

East Sussex County Council

Auditor's Annual Report
Year ending 31 March 2025

November 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for East Sussex County Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Auditor's powers

Under Section 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. They may also issue

- Statutory Recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR)

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Local

The Council is one of 21 county councils serving a population of 558,400 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council's formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by three scrutiny committees, covering People, Place and Health. The Council has 50 councillors, and the Council is elected every four years. The most recent full election was in May 2021, with changes to the administration brought about by by-elections taking place in 2023 and the introduction of independent members. As a result, the current administration is a minority Conservative administration of 23 elected councillors. In December 2024, the English Devolution White Paper set out the government's vision for a simpler form of local government. This will see reconfiguration of county and district services into one or more new unitary councils. East Sussex, along with Lewes, Eastbourne, Rother, Hastings and Wealden district Councils have developed proposals for a one unitary model for East Sussex. Local elections were due to be held in May 2025 but have been deferred for a year due to local government reorganisation.

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including demand pressures in adult social care, children's social care, SEND and home to school transport. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Future

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	R Significant weakness in arrangements identified in relation to the Council's ability to secure financial sustainability in the medium term.	One risk of significant weakness identified, to follow up prior year findings.	R A continued significant weakness in arrangements for securing financial sustainability was identified and a replacement key recommendation made. We also raise one improvement recommendation.
Governance	A No significant weaknesses identified. One improvement recommendation made to assist the Council in achieving best practice.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified, no new improvement recommendations raised and prior year improvement recommendation addressed and closed.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified. One improvement recommendation made to assist the Council in achieving best practice.	No risks of significant weakness identified.	G No significant weaknesses in arrangements identified, no new improvement recommendations raised, however our improvement recommendation raised in the prior year remains in progress.

G No significant weaknesses or minor improvement recommendations still in progress/unaddressed at year end.

A No significant weaknesses, two or more improvement recommendations.

R Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

We continue to observe a weakness in arrangements to secure financial sustainability at the Council. Service budgets overspent against their 2024/25 budget by £21.9m, mainly due to ongoing pressures in Children's Services and Adult Social Care. Although a reduction on the prior year, forecasts updated for 2025/26 now expect this to increase again to an overspend of £25.8m, in service budgets, by year end, and £14.9m for the Council overall. The Council also continues to identify a medium-term financial gap of £56m by 2027/28. Reserves are not sufficient to support the gap and emerging overspend in total and due to the significance of this matter, we have raised a key recommendation (replacing our prior year key recommendation) which has been accepted by Management. Although the Council's delivery of its savings target has improved since prior year (from 37% to 59%), its savings target for 2025/26 is ambitious at £16.190m – including £13.5m of newly identified savings required to balance the budget. This is significantly higher than actual savings achieved in prior years (£1.063m in 2024/25) and so adds to existing financial pressures and the weakness identified.

In setting its 2025/26 budget and MTFP, the Council has also undertaken a review of discretionary services, back office functions and income generation opportunities to achieve a balanced position. All services were requested to identify savings, Adult Services were able to identify the majority of these, seeking to address a particular area of challenge.



Governance

The Council has refreshed its Risk Management Framework in the year and reviewed the format of its Strategic Risk Register, effectively addressing our prior year improvement recommendation.

Orbis continues to effectively support the Council through its regular Internal Audit updates and reviews. 61 reviews were delivered in year, although some have been deferred to 2025/26 to provide necessary resource to support the implementation of the Oracle System. No significant gaps in assurance have occurred as a result.

Budget setting and monitoring continues to be comprehensive, well-scrutinised and collaborative process at all levels of the organisation, and is a particular strength. The Council has also collaborated, and communicated, well externally with other local district Councils and the public to develop its proposal for Local Government Reorganisation, supported by detailed financial modelling, option appraisal and clear implementation road map.

Executive Summary (continued)



Improving economy, efficiency and effectiveness

The Council continues to effectively monitor non-financial performance alongside financial performance, in a fully integrated manner. This is kept under review with 6 new KPIs added within 2024/25, in order to continue to reflect the dynamic environment the Council operates in. At year end 73% of KPIs are green-rated.

Ofsted and the Care Quality Commission (CQC) undertook an Area SEND inspection of the East Sussex Local Partnership in November 2024, and identified the need to improve across four key themes. The Council worked quickly to develop an Improvement Plan, set up governance arrangements to monitor the plan and immediately start to progress the actions within the Plan.

Contract management arrangements were identified as an area for improvement in the prior year, arrangements continue to be devolved to individual services and lack central oversight. The Council plans to work with Orbis Procurement's Contract & Commercial Assurance Team to develop a strategy to address this, but as this has not yet taken place our prior year recommendation remains open. As part of Local Government Reorganisation, the Council plans to identify all contracts and assign Contract Managers and Senior Responsible Owners. To date the Council have also produced a new Contract Management Framework and Playbook, aligned with the Procurement Act, which will launch in Q3 2025.

The Council successfully implemented Phase 2 of the Oracle Programme, specifically the finance, procurement and recruitment modules, in April 2025. A specific Oracle Subgroup was set up to closely monitor progress and report to the Audit Committee. Positive progress was noted at each update from November 2025, up to the 'go-live' date. The Council expects to take learning from phase 2, to inform phase 3 which sees the implementation of Payroll and Expenses modules, followed by Annual Leave modules at a later date.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility

2024/25 outcome

Opinion on the Financial Statements

Our audit of your financial statements is currently in progress. From our work to date there are no issues which are likely to prevent us issuing an unqualified audit opinion, but note that work is ongoing (we will verbally update the Audit Committee at the meeting on 21 November 2025).

We expect to issue our signed Audit Opinion on completion of the work and after reporting our Audit Findings Report to the Audit Committee meeting on the 13 February 2026.

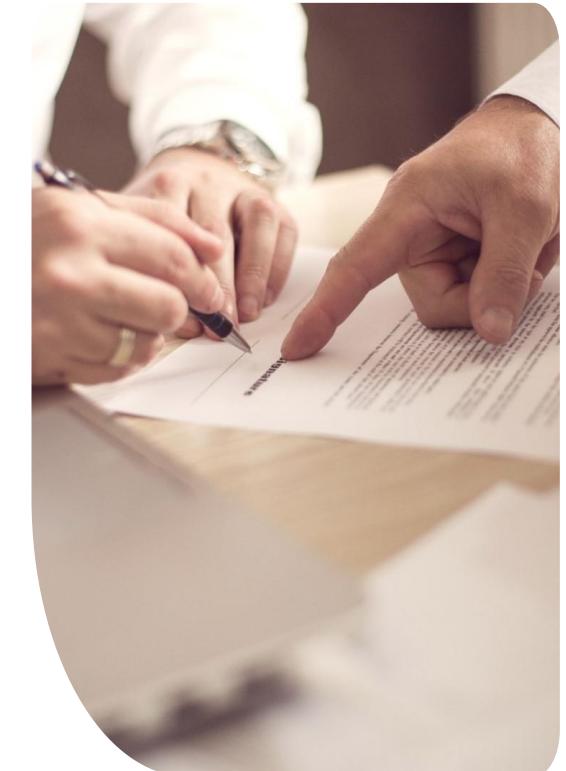
Use of auditor's powers

We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.

We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



03 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendations made or unaddressed from prior year.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>General Fund – Service budgets overspent against their 2024/25 budget by £21.9m, predominantly attributed to ongoing pressures in Children’s Services and Adult Social Care. The Council has taken several steps to manage the position such as introducing strict spending and recruitment controls, reprioritising spend, maintaining preventative approaches where they reduce demand for services and reviewing and reducing the capital programme to minimise the need for borrowing. Although the overspend has reduced compared to that of the prior year the Council does continue to demonstrate a track record of overspending. This continues in 2025/26, where at Q1 the Council is forecasting an overspend of £25.8m by year end, on service budgets, and £14.9m overall. The Council plans to mitigate this with the one-off use of reserves. The Council also continues to identify a medium-term financial gap of £56m by 2027/28. The Council’s level of earmarked reserves, both allocated and unallocated, at the start of 2025/26 is £63m, and therefore is not sufficient to support the Council’s emerging overspend position and medium term gap. Therefore, unless further mitigations are identified the Council’s reserves would be fully depleted before the end of the current Medium Term Financial Plan (MTFP) in 2026/27. We recognised a weakness in arrangements in 2023/24, and that weakness to continue to exist. Further details and the associated Key Recommendation (KR1) are on page 17-19.</p> <p>Dedicated Schools Grant (DSG) – The Council has previously effectively managed the DSG budget, however for the first time in 2024/25 achieved an in-year deficit of £13m against a final allocation of £277m. Due to effective management in prior years, and surpluses built up, on a cumulative basis a breakeven position was achieved. The Council has engaged with the Department for Education to develop a Deficit Management Plan to address further forecast deficits in the medium-term. Given the deterioration in the position, year on year, we believe that reporting and monitoring of DSG could be improved by including in quarterly monitoring to increase transparency and awareness of the pressures. This has now been introduced for 2025/26.</p> <p>Cash - The Council has sound cash management practices, evidenced by relatively stable cash and cash equivalents in the balance sheet since prior year, increasing from £27.5m to £27.9m. Separately, liquid short term investments of £98.4m have reduced by 48%, using this cash to fund the capital programme. This avoids the use of external borrowing and the associated cost of interest payments. Overall, despite reducing short term investments, the Council has 1.45 times more current assets than liabilities, and so is sufficiently liquid at the same time as limiting the impact of borrowing.</p>	R

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	<p>The savings target for 2024/25 was £1.8m, including those carried forward from the prior year. £1.063m of this target was achieved (59%) and the remaining £745k is to be achieved by rolling the schemes forward into 2025/26. In prior years the Council has used temporary funding to replace underachieved savings on a one-year basis, however this mechanism has not been used in 2024/25. The achievement of savings, against target, has improved since prior year when £664k was achieved (37% of the target).</p> <p>Savings plans are developed annually as part of the budget setting process. For 2025/26 the balanced budget position includes new savings proposals of £13.5m, as well as the full year impact of savings delivered in 2024/25 of £2.7m and undelivered savings of £745k from 2024/25. This is a significant increase on both the target and achieved savings in prior years which raises concerns over deliverability of the target, and a factor in the risk to financial sustainability, recognised in our Key Recommendation (KR1). New savings impact on all departments, whereas in 2023/24 and 2024/25 the savings programme was limited to specific areas, Communities, Economy and Transport (CET) and Business Services Department (BED), so as to protect and invest in struggling services such as Children's and Adults Social Care. In the medium-term 55% of the savings programme will come from Adults Services, which is ambitious in an area of demand pressures.</p>	R
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has updated its Council Plan for 2025/26 and introduced this alongside the budget, to evidence alignment between the two. The overarching aims of the Plan are supported by individual objectives and delivery outcomes, translated into Performance Indicators, which are then measured through the Council's integrated Performance Reports. The Council has increased the 2025/26 budget by £55m, compared to prior year. Although the majority of this is attributed to inflation, there is £17m investment in Adult and Children's Social Care. Operations within these services are cross cutting across several priorities and delivery outcomes within the Plan.</p> <p>In setting its 2025/26 budget and MTFP, the Council has also undertaken a review of discretionary services, back office functions and income generation opportunities to achieve a balanced position. All services were requested to identify savings, Adult Services were able to identify the majority of these. Therefore, seeking to address a particular area of financial challenge, for the Council, and nationally. We agree this area of focus is aligned to the Council's objectives as the service is performing below target in the Council's operational performance monitoring. This suggests that current resources are struggling to cope with demand at current levels, impacting service levels and quality. Reducing service provision in this area therefore aligns with the Council's objectives to ensure a quality service is provided.</p> <p>Overall, there is a clear golden thread observed between the Council's strategic aims, non-financial performance targets and the budget.</p>	G

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system

The Council have undertaken a risk review of the Capital Programme during 2024, with the aim of minimising the level of borrowing required to fund the future programme, reducing pressure on the MTFP by an estimated £3.9m of borrowing costs over the period to 2027/28. Therefore, the interdependencies between capital and revenue are clearly understood. These savings have been achieved by removing several schemes from the Programme – 12 schemes totalling £50m over 3 years. No individual service, directorate or objective is impacted by the changes as the nature of the removed schemes is varied. Each scheme is moderate in value and not considered to be large scale. Projects related to key improvements or maintenance required to estate have not been removed in this process. The review was achieved via scrutiny from the Council's Capital and Strategic Asset Board (CSAB), who undertook a RAG review of individual schemes within the Programme to establish the impact of removing or reducing schemes on the ability to meet statutory service requirements, basic need and Council objectives. Review of the Programme has taken place alongside review of the Capital Strategy, Council Plan and budget to ensure all continue to align. For 2024/25 the outturn position on the Capital Programme was net expenditure for the year of £87.0m, against a budget of £106.6m. This represents slippage of £19.6m (18%). Causal factors include challenges in resourcing, planning delays, supply chain issues and other unforeseen events.

The Council continued to have in place a People Strategy 2024-27, a Climate Emergency Plan 2023-2025 and three complementary asset related strategies spanning 2020-25. Annual actions plans continue to be developed to support these and these plans are reflected in the budget and Capital Programme. As expected, a new Climate Emergency Plan has been developed which continues from where the last Plan ended in March 2025, to 2030. We would expect the asset related strategies to also be reviewed in 2025/26 and will review next year.

G

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans

The budget has a sound basis in data, trends, demographics and risk analysis. This is initially achieved via the State of the County report, which refreshes the MTFP in June 2024, and through additional budget planning updates introduced to Cabinet in September and November 2024. In reaching the annual and medium-term position the Council considers several scenarios to ensure that it is satisfied with the reliability of the budget and responds to the inherent uncertainty. These scenarios have been updated for emerging information, throughout the Cabinet reporting, before reaching a neutral scenario, approved in February 2025. Key factors explored in these scenarios were inflation, council tax, savings and social care funding. Ultimately through this process the Council has been able to produce a balanced budget for 2025/26. In reaching this position the Section 151 Officer has confirmed that consideration has been given to unforeseen issues that could arise during the year and ensuring that those risks can be managed. Key risks that have been considered are relevant to sector wide risks, as well as those specific to the Council's circumstances, including social care pressures, Special Educational Needs and Disabilities (SEND), inflation, savings, uncertainties around government funding and environmental/climate factors.

G

Financial sustainability (continued)

Significant weakness identified in relation to financial sustainability

Key Finding: Whilst the Council has taken and continues to take steps to manage its medium-term financial resilience, specifically focussing on making transformative changes within Children's Services, where the most significant pressures exist, there remain unidentified savings or actions to meet funding gaps in the MTFP. The Council's reserves balances are not sufficient to support the Council's current medium term gap and emerging 2025/26 overspend, as well as any further risks identified within the budget.

Evidence: See Table 1 where we have identified each factor causing us to identify a weakness in arrangements in the prior year, and assessed their relevance to 2024/25 and 2025/26 arrangements. Overall, we continue to recognise a weakness in arrangements and reiterate the need for action by the Council via a Key Recommendation. We acknowledge the Council's actions in relation to savings being made in Children's Services, an improvement in the overspend for 2024/25 (compared to prior year) and are aware that the Council have commissioned CIPFA to do a financial resilience review. As such the risk has not increased significantly since the prior year, although it continues to exist, and the Council is actively taking steps to manage the risk. Therefore although a weakness continues to be observed, it has not been escalated above a Key Recommendation. This will be kept under review as part of our 2025/26 work.

Impact: If the Council is not able to effectively manage demand to reduce costs, and deliver all planned savings, reserve levels will reduce to a level putting the medium-term financial sustainability of the Council at risk.

Key recommendation 1

KR1: The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.

Financial sustainability (continued)

Table 1: Assessment of Financial Sustainability

Factor leading to weakness in 2023/24	Arrangements in 2024/25	Contributes to a weakness in 2024/25
Significant overspend against budget	<p>Services achieved an overspend of £21.9m. We would consider overspends in excess of 5% of planned budget to be significant, this is 4.2%. It continues to be predominantly attributed to pressures in Children's Services and Adult Social Care. Although actions taken by the Council in 2024/25 are beginning to generate efficiencies. The newly opened Lansdowne Children's Home has produced a £650k underspend and the Council plans to expand this, an Early Intervention Strategy has been in place all year and is beginning to deliver outcomes (50-80%), the Valuing Care approach from IMPOWER consultancy work has been embedded across all children in the Council's care and has delivered £2.3m of savings to date and the Connected Families Intervention Programme has seen a reduction in Child Protection and Children in Need case numbers, resulting in £8.5m in cost avoidance.</p>	<p>Yes – although we acknowledge the work undertaken in Children's Services which has managed the overspend, compared to prior year</p>
Track record of overspends over multiple years	<p>Services overspend trend is 2022/23 £10.7m, 2023/24 £30.1m, 2024/25 £21.9m and Q1 2025/26 forecast £25.8m. Total Council overspend trend is 2022/23 £1.8m, 2023/24 £10.5m, 2024/25 £7.6m and Q1 2025/26 forecast £14.9m.</p>	<p>Yes – Although a reduction from prior year the Council is yet to demonstrate a consistent downward trend.</p>
A significant increase in the overspend year on year	<p>The services overspend has reduced compared to prior year by £8.2m, a reduction of 27%. Although, as noted above, the current 2025/26 forecast predicts an increase in the overspend for 2025/26.</p>	<p>As above</p>
Unplanned use of reserves to mitigate overspend	<p>The £21.9m services overspend in 2024/25 has been met from the Financial Management Reserve, £14.3m of this was planned within the budget, therefore unplanned usage is £7.6m. The 2025/26 budget requires the use of £11.4m of further reserves to balance the budget, as well as seeking to reduce service levels in some departments, including some non-statutory adult services.</p>	<p>Yes – continued unplanned use of reserves</p>

Financial sustainability (continued)

Table 1: Assessment of Financial Sustainability (continued)

Factor leading to weakness in 2023/24	Arrangements in 2024/25	Contributes to a weakness in 2024/25
Reliance on reserves to produce a balanced budget	Total Strategic, General Fund and Service Reserves at the start of 2025/26 are £63m. As noted, the Council requires the use of £11.4m to balance the 2025/26 budget, has estimated potential risks totalling £34.9m, as well as a medium term budget gap of £56m by 2027/28. The total exceeds the balance of available reserves, therefore if risks and the budget gap were unaddressed reserves would be eradicated before the end of 2026/27.	Yes – use of reserves to balance the budget is likely to divert service specific reserves away from the purpose they have been set aside for.
Budget risks emerging in next financial year	£34.9m of potential risks have been identified in the 2025/26 budget. At Q1 of 2025/26 the Council is forecasting a £25.8m overspend, suggesting risks are beginning to emerge, in addition to those provided for within the balanced budget,	Yes – emerging risks that if unmitigated at year end would be an additional call on reserves
Medium term deficit, limiting ability to replenish reserves	As noted above, the medium term gap, emerging risks and use of reserves in 2025/26 exceeds available reserves.	Yes – reserves not sufficient to support forecast medium term position
Insufficient savings identified to close medium-term gap	For 2025/26 the balanced budget position includes new savings proposals of £13.5m, as well as the full year impact of savings delivered in 2024/25 of £2.7m and £745k of undelivered savings from 2024/25. Therefore the total savings required in 2025/26 is 15 times more than that delivered in 2024/25, a substantial increase. Despite the ambitious savings target, this is not sufficient to close the 2025/26 budget gap and so £11.4m of reserves are still required to meet the balanced budget. Further savings are required to address the medium-term gap of £56m by 2027/28.	Yes – unidentified savings to support MTFP gap

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council has strong arrangements in place to monitor and assess risk and gain assurance over internal controls, including fraud prevention. It maintains a comprehensive Risk Management Framework, this was updated in October 2024 and therefore is suitably up to date. It clearly defines policy, strategy, roles, and processes with regards to risk. The Strategic Risk Register is maintained and reviewed quarterly by the Corporate Management Team (CMT), and reported publicly to Cabinet and Audit Committee, achieving transparency and accountability. The register effectively links risks to strategic objectives and proposes further actions where residual risks remain high. Of the 23 risks within the register, 13 are red-rated. These relate to common sector issues, as opposed to any specific control issues at the Council. Mitigating actions and controls for each of these risks are clearly documented and closely monitored. Our prior year recommendation, raised to encourage the Council to review the format of the Strategic Risk Register to achieve best practice has been effectively responded to and has been closed. See page 37 for further details.</p> <p>Internal Audit, delivered by Orbis, provides assurance across strategic and operational areas, with findings and follow-ups reported to the Audit Committee, quarterly. Internal Audit carried out 61 audits in 2024/25, although some audits were deferred due to the need to reallocate resources to support implementation of the new Oracle system. No critical reviews (based on risk) were deferred and appropriate coverage of risk and operations in the audits undertaken was observed. Deferred audit will be carried out on 2025/26 to ensure no gaps in assurance are experienced by the Council. Internal Audit uses action tracking and follow-up reviews to monitor progress of the Council against their recommendations. Eleven follow-up audits were completed in 2024/25, with all but one showing improved assurance. Internal Audit provided 'substantial assurance' that the Council has an adequate and effective framework of governance, risk management, and internal control for the 2024/25 year.</p> <p>Orbis also operates a proactive Counter Fraud Team, supported by a whistleblowing policy and staff training. Fraud investigations are reported quarterly. In 2024/25, the team investigated 27 allegations, with 7 cases taken forward for full investigation, and 3 still active at year-end. Investigations covered a range of issues including theft, false representation, multiple employment, conflict of interest, and unfair recruitment with timely responses including disciplinary action, prosecutions, and control improvements.</p>	G

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
approaches and carries out its annual budget setting process	<p>The Council's budget setting process continues to be well established, embedded and understood, with few changes from the prior year. The process is known as the Reconciling Policy, Performance and Resources (RPPR) process, and is an integrated business and financial planning cycle. It begins with the State of the County report, which was presented to Cabinet in June 2024 for the 2025/26 planning round. This updates and extends the MTFP, based on the emerging financial position, trend, demographic and financial analysis.</p> <p>In prior years Finance, Members and Departments have then worked collaboratively to build the annual budget, using the State of the County report and the prior year budget as its foundation, reporting a draft budget in January. However, as part of the 2025/26 budget setting process the Council made an active decision to increase the level of reporting to Cabinet, updating the position in both November and September 2024. In addition, more frequent reporting to Corporate Management Team (CMT) on emerging savings, reserves and MTFP position has taken place. These reports are outside of the usual RPPR cycle due to the Council acknowledging that, since the June 2024 State of The County Report and 2024/25 budget, the Council's financial position has deteriorated, therefore providing closer monitoring.</p> <p>The process continues to be collaborative, Council-wide process. As well as well as Finance, Service and Cabinet Members, we continue to observe input from the Scrutiny Committees, partners, young people, Trades Unions, business ratepayers and wider public consultation. Stakeholder engagement is comprehensive.</p>	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Council continues to follow a well-established budget monitoring process, whereby a fully integrated report on financial, non-financial, treasury, capital and risk performance is reviewed monthly by Department Leadership Teams (DLTs) and quarterly by CMT and Cabinet. Narrative on the reasons for financial performance, at directorate level, is comprehensive and clearly articulates the impact of current performance on the year end forecast outturn. We have acknowledged in prior years that due to the integrated nature of the reporting and detailed level of narrative, that Members could become overwhelmed by the information. However, we continue to observe that Member discussion is focussed on the key issues, with time spent discussing key risks such as financial position, and therefore is appropriate engagement. From Quarter 3, the Council revised its reporting in light of these observations, and separate reports (although still integrated) are presented for each department. This revision has strengthened arrangements, making the information easier to digest whilst ensuring transparency is retained.</p>	G

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Council ensures informed decision-making through structured governance, clear documentation, and active oversight. Cabinet papers are detailed and transparent, with decision items clearly marked and supported by financial, risk, and policy considerations for each agenda item. Overview and Scrutiny Committees (People, Place, and Health) engage early in the decision-making process, using access to the Cabinet's Forward Plan and officer support to challenge and shape decisions.</p> <p>The Audit Committee Annual Report found that the Committee was effective in its role during 2024/25, demonstrating good governance, strategic oversight, and consistent challenge. The Committee maintained stable membership, proactively scheduled meetings, and supported the Oracle Subgroup in overseeing a major system implementation. Members received targeted training, enabling informed scrutiny, and the Committee operated with a clear forward work programme.</p> <p>The Council has effectively collaborated with five local district Council's to develop the proposed governance model for "One East Sussex", which proposes to implement the Government's Local Government Reorganisation agenda via a single unitary Council model for East Sussex. There is a shared vision across all six councils, is rooted in the principles of financial sustainability, service integration, and community empowerment. The proposals are supported by public consultation, staff engagement, options appraisal, detailed financial modelling and a clear phased implementation plan. Current decision making at the Council continues to concentrate on the medium term and delivering its 'Best Value Duty' to residents. The business case explicitly seeks to minimise disruption during restructuring, under a Continuing Authority model, that transfers only district and borough staff while retaining the County Council's larger workforce until a new organisation is in place. This approach is designed to streamline the transition and avoid the high costs and risks associated with disaggregating services. Due to the timing of the proposals our work has not focussed on the effectiveness of the model as this has yet to be agreed by Government.</p>	G
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>The Council actively monitors and enforces compliance with legislative and regulatory standards, including ethical behaviour among staff and elected members. The Monitoring Officer and Chief Finance Officer oversee legal compliance, supported by updated policies and mandatory training. The Standards Committee manages member conduct and complaints, while registers of interests, gifts, and hospitality are maintained and audited by Internal Audit. Procurement and commissioning activities follow revised Contract Standing Orders aligned with the Procurement Act 2023, with oversight from statutory officers and the Audit Committee.</p>	G

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>As noted under Financial Sustainability, the Council continues to monitor performance through a fully integrated quarterly report to Cabinet which covers financial, non-financial, treasury, capital and risk performance. From Q3 onwards the reporting has been updated to provide a separate report for each Directorate, strengthening accessibility of the information. Overall, performance monitoring continues to be comprehensive, well integrated into wider performance measures, fit for purpose and well discussed.</p> <p>Reporting is kept under review and strengthened as required, in 2024/25 this has been evidenced by an increase in the number of Key Performance Indicators (KPIs) increasing from 54 at the start of the year, to 60 at year end. The additions made to ensure that reporting continues to reflect the operating environment of the Council. At year end 43 (73%) of KPIs are green-rated and have been achieved, therefore overall operational performance is positive.</p>	G
evaluates the services it provides to assess performance and identify areas for improvement	<p>Ofsted and the Care Quality Commission (CQC) undertook an Area SEND inspection of the East Sussex Local Partnership (ESCC and NHS Sussex Integrated Care Board) in November 2024. The report identified that the partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND) and made recommendations across four themes which the Local Area Partnership must work jointly to improve. The Council welcomed the findings and has taken immediate actions to respond by updating and extending the existing East Sussex SEND Strategy, including an Improvement Plan, to reflect the findings. This now runs until 2026, at which point the Partnership will develop a new Strategy.</p> <p>The Improvement Plan is being monitored through the SEND Strategy Implementation Group (SSIG) which reports directly to the SEND Governance Board. Each of the four areas for improvement are overseen by leads across the Children's Services Department and the Integrated Care Board (ICB), who are responsible for providing an update on the actions to SSIG. The Improvement Plan was finalised in April 2025 and, to date, all actions have been, or are, on track to be completed within the agreed timescales. The Local Authority and ICB met with the DfE and NHS in October 2025 to formally review the progress made.</p>	G

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	<p>The Council works with a wide range of partners across public, private, and voluntary, community and social enterprise sectors. Key public sector partners include NHS organisations, Police, Fire Service, and local district and borough councils. A central partnership register is maintained as part of the corporate Reconciling Policy, Performance and Resources business planning process, while individual departments maintain their own registers for engagement purposes. Engagement is tailored to local needs through a place-based approach. While there is no single overarching protocol for this, formal agreements are in place for individual partners and a joint protocol exists between major partnership bodies. Strategy documents and formal work plans are in place which set out how partnerships will deliver joint objectives, specific examples include the Health and Wellbeing Board's Shared Delivery Plan, which was last reviewed in March 2025, and the Children and Young People's Plan. Performance monitoring of partnerships is embedded into the Council's existing reporting structures, with Cabinet and Scrutiny Committees playing a key role. Key partnership activities are included in quarterly Council Monitoring Reports submitted to Cabinet, as well as regular informal briefings being received. Many Cabinet Members serve as chairs or representatives within partnership bodies providing the opportunity to feedback to the Council.</p>	G
commissions or procures services, assessing whether it is realising the expected benefits	<p>While strategic contracts are recorded and classified in Oracle, contract management remains devolved to individual services, limiting corporate oversight. As part of Local Government Reorganisation, the Council is identifying all contracts and assigning Contract Managers and Senior Responsible Owners. A new Contract Management Framework and Playbook, aligned with the Procurement Act, will launch in Q3 2025. However, as a corporate view of contract performance is not yet in place, our prior year improvement recommendation remains open (see page 38 for further details). The Council has not entered into significant commercial ventures but has focused on improving the value of its two non-core office investments. Any major property transactions require formal Lead Member approval, supported by reports assessing risks and financial implications, ensuring appropriate governance and expert input. For large capital projects, the Council has established monthly departmental monitoring and quarterly corporate reporting, with oversight from the Capital and Strategic Asset Board and sub-boards for key projects. Reports track overspends, slippage, and grant compliance. The Council continues to use the Orbis Procurement Shared Service to flexibly deploy procurement staff, leverages external frameworks and enters into joint contracts, as required, to maximise value.</p>	A

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued)	<p>The Council achieved its planned ‘go-live’ date for completion of phase 2 of the Oracle Implementation Programme in April 2025. The Oracle Implementation Programme was established by the County Council in 2019 to replace the Council’s existing Enterprise Resource Planning (ERP) software, SAP, the vision for Oracle is ‘to implement a suite of back-office systems that best meet the current and future needs of the Council and which provides optimal return on investment’. Phase 2 represents a key milestone, implementing Finance, Procurement and Recruitment modules. The Council intensified its monitoring arrangements for the programme in 2024/25, to reflect the impending implementation date. The Audit Committee, at its meeting in September 2021, approved the establishment of a Subgroup to provide oversight of progress with the Oracle implementation programme, seeking assurance that the programme is performing adequately. The group met monthly from November 2024, and fed back to the Audit Committee at each meeting. In each of the meetings the delivery plan, progress and key risks of the Oracle Programme were discussed. Positive progress towards the ‘go-live’ date was observed at each meeting. Post implementation, users are being supported by a suite of training modules, in application guidance and day to day support from Oracle Business Partners. The Council plan to take forwards learning from the implementation phase, and processes embed, from phase 2 into phase 3 (which will see implementation of Payroll and Expenses modules, with the Annual Leave module at a later phase). The Council effectively planned for the implementation over an extended period, successfully achieving the target implementation date. The ‘amber’ rating of this section, is therefore not attributed to arrangements in relation to this project. We will keep a watching brief as the Programme embeds in 2025/26.</p>	

Pension Fund

The Council is the administering authority for the East Sussex Pension Fund. As part of our VfM work we are required to consider the Council's arrangements in respect of the Pension Fund.

We considered the Pension Fund's:	Commentary on arrangements	Rating
Financial Sustainability: sufficiency of funds to meet liabilities	<p>The Pension Fund is revalued every three years by an independent actuary, to assess future liabilities and set employers' contribution rates. The most recent formal valuation, as at 31 March 2022, assessed the whole Pension Fund as being 123% funded. This is a strong position whereby the Fund is estimated to be able to meet its pension liabilities with its available assets. As of 31 March 2025, a funding update was provided by the fund's actuaries which assessed the Pension Fund as being 123.9% funded. A full valuation will be conducted in 2025, and finalised by March 2026, but based on current early estimates the Fund would continue to be in a similarly strong position.</p>	
Governance: appropriateness of governance arrangements	<p>The Fund's governance arrangements consist of a Pension Committee and Pension Board. The Pension Committee has delegated responsibility to manage the pension fund and is the decision-making body and they support the Pension Board in their role to ensure compliance with LGPS regulations and legislation and to ensure the effective and efficient governance and administration of the Fund. The two have met sufficiently regularly, quarterly, in 2024/25. Standing agenda items and ad hoc reports cover a range of issues in relation to risk, performance and compliance.</p> <p>Although the Fund have 'red-rated' performance of the Administration Team against its KPI target, as the target is set at 100%, the team has achieved a high level of compliance, at between 77.8% to 91.2% achievement in the 2024/25 year. Risks are appropriately mitigated or managed, and this is clearly articulated through the Pension Fund risk register which is presented quarterly at the Pension Committee and Board. In addition, a detailed risk register workshop was undertaken in March 2025, where a full detailed review of the risk register was carried out.</p> <p>The Government published its 'Fit for Future' consultation response in May 2025. This confirmed that Funds should have all their assets under pool management by 31 March 2026. However, two existing pension pools, Brunel and Access, were not accepted by the Pensions Minister as the business cases was not deemed to meet the Government's objectives set out in the consultation. East Sussex, at this stage was a member of the Access pool. The Fund has worked to undertake due diligence work, consider its options of an alternative pool, effectively update members throughout the decision making process and transparently report in the Pension Fund accounts. This has culminated in East Sussex Pension Fund agreeing to join the Border to Coast Pension Partnership Pool in August 2025, ahead of the September 2025 deadline for committing to a pool, and one which meets the Government requirements. The Fund will now work to transfer its assets.</p>	G

Pension Fund (continued)



Strengthening Savings Delivery - We recommended in the prior year that the Council should review the format of the Pension Fund risk register to include a target risk score for each risk, a responsible individual for each risk and information on the impact vs likelihood score for each risk. The register now includes a responsible individual. The risk register has other compensating information which means it is fit for purpose, this includes trend data/direction of travel and score before and after mitigating actions. But the opportunity remains to review the format of the register for further useful information to decision makers

We considered the
Pension Fund's:

Commentary on arrangements

Rating

<p>Improving Economy, Efficiency and Effectiveness: annual report findings</p>	<p>We considered arrangements for implementing some key work streams and the impact on the Fund Administration teams. For 2024/25 these include:</p> <ul style="list-style-type: none"> implementing the McCloud remedy - implementation requires lots of complex calculations so could potentially impact heavily on administration teams. The Pension Committee receive regular Administration Updates which include details of McCloud progress. At the start of 2025/26 data collection for all active employers was complete and uploaded to the test system, however final data validation has unearthed several new issues which were being investigated. Once resolved, the data will be moved into the live system. The Fund considers itself on track to implement the McCloud remedy with underpinning calculations, where the data is loaded into the live system, to be included in the 2025 Annual Benefit Statements. preparing for the Pension Dashboard - The Department for Work and Pensions (DWP) have designed an online platform (Pension Dashboard), public sector schemes are required to be connected by October 2025 per the guidance provided, with a statutory deadline of 31 October 2026. a project plan has been created, with a 2-phase approach drafted and training scheduled. The deadline is made clear in the Administration Updates to members, with further updates planned. Reporting at this stage suggests the Fund is on track to meet the deadline. preparing and maintaining a Funding Strategy Statement - In January 2025 the SAB, CIPFA and MHCLG produced "Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)". The Fund has worked closely with the fund actuary, Barnett Waddingham, to produce a draft Funding Strategy Statement (FSS) which is compliant with this guidance. The draft FSS was presented to the Pension Committee at its meeting on 25th September 2025. Subsequently, the Fund began a consultation period over the autumn, with scheme employers, with a view to having a final version of the FSS approved in the new year at a meeting of the pension committee on 26th February 2026. Once approved the Fund will publish the document on the Fund website. 	<p>G</p>
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04 Summary of Value for Money Recommendations raised in 2024/25

Key recommendations raised in 2024/25

Recommendation	Relates to	Management Actions
<p>KR1</p> <p>The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as a lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.</p>	<p>Financial sustainability</p>	<p>Actions: As part of the Reconciling Policy, Performance and Resources (RPPR) process, all efforts will be made to set a balanced budget, and seek longer term financial stability. Engagement with MHCLG will continue, together with lobbying MPs and through CCN, the LGA and South East 7.</p> <p>Responsible Officer: Chief Finance Officer</p> <p>Due Date: Work underway and due to be completed when the budget is set 10 February 2026.</p>

05 Follow up of previous Key recommendations

Follow up of 2023/24 Key recommendations

Prior Recommendation	Raised	Progress	Current status	Further action
<p>KR1</p> <p>The Council should continue to seek to be financially sustainable in the medium to longer term by continuing to raise the challenges faced in all appropriate forums, including with MHCLG. Savings plans should continue to be developed, to identify savings, via efficiency, and/or changes in services, to ensure the cost profile of the Council is as a lean as it can be, whilst providing the statutory services required. Conversations should continue, on suitable funding for demand led services alongside national local government reform, as being discussed at a national level.</p>	<p>2023/24</p>	<p>Pages 18-19 (Table 1) where we follow up each finding from 2023/24, which led to the recommendation being raised. Overall, this analysis shows that we continue to recognise a weakness in arrangements and reiterate the need for action by the Council via a new Key Recommendation. We acknowledge the Council's actions in relation to savings being made in Children's Services, an improvement in the overspend for 2024/25 (compared to prior year) and are aware that the Council have commissioned CIPFA to do a financial resilience review. As such the risk has not increased significantly since the prior year, although it continues to exist, and the Council is actively taking steps to manage the risk. Therefore, although a weakness continues to be observed, it has not been escalated above a Key Recommendation.</p>	<p>Some limited improvement noted.</p>	<p>Prior year Key Recommendation replaced and superseded by KR1 raised on page 17.</p>

06 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.



A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year

Key performance and risk management information reported to the Executive or full Council

Interviews and discussions with key stakeholders

External review such as by the LGA, CIPFA, or Local Government Ombudsman

Progress with implementing recommendations

Regulatory inspections such as from Ofsted and CQC

Findings from our opinion audit

Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	<p>The Council should review the format of both the Council, and Pension Fund, risk register to ensure that the best practice is achieved in the information it presents to decision makers, notably including a clear link to objectives within the Council Plan, target risk score for each risk, a responsible individual for each risk and information on the impact vs likelihood score for each risk, consistently in the two registers.</p>	2023/24	<p>The Council's updated Risk Management Framework (October 2024) outlines a structured approach that ensures risks are clearly linked to strategic objectives through the business planning cycle. Risks are assessed using a consistent scoring system based on impact and likelihood, with scores categorised into low, medium, or high levels. Each risk is assigned a risk owner, and mitigation strategies are applied and reviewed quarterly. The Council Strategic Risk Register includes all key elements recommended—objective alignment, target risk scores, responsible individuals, and consistent scoring—demonstrating that best practice has been achieved. The Pension Fund register has been updated to include a risk owner, with the opportunity to include additional information still present. We have included this as an 'insight' on page 28 ,as compensating information is included in the register, which ensures it is fit for purpose. This replaces the recommendation.</p>	<p>Recommendation implemented and closed</p>	No
IR2	<p>The Council should seek to strengthen contract management by ensuring arrangements are in place to monitor the performance of individual contracts centrally, to provide a Council-wide picture of performance and take action accordingly.</p>	2023/24	<p>Work to address the recommendation remains in progress. The Council aims to identify all contracts, along with the associated Contract Manager and the Senior Responsible Owner, as part of LGR preparations. The management of contracts is not centralised and remains the responsibility of the individual services to monitor and manage. As this responsibility is devolved to the service, there is currently no corporate view of contract performance. The Council plans to work with Orbis Procurement's Contract & Commercial Assurance team to develop a strategy to address this.</p>	<p>Actions to respond remain in progress</p>	To follow up progress in 2025/26

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
IR3 The Council should consider implementing a longer MTFP horizon (e.g., 5 years) to improve visibility to members and the public on how the impact of the large in year funding deficit currently projected for 2025/26 could be mitigated over multiple years. This could be used to highlight the Council's expectations for the path of funding and cost pressures in key areas such as social care.	2022/23	<p>The MTFP covers 2025/26 to 2027/28 inclusive, this is a 3 year planning horizon, but includes 2025/26 which is the current budget base year. As such the medium term outlook continues to be a 2 year basis. Given the proposed reforms to local government (with 2028/29 – ‘year 4’ of an MTFP – expected to be the first year of the establishment of new unitary authorities), and the first multi-year finance settlement not due until November 2025, The Council do not feel there is merit in extending the planning horizon of the MTFP for 2025/26 budget setting. The Council will review this following the government’s spending review during 2025 and decisions relating to local reforms. Therefore this recommendation remains open and is unaddressed.</p> <p>We do note that reserves, are planned for on a longer basis, until the end of 2028/29, and therefore reflect the expected medium term horizon. This demonstrates that the Council have the underlying information for the time frame but present a more limited picture to Members due to the inherent uncertainty. As reserves are a key measure of financial sustainability this medium term analysis goes some way to provide the required assurances to Members and so does not present a weakness in arrangements.</p>	Actions to respond remain in progress	To follow up progress in 2025/26



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