treasury management reports but given the risks associated with further borrowing, it may be appropriate to consider the frequency of reporting, linked to more regular revisions to the capital programme.

A review of outstanding debt also forms part of regular reporting to members and this has identified further action needs to be taken through a new project board to address growing Adult Social Care debt which is increasing compared to the previous financial year.

***The council's commercial investment portfolio (property, bonds etc.) and forward strategy, including dependence on commercial income, exposure to debt costs and whether, in CIPFA's view, it is prudent to reduce the council's exposure and over what timeframe.***

### **The council has a limited commercial investment portfolio with very limited income or debt exposure**

The Strategic Asset Plan (2020–2025) outlines the Council's approach to managing its property portfolio effectively, efficiently, and sustainably. A key objective is to maximise financial returns and commercial opportunities through the rationalisation and disposal of land and buildings. In line with this strategy, the Council aims to deliver value for residents and businesses while managing associated risks in a balanced and proportionate way.

As of **31 March 2023**, the Council's commercial property portfolio was valued at **£12.1 million**, generating an annual net income of **£0.3 million** in **2022/23**, which helps support council services.

Additionally, the Council may offer loans and financial guarantees to third parties to support external projects that align with its strategic priorities. Under the **Local Authorities (Capital Finance and Accounting) (England) Regulations 2003**, any loan to an external organisation that would qualify as capital expenditure if incurred by the Council must be treated as such. Therefore, all external loans are subject to the same governance and oversight as other capital expenditures under this Strategy.

The Council does not borrow funds for projects where the primary objective is commercial gain.

***The council has established Treasury Management arrangements but reducing cash balances***

The council has a comprehensive Treasury Management Strategy which is consistent with CIPFA's Code of Practice. This also requires the responsible officer (s151 officer) to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

The council achieved a reasonable return on its investments in 2024/25 with an average rate of 4.96% at the end of quarter 4 but cash balances are diminishing as significantly as the council uses its reserves to cover continuing budget deficits.

The council's external treasury management advisors, MUFG are responsible for supporting the council in its treasury management activities. Internal and external training is offered to members and this was confirmed through our meetings. There were also regular briefings from officers to members that cover the council's investment and borrowing activity.

There may be opportunities, however, to further develop members' understanding and involvement in Treasury Management to ensure there is the right level of oversight from members and newer members might benefit from further training in some areas. This may be pertinent given the current need for further borrowing to fund the capital programme.

***The council's approach to asset management and valuation, the appropriateness of its asset portfolio, and a view on a proposed asset disposal plan set against broader Value for Money considerations.***

***Key findings and analysis***

Significant asset rationalisation has already been achieved with a 40% reduction in the corporate estate footprint. Savings of £1m have been made from estate changes.

The ability to generate significant capital receipts, however, is limited due to the lack of surplus assets. Smaller asset disposals are delegated to the Chief Operating Officer under delegated authority from lead member. The major asset is County Hall which is significant but carries relatively little value and opportunity. County Hall now has two wings that are still empty although this is reduced from 5 empty wings. Decisions on the best use of County Hall have been protracted and have required significant engagement due to complex stakeholder involvement including residents and the national park. Existing planned disposals are factored into the programme but are in the low millions. In the absence of

significant disposal opportunities, it is even more important that the council focuses on potential underutilised land and assets. Members are appropriately engaged through briefings and working groups.

***Whether and to what extent the council is complying with statutory guidance / following best practice with regards its capital programme, wholly / part-owned companies and investments including but not limited to investment guidance, minimum revenue provision guidance and accounting codes.***

#### *Key findings and analysis*

The council is compliant with the CIPFA prudential code in terms of the reporting requirements and prudential indicators including liability benchmarking and borrowing limits and boundaries. The council is also compliant with the CIPFA treasury management code. The MRP Policy for 2024/25 was approved by the council in February 2025.

The council has no plans to make financial investments other than short term cash investments which are invested in line with the requirement of the CIPFA treasury management code.

The council is aware of the changes to the MRP legislation and the implications for any lending to third parties. MRP is charged on an annuity basis which was reflected as a change in this financial year. In applying this policy, the council undertakes an assessment of ability to repay and recognises any adverse charges through a provision to cover any future financial losses. The council is advised to continually monitor any changes to guidance to ensure it is compliant. Advice is received from MUFG as the council's treasury management advisors.

## 2.2 Review Area 3: GOVERNANCE

**An assessment of the council's approach to overall governance / management processes, leadership, operational culture, capacity and capability to reach a view on whether the council is operating in line with the Nolan Principles and in a way to secure continuous improvement.**

### *Key findings and analysis*

*The council is strategic and has established governance arrangements with a clear focus and understanding at leadership level. Decision making processes are understood. Capacity and capability remain an inherent issue and this is more acute than some councils, but it is balanced by continuity and corporate memory. This does, however, bring associated risks with reliance in key longstanding member of staff.*

*The Authority needs to remain focussed on making the necessary tough decisions and it will be important that officers and members maintain their strong relationships, understanding and confidence to support effective decision making as they have to balance ambition and risk with financial sustainability.*

### ***The council thinks strategically and challenges its core role***

There is a view from some that the council has a conservative approach to addressing the challenges it faces and could be more transformational in its thinking but this can be countered to some extent by a realism and sustainable approach to change which instils confidence, a values led focus and discipline. The council assessed its role and key services and developed a 'core offer' framework. This has been articulated further into what residents can reasonably expect from a council with budget constraints. Some key decisions were taken including a review of Libraries which led to closures and then community led provision going forward. Prevention work is constrained including in libraries, education and public health but services are well regarded and hold up well to external inspections and scrutiny.

East Sussex has established and embedded governance arrangements with a clear culture of financial discipline and risk awareness. The RPPR (Reconciling Policy, Performance and Resources) framework is strongly embedded across the council and provides a recognised mechanism for linking decision-making, policy and resources.

Capacity and capability challenges exist, particularly in corporate services such as Finance, Property and IT, where recruitment and retention pressures are compounded by pay differentials with neighbouring and London authorities. Despite this, governance processes are considered to be mature, with members and officers working closely together and demonstrating strong commitment to maintaining financial control increasingly difficult circumstances.

***The adequacy of the council's decision-making processes including presence / absence of clear schemes of delegation, audit and scrutiny arrangements, quality of council papers and whether there is a clear understanding of governance arrangements across all levels of the council.***

### *Established and appropriate governance arrangements are in place*

Decision-making is supported by established constitutional arrangements, with effective use of officer/member forums and regular briefings. There are regular meetings of the statutory officers, the 'golden triangle' (the Chief Executive, S151 Officer and the Monitoring



Officer). Member engagement is described as high quality, with intensive one-to-one and group sessions ensuring councillors are well-informed. There was a view that pre decision consensus what not always maintained when it came to full council decisions and this could affect the ability to deliver the full benefits of a proposed decision and create unintended or unforeseen consequences for the council. The recent decision in respect of closing Adult Day centres was one example that was cited. There was also a view that whilst members were prepared to consider significant changes or reductions in service delivery to meet the financial challenges, some lower value savings options might not be supported but may be equally important to deliver. This should be kept under review.

There were some questions about the independence of scrutiny (noting it is chaired by the administration) and the degree of access to underlying analysis. Others report scrutiny as thorough and independent. These differences reflect a wider tension between the strength of officer-led controls and the desire of some members for deeper political debate and earlier involvement in shaping proposals. This also extended to a potential lack of clarity on the process of public consultation and member duties in considering consultation and its role in decisions. These challenges are not unusual but may warrant consideration or clarification on the scope and expectations of scrutiny.

## **Recommendations**

7. The council should reaffirm the focus of members through scrutiny to ensure appropriate challenge of and support to key financial and service decisions.

## ***Established Audit Committee arrangements***

The Audit Committee regularly review the Council's exposure to strategic risks along with a focus on internal systems and processes. The Chair of the Audit Committee believes it has improved over time and the committee influences and reviews the annual Internal Audit programme. No weaknesses have been reported over the last two years in the Annual internal Audit Opinion and the service provided by Orbis is compliant with the Public Sector Internal Audit Standards. The Chair is also a member of the Scrutiny Committee which ensure an awareness of the scope of each committee's activity and there is an annual report on the activity of the Internal Audit Committee. Planned developments include the appointment of two independent members which may provide an opportunity to consider the committees role and scope further, potentially in the areas of external partnerships and treasury management given the increasing importance and pressures in these areas.

Committee members receive some training but uptake is limited due to availability and competing responsibilities. The Chair has not received any formal training for the Audit Chair role and it may be worth considering some further training and support.

***The presence / absence of a clear, outcome orientated, measurable and performance driven strategic direction for the council and whether this is clearly set out through alignment of the key strategy documents (Corporate / Strategic Plan, Annual Governance Statement and Medium Term Financial Plan). This should include an assessment of the extent to which the strategic direction of the council is present throughout operational implementation***

## ***Key findings and analysis***

The RPPR framework ensures that financial planning and policy priorities are aligned through the Medium Term Financial Plan. The approach is outcome-focused, linking available resources to service priorities in a transparent way. This provides members with clarity on the trade-offs required in a constrained financial environment.

The authority's current outlook stresses the need to balance service delivery with structural financial pressures, with reserves forecast to reduce materially by 2026. This has sharpened the focus on prioritisation and risk management.

***A view on the effectiveness of council leadership including their ability to work effectively together, set and communicate a clear vision and set of priorities for the local area, as well as their ability to lead the delivery of those priorities (as set out in key strategy documents) through the fostering of a cohesive organisation built on cooperation, trust and respect.***

*Key findings and analysis*

Council leadership is widely viewed as effective, with strong officer-member relationships that are mature and constructive. Members are considered to have a good grasp of the financial and service pressures, and there is evidence of mutual respect between officers and members in decision-making.

Leadership has fostered a culture of discipline and control, with vacancy panels and purchase order controls seen as embedding financial grip. At the same time, the leadership acknowledges the need to maintain member engagement and support in the context of challenging service decisions and potential Local Government Reorganisation.

***A view on the working culture and working relationships across all levels of the council including between political and officer leadership, and senior officers and junior staff.***

*Key findings and analysis*

Interviews highlight a culture of openness and respect in interactions between officers and members. Staff are aware of the major challenges and engaged in the RPPR process. The culture is described as disciplined, with recognition of the council's limits in terms of capacity and financial headroom.

***The council's capacity and capability to improve and transform at an operational level (i.e. sufficient expertise, staff etc.) and at a cultural level (i.e. acknowledgement of problems, openness to constructive criticism and change, delivery with local partners, and collaboration with sector support).***

*Key findings and analysis*

***Problems are acknowledged and understood but restricted capacity and pay challenges remain***

Benchmarking shows pay and reward challenges in key roles including Chief Officers and Heads of Service. There is some shared leadership in some service areas with other authorities which increases resilience, but the inherent risks remain. Despite this, retention remains high due to a commitment to the council and the area which was demonstrated through our interactions with the council staff. HR initiatives to attract interns, work with the universities and a strong values based culture. Capacity is a particular challenge in specialist corporate areas such as Finance, Property, Digital/IT and audit. The earlier comments on the maturity of data and systems management in some areas could hinder the councils capability to change service delivery.

The council's finance culture is well-established, stable, and operationally sound, but there is a risk that opportunities for rapid innovation or digital adoption aren't developing with sufficient speed to drive savings and improvements in ways of working and practices.



The council is understandably cautious when it comes to financial risks and business cases are essential for approving any new developments. There are limited plans for other technical investment beyond the Oracle implementation and many developments are driven by services. This may be understandable given the limited reserves and restrictions on funding to support new investments, but it may be appropriate as savings opportunities become more challenging to reassess the risk appetite of the council, as recommended earlier.

Aspirations remain around improved data accessibility and transparency and stronger use of assumptions in forecasting and scenario modelling. This would provide better real-time insight for service leads, but resource and some cultural barriers provide constraints.

A workforce planning toolkit recently launched to help managers assess succession, retirements, and future resourcing and a risk register is in place, reviewed quarterly through DMT and CMT, to inform decisions on vacancies and structures. Compassionate redundancy and workforce reductions have been guided by well-established policies and dashboard reporting on key workforce stats and corporate health indicators are in place. These indicate some signs of stress which might warrant further review, but the governance structures are in place to consider this further.

### ***Close working with partners but there is strain in the system***

The council has a strategic commissioning approach that evaluates outcomes and considers sustainability over a 3 to 4 year horizon. There is some tension between current budget decisions and future unitary ambitions, but the priority is, understandably, deliverability against budget. Partnership working is generally sound, with good operational relationships with NHS and district council although financial contributions from health partners remain limited. Shared services, (Finance, Procurement, Human Resources, Internal Audit, Insurance and IT) provided through Orbis has delivered mixed results.

Historic savings have been delivered which have been important in helping to sustain services but with pending local government reorganisation and divergence in ICT strategies including finance systems, the council is increasingly looking to collaborate with West Sussex and Brighton. Whilst Internal Audit and Insurance provision is seen as positive due to their small, but specialist teams, finance and IT are not considered to be delivering due to the specific organisational needs of the respective councils. The extent of value for money through procurement has also been questioned.

### ***An openness to challenge and engagement***

The council demonstrates an openness to challenge and external engagement, including internal audit assurance and peer review processes, and shows a strong commitment to maintaining financial grip while recognising areas where further insight and capacity need to be developed.

## **Recommendations**

8. The council should address procurement and contract management capacity through a review of the Orbis arrangements, ensuring value for money and stronger in-house oversight.

9. The council should increase its focus on workforce recruitment and retention in key support functions (finance, IT, property), exploring market supplements or targeted career pathways to address competitiveness.

10. The council should develop a refreshed partnership position with the NHS, districts and borough councils to focus on cost-sharing and joint commissioning.



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CIPFA Resilience Review – Response and Action Plan			
CIPFA Recommendation		CMT Response	Timescale
1	The Council should continue its discussions on the potential need for Exceptional Financial Support (EFS) given the reintroduction of external borrowing from 2025 and continued service pressures.	The need for EFS is under constant review through Reconciling Policy, Performance and Resources (RPPR). ESCC will be writing to the Ministry of Housing, Communities and Local Government to request to open formal discussions on an application for EFS.	Nov 2025 – Feb 2026
2	The Council needs to look at what further early action it can take on savings to reduce reliance on reserves.	Further savings proposals and opportunities to bring forward existing savings are being considered as part of the Council's RPPR process.	Nov 2025 – Feb 2026
3	The Council should continually re-assess its risk appetite and triggers for decision making on divestment, business cases and further savings plans.	The Council's approach to risk appetite is set out in the Risk Management Framework and is considered and applied at a level appropriate to the outcome of the service area. Department Management Teams and Corporate Management Team (CMT) will be reviewing the narrative in the Council's departmental and strategic risk registers during 2025/26 to ensure that reference to risk appetite is included. CMT will carefully consider the risk and implications of decisions on partners, client groups, reputation etc. and ensure this is included in business cases and plans.	Ongoing
4	The Council should maintain its focus on the minimum operating model and potentially reassess its core offer to set out sustainable service levels within available resources.	The Council has been clear that recent savings have taken us below the previously defined core offer and consideration will be given to reviewing its offer in light of the ongoing financial challenge.	Summer 2026
5	The Council should strengthen its data and analytics capability in Children's Services, moving away from fragmented systems and spreadsheets towards integrated forecasting tools.	The Council is currently investing in the Children's Services Essential Development Programme - a 4-year IT systems development programme from 2024 - 2028. The programme was designed to tackle the biggest risks in core systems, to help the Council safely respond to rising and more complex demand.	April 2024 to March 2028

6	The Council should consider applying the CIPFA Data Management Model to assess data governance, quality and accessibility in Children's Services.	CMT will consider the benefits of applying this model.	
7	The Council should reaffirm the focus of Members through scrutiny to ensure appropriate challenge of and support for key financial and service decisions.	Place and People Scrutiny Committee Members have been supported to review their work programme priorities, training needs and approach to utilising pre-meetings to develop questioning strategy at awaydays in September and October 2025. Further training and resources will be arranged by support officers in response to Members' identified needs and to share and adopt scrutiny best practice. Officers will continue to articulate the importance and focus of scrutiny's role in the RPPR process in reports to each committee meeting and to the annual RPPR Boards.	Ongoing
8	The Council should address procurement and contract management capacity through the review of the Orbis arrangements, ensuring value for money and stronger in-house oversight over service contracts.	The Orbis Joint Management Board is currently undertaking a review of Orbis shared services, including Procurement, IT&D (Information Technology & Digital) and Internal Audit. These services will each be subject to a detailed review of value for money, accountability and deliverability of outcomes to each partner. Recommendations will be made for the operating model of each service and completed in time for planned local government reorganisation.	March 2026
9	The Council should increase its focus on workforce recruitment and retention exploring market supplements or targeted career pathways to address competitiveness.	The corporate Recruitment and Retention group, established in 2024 with cross-departmental representation, meets regularly to address workforce planning. Departments also maintain local groups for tailored workforce strategies. We actively invest in staff development, having paid the Apprenticeship Levy (~£1m annually since 2017). Our strategy maximises levy use for new apprenticeships and staff training. In April 2025, the Levy transitioned to the Growth and Skills Levy, allowing broader use for shorter courses and upskilling, expected to boost retention.	Ongoing

		<p>We continue to build our employer brand, 'We Choose East Sussex', positioning the Council as an employer of choice. This includes refreshed recruitment materials, career pathways, and supportive workforce policies such as financial wellbeing, occupational health, and absence management services.</p> <p>The Workforce Planning Toolkit launched this year has received positive feedback from managers. We also maintain clear policies on market supplements and recruitment incentives ('golden hellos'), balancing competitiveness with affordability and fairness across pay structures. Regular market assessments ensure we remain competitive, particularly against neighbouring authorities.</p>	
10	<p>The Council should develop a refreshed partnership position with the NHS, district and borough councils to reflect the significant challenge it is facing and the consideration of EFS.</p>	<p>The Council is committed to ongoing engagement with NHS partners, including through the reforms to Integrated Care Boards, and with district and borough councils as we prepare for local government reorganisation. The conversations continue to focus on timely sharing of data and effective use of joint resources such as the Better Care Fund and developer contributions, across the East Sussex footprint.</p>	Ongoing

## 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 £672.5m, of which £288.7m is planned for delivery in the period to 2028/29. The first three years of the programme over the MTFP period to 2028/29 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 £'000	MTFP Period			2029/30 to 2035/36 £'000	Total £'000
			2026/27 £'000	2027/28 £'000	2028/29 £'000		
<b>Approved Capital Programme (State of the County 2025)</b>		<b>102.981</b>	<b>91.542</b>	<b>57.291</b>	<b>48.854</b>	<b>336.354</b>	<b>637.022</b>
Approved Variations	A	4.299	(0.112)	-	-	1.305	<b>5.492</b>
Capital Programme Extension	B	-	-	-	-	29.953	<b>29.953</b>
<b>Total Updates</b>		<b>4.299</b>	<b>(0.112)</b>	<b>-</b>	<b>-</b>	<b>31.258</b>	<b>35.445</b>
<b>Revised Capital Programme</b>		<b>107.280</b>	<b>91.430</b>	<b>57.291</b>	<b>48.854</b>	<b>367.612</b>	<b>672.467</b>
Capital Slippage Risk Factor	C	(18.890)	-	-	2.699	16.191	<b>0.000</b>
<b>Approved Capital Programme (after Capital Slippage Risk Factor)</b>		<b>88.390</b>	<b>91.430</b>	<b>57.291</b>	<b>51.553</b>	<b>383.803</b>	<b>672.467</b>

## Normal Capital Strategy Updates

### A Approved Variations

There is a gross increase to the programme of £5.5m relating to fully funded schemes having a net nil impact on the capital programme borrowing due to the identification of specific funding in accordance with the Capital Strategy, 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: Eastbourne and South Wealden Walking and Cycling Package (ESWWCP) use formula ITB, reduce other ITB £11K	0.000
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: Oracle (transfer of 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
<b>Total Net Nil Approved Variations</b>	<b>5.492</b>

### B 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.

### C Capital Slippage Risk Factor

A capital slippage risk factor was applied to the capital programme from 2025/26 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 £'000	MTFP Period			2029/30 to 2035/36 £'000	Total £'000
			2026/27 £'000	2027/28 £'000	2028/29 £'000		
<b>Gross Expenditure</b>		<b>88.390</b>	<b>91.430</b>	<b>57.291</b>	<b>51.553</b>	<b>383.803</b>	<b>672.467</b>
Specific Funding	D	(24.794)	(18.647)	(12.214)	(1.700)	(7.200)	<b>(64.555)</b>
Specific Developer Contributions	E	(2.571)	(2.305)	(1.674)	(1.127)	(1.275)	<b>(8.952)</b>
<b>Net Expenditure</b>		<b>61.025</b>	<b>70.478</b>	<b>43.403</b>	<b>48.726</b>	<b>375.328</b>	<b>598.960</b>
Formula Grants	F	(36.599)	(29.953)	(29.953)	(30.248)	(213.836)	<b>(340.589)</b>
Capital Receipts	G	(1.288)	(4.910)	(2.198)	(3.592)	(0.832)	<b>(12.820)</b>
Reserves and Revenue Set Aside	H	(4.352)	(1.843)	(0.723)	(1.627)	(11.209)	<b>(19.754)</b>
Capital Reserve	I	-	-	-	-	(4.738)	<b>(4.738)</b>
Developer Contribution Target		-	-	-	(2.515)	(15.086)	<b>(17.601)</b>
<b>Capital Programme Borrowing</b>	<b>J</b>	<b>18.786</b>	<b>33.772</b>	<b>10.529</b>	<b>10.744</b>	<b>129.627</b>	<b>203.458</b>

#### D Specific Funding

The approved programme is supported by £64.6m 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.

#### E 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.

#### F Formula Grants Update

The capital programme is supported by £340.6m 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. 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.

#### G 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.

## **H 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.

## **I 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.

## **J Capital Programme Borrowing**

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 reduced the capital programme by £129.2m over the period 2025/26 to 2027/28, and related borrowing costs by £3.9m per annum. The remaining total borrowing requirement following this review and latest update is £203.4m, of which £73.8m 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.
- 4.2 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.
- 4.3 Treasury Management modelling takes a holistic approach considering a number of variable factors including availability of cash balances and interest rates impacting borrowing costs and return on investments. Therefore, any updates to the MTFP will consider the overall impact on the TM budget.

## **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 was includes the requirement for Local Authorities to produce a Capital Strategy. The Council's current Capital Strategy covers the period 2025/26 to 2045/46 and was approved as part of RPPR 2025/26. 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.

## Annex A – Detailed Capital Programme

Detailed Capital Programme (Gross Expenditure)	Current Year 2025/26 £'000	MTFP Period			2029/30 to 2035/36 £'000	Total £'000
		2026/27 £'000	2027/28 £'000	2028/29 £'0000		
Adult Social Care						
Learning Disability Support Living Scheme	1.829	0.043	-	-	-	1.872
Greenacres	0.140	-	-	-	-	0.140
Adult Social Care Total	1.969	0.043	-	-	-	2.012
Business Services						
Youth Investment Fund	1.745	-	-	-	-	1.745
Hollington Youth Centre	3.037	0.039	-	-	-	3.076
Disability Children's Home	0.014	-	-	-	-	0.014
Westfield Land	0.017	-	-	-	-	0.017
Special Educational Needs Provision	3.673	1.000	1.000	0.500	3.500	9.673
Special Educational Needs Provision - now Acre Wood (Grove Park)	3.350	11.272	1.430	0.000	-	16.052
Schools Basic Need Provision	0.664	0.400	0.460	6.138	54.511	62.173
Capital Building Improvement (Schools)	6.909	5.012	5.012	5.012	35.084	57.029
Capital Building Improvement (Corporate)	4.966	4.000	4.000	4.000	24.000	40.966
IT&Digital Strategy Implementation	5.094	4.281	2.880	3.592	49.750	65.597
IT & Digital Strategy Implementation – Oracle Implementation	7.710	2.622	-	-	-	10.332
IT&D – Utilising Automation	0.024	-	-	-	-	0.024
Business Services Total	37.203	28.626	14.782	19.242	166.845	266.698
Children's Services						
Childrens House Adaptations	-	-	-	-	-	0
Hastings and Rother Skills Capital	0.093	-	-	-	-	0.093
Youth Service Mobile Resource Bus	0.070	-	-	-	-	0.07
Schools Delegated Capital	1.150	1.150	1.150	-	-	3.45
Children's Services Essential System Developments	1.279	0.958	0.774	-	-	3.011
Children's Services Total	2.592	2.108	1.924	-	-	6.624
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	0.022	0.300	0.300	0.300	0.755	1.677
Growing Places Fund Loan Scheme	0.650	-	-	-	6.263	6.913
Community Match Fund	0.451	-	-	-	-	0.451
Community Road Safety Interventions	0.422	-	-	-	-	0.422
Newhaven Port Access Road	0.028	-	-	-	-	0.028
Real Time Passenger Information	0.267	-	-	-	-	0.267
Passenger Services Software	0.005	-	-	-	-	0.005
Bus Service Improvement Plan - Bus Prioritisation	9.877	-	-	-	-	9.877
Bus Service Improvement Plan - Passenger Transport	0.738	-	-	-	-	0.738
Queensway Depot Development	0.001	-	-	-	-	0.001
Queensway Gateway Road	0.470	-	-	-	-	0.470
The Keep	0.212	0.085	0.152	0.628	-	1.077

Other Integrated Transport Schemes	4.14	4.818	3.523	2.941	20.587	<b>36.009</b>
A22 Corridor Package	4.992	-	-	`	-	<b>4.992</b>
A22 North of Hailsham	0.272	-	-	`	-	<b>0.272</b>
Exceat Bridge Replacement	2.587	5.323	9.282	-	-	<b>17.192</b>
Emergency Active Travel Fund - Tranche 2	0.403	-	-	`	-	<b>0.403</b>
Area-wide Traffic Management Scheme - Schools Streets	0.154	-	-	`	-	<b>0.154</b>
Schools Streets	0.061	-	-	-	-	<b>0.061</b>
Eastbourne Liveable Town Centre	0.217	-	-	-	-	<b>0.217</b>
Hastings Town Centre Public Realm and Green Connections	0.824	8.881	-	-	-	<b>9.705</b>
Libraries Basic Need	0.489	0.574	0.449	0.449	0.449	<b>2.410</b>
14A Alders Close Heating	0.188	-	-	-	-	<b>0.188</b>
Highways Structural Maintenance	16.667	21.000	21.000	21.000	147.000	<b>226.667</b>
Safer Roads Fund	0.864	-	-	-	-	<b>0.864</b>
Bridge Assessment and Strengthening	3.480	7.758	1.830	1.885	12.562	<b>27.515</b>
Street Lighting Replacement Programme	2.596	4.974	1.041	1.095	7.695	<b>17.401</b>
Rights of Way Programme	0.810	0.662	0.702	0.744	5.036	<b>7.954</b>
Gypsy and Traveller Site Refurbishment	0.137	0.070	0.070	0.070	0.420	<b>0.767</b>
Visibly Better Roads	0.248	-	-	-	-	<b>0.248</b>
Local Electric Vehicle Infrastructure	0.500	2.320	1.721	-	-	<b>4.541</b>
Flood & Coastal Resilience Innovation Programme	0.840	0.683	-	-	-	<b>1.523</b>
Urban Tree Challenge	0.015	0.015	0.015	-	-	<b>0.045</b>
Climate Emergency Works	0.242	-	-	-	-	<b>0.242</b>
Eastbourne Town Centre Phase 2a	2.290	1.161	-	-	-	<b>3.451</b>
Eastbourne Town Centre Phase 2b	4.328	-	-	-	-	<b>4.328</b>
Eastbourne / South Wealden Walking & Cycling Package	1.903	-	-	-	-	<b>1.903</b>
Hailsham / Polegate / Eastbourne Movement & Access Corridor	0.310	-	-	-	-	<b>0.310</b>
Hastings / Bexhill Movement and Access Package	2.346	1.529	-	-	-	<b>3.875</b>
<b>Communities, Economy and Transport Total</b>	<b>65.516</b>	<b>60.653</b>	<b>40.585</b>	<b>29.612</b>	<b>200.767</b>	<b>397.133</b>
<b>Capital Programme Total</b>	<b>107.280</b>	<b>91.430</b>	<b>57.291</b>	<b>48.854</b>	<b>367.612</b>	<b>672.467</b>