

Medium Term Financial Plan (MTFP) Update

	Ref	Estimate (£m)			
		2026/27	2027/28	2028/29 (LGR)	Total
		Annual	Annual	Annual	Cumulative
Council 11 February 2025 DEFICIT		25.916	18.731	0.000	44.647
CARRY FORWARD OF 2025/26 DEFICIT		11.449			11.449
Total After Carry Forward		37.365	18.731	0.000	56.096
Normal Updates:					
Council Tax	A	(14.231)	(14.322)	(29.436)	(57.989)
Removal of previous Business Rates estimates		103.709	2.195		105.904
NEW Baseline Funding from 2026/27 - Business Rates top up and retained rates	B	(87.614)	(2.009)	(1.808)	(91.431)
CSD Home to School Transport - grant rolled into Revenue Support Grant (RSG) 2025/26		0.992			0.992
Removal of previous estimates for RSG and other consolidated grants	C	76.961	0.089		77.050
NEW RSG and consolidated grants from 2026/27		(96.987)	8.175	8.312	(80.500)
Inflation	D	0.786	(1.591)	18.570	17.765
General Contingency	E	1.010	0.160	0.600	1.770
Pay Awards and National Insurance	F	6.470	0.050	5.745	12.265
Local Government Pension Scheme: revaluation impact	G	(5.957)			(5.957)
Levies and grants	H	0.012	0.021	0.037	0.070
Treasury Management	I	0.594	1.630	3.424	5.648
Pressures added to / (removed from) the MTFP:					
ASC Growth and Demography	J	14.217	3.106	22.479	39.802
CSD Growth and Demography	K	18.146	1.539	6.693	26.378
Orbis Review	L	1.700			1.700
CET Waste Housing Growth	M	(0.225)	0.077	0.405	0.257
CET Waste additional income	N	0.500	(0.500)	0.300	0.300
CET Waste PFI Credits	O		0.125	2.871	2.996
GCS Elections	P		1.500	(1.125)	0.375
Pressures bids approved by CMT	Q	1.234	0.030	(0.166)	1.098
Savings	R	(3.051)	(0.464)	(0.008)	(3.523)
DEFICIT AFTER UPDATES		55.631	18.542	36.893	111.066

Updates:**A Council Tax**

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

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

B Business Rates

Business Rates estimates have now been replaced by new Baseline Funding, allocations of which were announced at the Local Government Provisional Settlement (LGPS) for 2026/27 to 2028/29.

C Revenue Support Grant (RSG) and Consolidated Grants

A number of grants were rolled into RSG for 2025/26 including: Election Integrity Programme New Burdens, Extended Rights for Home to School Transport, Island Funding, Tenant Satisfaction Measures and Transparency Code.

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

D Inflation

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

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

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

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

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

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

E General Contingency

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

F Pay Award and National Insurance

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

G Local Government Pension Scheme: valuation impact

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

H Levies Increase

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

I Treasury Management (TM)

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

TM Updates (£m)	2026/27	2027/28	2028/29	TOTAL
Capital Programme Borrowing	2.159	1.767	0.625	4.550
SEND Deficits	0.968	0.788	1.203	2.960
MTFP Deficit		1.170	1.570	2.740
Other technical updates and debt restructuring	(0.465)	(0.028)	0.027	(0.466)
Total Updates	2.662	3.698	3.424	9.784
Already included in MTFP Feb 2025	(2.068)	(2.068)		(4.136)
Total Movement	0.594	1.630	3.434	5.648

J ASC: Growth and Demography

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

K CSD: Growth and Demography

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

L Orbis Review

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

M CET: Waste Housing Growth

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

N CET: Waste Additional Income

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

O CET: Waste PFI Credits

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

P GCS: Elections

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

Q Pressures Protocol

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

Description	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)	Total (£m)
CET: Highways Streetlighting	0.313			0.313
GOV: Coroners - mortuary services	0.053			0.053
BSD: Payroll - loss of traded Services to Schools (S2S) income due to maintained schools converting to academies	0.070			0.070
BSD: HR - loss of traded S2S income due to maintained schools converting to academies	0.035			0.035
BSD: St Mary's House lease	0.027	0.054		0.081
BSD: Cavendish House Rent and Service Charge	0.056			0.056
BSD: St Mary's House Rates Revaluation	0.058			0.058
BSD: Postal Hub	0.172			0.172
AI-related bids:				
BSD: Power BI Fabric	0.169	(0.022)	(0.088)	0.059
ASC: Formflow	0.140	0.064	(0.078)	0.126
CSD: Magic Notes	0.141	(0.066)		0.075
Subtotal AI-related bids	0.450	(0.024)	(0.166)	0.260
Total Pressures Bids	1.234	0.030	(0.166)	1.098

R Additional Savings

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

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

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
TAXATION & GOVERNMENT FUNDING		(579.615)	(637.602)	(659.059)
Council Tax	(370.172)	(13.551)	(19.089)	(20.342)
Adult Social Care Precept	(29.050)	(7.991)	(8.534)	(9.094)
Business Rates	(102.987)	102.987		
Social Care Grant	(59.640)	59.640		
ASC Market Sustainability and Improvement Grant	(11.312)	11.312		
Children's Social Care Prevention Grant	(1.485)	1.485		
National Insurance Grant		0.000		
Revenue Support Grant	(4.452)	4.452		
New Homes Bonus	(0.517)	0.517		
Revenue Support Grant - new		(94.314)	(18.691)	7.341
Baseline Funding - Business Rates top up and retained rates		(87.614)	(2.009)	(1.808)
Consolidated grants rolled into Core Spending Power		(34.910)	26.866	0.971
TOTAL TAXATION & GOVERNMENT FUNDING	(579.615)	(637.602)	(659.059)	(681.991)
SERVICE PLAN				
Service Expenditure	515.467	548.095	649.881	680.218
Inflation				
Non-pay Inflation	17.011	19.488	17.738	18.547
Allocation of pay award and NI increase to services	1.948	16.953		
Local Government Pension Scheme: revaluation impact		(5.957)		
Adult Social Care & Health				
Better Care Fund - Discharge Funding	5.088			
Discharge Funding - New Burdens	(5.088)			
Growth & Demography	3.917	18.134	7.023	22.479
Transfer Public Health savings grant to Centrally Held Budgets	1.444			
Pressures approved via protocol in previous years	10.350	0.580		
Pressures approved via protocol 2026/27: Formflow		0.140	0.064	(0.078)
Consolidated grants rolled into Core Spending Power		28.846		
Children's Services				
Looked After Children Growth & Demography	0.808	18.111	1.309	3.449
Home to School Transport Growth & Demography	5.908	2.769	2.896	3.244
Looked After Children Placements Covid-related	(0.519)			
Covid Grant Funding for Looked After Children Placements	0.519			
Family Safeguarding	(2.075)	(3.533)		
Net Operational Pressures incl. Careleavers and Locality	0.475	2.929		
Pressures approved via protocol in previous years	5.444	1.940	0.680	
Reprofile of Public Health Investment	0.459	(0.586)		

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
Home to School Transport - grant rolled into RSG 2025/26		0.992		
Pressures approved via protocol 2026/27: Magic Notes		0.141	(0.066)	
Consolidated grants rolled into Core Spending Power		3.364		
Communities, Environment & Transport				
Waste Housing Growth	0.307	0.189	0.419	0.405
Waste PFI Additional Income	1.450	0.400	0.300	0.300
Waste PFI Credits			0.125	2.871
Pressures approved via protocol in previous years	0.445	0.745		
Pressures approved via protocol 2026/27: Streetlighting		0.313		
Consolidated grants rolled into Core Spending Power		0.027		
Business Services				
Pressures approved via protocol in previous years	0.779	(0.064)		
Oracle system support		1.146		
Pressures approved via protocol 26/27: Power BI Fabric		0.169	(0.022)	(0.088)
Pressures approved via protocol 26/27: Payroll S2S income		0.070		
Pressures approved via protocol 26/27: HR S2S income		0.035		
Pressures approved via protocol 26/27: St Marys House lease		0.027	0.054	
Pressures approved via protocol 26/27: St Marys House rates		0.058		
Pressures approved via protocol 26/27: Cavendish House		0.056		
Pressures approved via protocol 26/27: Postal hub		0.172		
Governance Services				
Pressures approved via protocol in previous years	0.148			
Elections		0.409	1.500	(1.125)
Pressures approved via protocol 2026/27: Coroners		0.053		
Savings				
Savings 2024/25	(2.685)			
Savings 2025/26-2027/28 - approved Feb 2025	(13.505)	(3.279)	(1.219)	
Savings 2025/26-2027/28 - additional		(3.051)	(0.464)	(0.008)
NET SERVICE EXPENDITURE	548.095	649.881	680.218	730.214
Corporate Expenditure		42.969	43.352	53.014
Treasury Management	14.780	2.662	3.698	3.424
General Contingency	5.650	1.050	0.300	0.600
Contingency for Potential Pay Award, Recruitment and Retention	12.353	(5.064)	5.605	5.745
Orbis Review		1.700		
Inflation Risk Provision	6.242	(1.098)	0.024	0.023
Pensions	4.874			
Apprenticeship Levy	0.600			

Medium Term Financial Plan	2025/26 Approved Budget £million	2026/27 Estimate £million	2027/28 Estimate £million	2028/29 Estimate (LGR) £million
Movement in Reserves	(1.107)	1.107		
Levies & Grants	1.021	0.026	0.035	0.037
Transfer Public Health savings grant to Centrally Held Budgets	(1.444)			
TOTAL CORPORATE EXPENDITURE	42.969	43.352	53.014	62.843
TOTAL PLANNED EXPENDITURE	591.064	693.233	733.232	793.057
CUMULATIVE DEFICIT/(SURPLUS)	11.449	55.631	74.173	111.066
ANNUAL DEFICIT/(SURPLUS)	(2.895)	44.182	18.542	36.893
One-off use of Financial Management Reserve	14.344			
One-off use of Waste Reserve	(9.449)	9.449		
One-off use of Insurance Reserve	(2.000)	2.000		
ANNUAL DEFICIT/(SURPLUS) AFTER USE OF RESERVES	(0.000)	55.631	18.542	36.893

Annex 2: Consolidated Grants

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