

Title: Council Monitoring Report – Q3 2025/26
Report to: Cabinet
Date: 10 March 2026
Report by: Chief Executive
Purpose: To report Council monitoring for Q3 2025/26

RECOMMENDATIONS

Cabinet is recommended to:

- 1) note the latest monitoring position for the Council**
 - 2) approve the proposed amendment to the performance measure set out in paragraph 2.1**
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1. Introduction

1.1 This report sets out the Council's position and year-end projections for the Council Plan targets, Revenue Budget, Capital Programme, and Savings Plan, together with Risks at the end of December 2025.

1.2 Broad progress against the Council's four strategic priority outcomes is summarised in paragraph 4 and an overview of finance and performance data is provided in the Corporate Summary at Appendix 1. Strategic risks are reported at Appendix 8.

2. Council Plan 2025/26 amendments and strategic risks

2.1 The target for one performance measure in Communities, Economy and Transport (CET) (Appendix 6) is recommended for amendment:

- East Sussex Careers Hub – a) support schools to achieve an average of 5 national benchmarks b) 215 Industry Champions support schools and colleges in the county

The Government has implemented significant changes to how the Gatsby benchmarks used to assess careers provision in schools are assessed and reported. These changes came into effect in September 2025. As a result, it is recommended that the element of the 2025/26 target relating to the benchmarks is deleted.

2.2 The Strategic Risk Register, Appendix 8, was reviewed and updated to reflect the Council's risk profile. Risk 5 (RPPR), Risk 15 (Climate), Risk 4 (Health), and Risk 23 (Local Government Reorganisation and Devolution) have updated risk definitions and updated risk controls. Risk 12 (Cyber Attack), Risk 22 (Oracle), Risk 9 (Workforce), Risk 6 (Local Economic Growth), and Risk 21 (Care Act Reviews) have updated risk controls.

3. Budget Outturn

3.1 The detailed revenue projections for each department are set out in the relevant appendices which show a projected overspend of £22.8m by 31 March 2026 (£24.1m at quarter 2).

3.2 The main headlines are:

- Children's Services (CSD) is forecasting a £13.5m overspend for 2025/26 (£14.9m at quarter 2). Whilst the forecast has reduced since quarter 2, the main financial pressure continues to come from the statutory demand-driven areas of Children we Care For, child protection, and Home to School Transport (HTST). There has been a slight improvement in the forecast for Children we Care For, achieved through a focus on commissioning activity and contract negotiations, and strengthened oversight, meaning that providers are held to account for cost, quality and outcomes. Mitigation measures include family support programmes, reunification work, strengthened market management, and increased health funding. The HTST forecast has improved on the previous quarter due to a reduction in the numbers of solo journeys for pupils with Special Educational Needs and Disability (SEND), increased route optimisation, and additional Dedicated School Grant income for eligible SEND pupils requiring transport.

Not included in the revenue budget projections due to the statutory accounting override, the Dedicated Schools Grant High Needs Block deficit is projected to be £20.1m by the end of 2025/26. Demand for special school placements is rising, but local maintained schools are at capacity, forcing reliance on Independent and Non-Maintained Special Schools at significantly higher costs. Additionally, bespoke out-of-school provisions requested by parents further increase expenditure, with limited mechanisms to control these costs.

- The forecast overspend for Adult Social Care is £9.0m (no change from quarter 2) which largely relates to the Independent Sector. This is due to an increase in demand and more people being supported, however it should be noted that support is being provided at a lower average cost than previous years, because the service is managing the market, being prudent with packages of support and reviewing more people.
- Communities, Economy and Transport is showing a forecast overspend of £0.3m (underspend of £0.2m at quarter 2). The largest overspend is in Highways, which reflects the higher than expected cost of damage to the highway primarily due to accidents and oil and fuel spills. In addition, in the absence of additional Council funding for highway maintenance the weather is taking its toll on road conditions, resulting in additional costs arising from larger pothole repairs, additional jet patching, temporary repairs and emergency defects, on top of increased electricity costs for street lighting and contract inflation as reported at quarter 2.

3.3 Within Centrally Held Budgets (CHB), including Treasury Management (TM), and corporate funding there is a forecast underspend of £9.8m (£10.7m at quarter 2), which includes the general contingency:

- There is currently an estimated £1.0m underspend on TM, based on a reduced in-year capital borrowing requirement and greater than anticipated returns on investments. It should be noted that there has been a fall in cash investment balances; whilst above benchmark returns are being achieved, the level of balances has fallen by 50% in one year to £57.1m at the end of December 2025.
- Within CHB the forecast underspend of £8.8m is due to the General Contingency of £5.7m, £1.5m available from not transferring a contribution to the Capital Programme and £3.3m unused provision for budgetary risk, offset by £1.6m debt impairment and other smaller variances.
- Corporate Funding budgets are underspending by £1.1m (no change from quarter 2), due to the additional allocations of Social Care-related grant and New Homes Bonus, plus an increase of forecast Business Rates income offset by a reduction in forecast Council Tax income.

3.4 The net impact of the above is an unplanned draw from reserves of £11.8m in 2025/26. This is in addition to the planned £11.4m draw to present a balanced position in setting the 2025/26 budget. Use of the Capital Reserve has the potential to increase the requirement to borrow, leading into increased costs in the future; use of Collection Fund surplus and Insurance and Local Government Reorganisation Reserves will likely hinder the Council's management of future risk and transformation. To address the projected in-year overspend and reduce the required draw from reserves, the Council continues with several actions introduced last year, including:

- Additional controls on spending, including the requirement for purchase orders above £1,000 to be supported by a business case and approved by a reviewing board.
- An updated recruitment protocol, including Corporate Management Team approval of non-core role recruitment.

3.5 The total savings identified to be delivered in 2025/26, including slippage from previous years, are £14.3m. Departments are reporting that £12.3m will be able to be delivered in 2025/26, with £2.0m slipping to future years, and £0.2m not being able to be achieved but being replaced by other permanent savings. The impact of the slippage has been reflected in the revenue monitoring position. The departmental appendices provide more detail.

3.6 The Capital Programme net expenditure for the year is projected to be £92.768m against a planned programme budget of £92.669m. A slippage risk factor has been applied to the capital programme budget to reflect likely slippage based on a risk assessment of historic levels of actual expenditure and slippage at a project / programme level. The risk factor will be 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. The net budget after applying this risk factor is £90.493m. The Capital Programme is currently forecasting a net variation of £2.275m additional expenditure, with the key contributing factors outlined below.

3.7 The Capital Programme is forecasting £5.595m of slippage against the planned programme (a net of £3.419m when adjusted for the slippage risk factor factored into the budget), mainly due to weather-related delays, resource constraints, and project complexities across several departments. The BSD department reports the largest slippage, particularly at Acre Wood School and Hollington Youth Centre, while CET faces delays on projects including Exceat Bridge, the Emergency Active Travel Fund, and Community Match schemes. Smaller delays are also reported in Children's Services and Adult Social Care, largely due to complex project requirements and construction delays.

3.8 The programme is reporting £0.726m of spend in advance. The majority comes from the CET programme, mainly due to resumed works on the Eastbourne Town Centre Phase 2a scheme, which faced earlier delays and unexpected issues such as a sinkhole and an asbestos pipe.

3.9 The programme is reporting a £5.180m overspend, driven mainly by the Queensway Gateway Road, where redesign requirements, unexpected issues (including utility diversions and poor ground conditions), and a decade of construction inflation have significantly increased costs.

3.10 A £0.212m underspend is forecast within the Capital Programme relating to The Keep in CET. Costs originally planned as capital for equipment replacement have been classified as revenue due to the nature and value of the works.

4. Progress against Council Priorities

Driving sustainable economic growth

4.1 The Council has spent £416m with 1,280 local suppliers over the past 12 months. This equates to 62% of our total procurement spend, which is above our target of 60%. The Procurement team continues to promote our contract opportunities to local suppliers, as well as building local supply chain opportunities into our tenders where possible. 5 contracts, with a value of £13.2m, were agreed in quarter 3 and as part of these we secured £1.7m in social value commitments. This equates to 13% of the contract value, and will include apprenticeship opportunities, work experience for local students, supporting habitat restoration and tree planting with local schools (Appendix 4).

4.2 Work on our highways has continued, with 4,828 potholes repaired in quarter 3, 3,531 of these were carriageway potholes and the remainder primarily footway potholes. We completed 2 road improvement schemes to improve the condition of the roads (Appendix 6).

4.3 There were several achievements relating to adult skills in quarter 3. The Construction Task Group worked with East Sussex College Group to launch a new roofing apprenticeship. The Health and Social Care Task Group, alongside the University of Brighton and Pharmacy Teams launched the Boosting Skills Pathway project, to promote careers in pharmacy. 12 Bootcamps were delivered with 178 participants. The Bootcamps helped people increase their skills in areas such as digital, horticulture, leadership and health and social care (Appendix 6).

4.4 158 businesses in East Sussex were supported through business support programmes during quarter 3. 156 of these were supported through the Growth Hub and 2 through Rural Business Grants (Appendix 6).

4.5 The percentage of 3 and 4-year-olds taking up some or all their free education has decreased slightly and at 93.3% is just above the national average of 93.1%. This is partly driven by the fact that there are fewer Early Years places available for this age group this year. A low

birth year moving through the system also makes the figures more volatile. However, despite these challenges we have seen an increase in the percentage of 3- and 4-year-old children in working families, taking up some or all their free education. (Appendix 5).

4.6 Final data for the average Attainment 8 score for pupils at state-funded schools in academic year 2024/25 shows that the average Attainment 8 score in East Sussex was 43.1 compared to a national average of 46.0. This is below our target of 44.0. The average Attainment 8 score for disadvantaged pupils in East Sussex was 30.3 compared to the national average of 34.9. This is just below our target of 30.5. There have been improvements in Key Stage 4 performance this year, but further improvement is needed particularly in some of our coastal academies which account for a high proportion of the secondary pupils in the county. A number of actions are in place to improve attainment for the 2025/26 academic year (Appendix 5).

4.7 The final validated results for the percentage of children achieving a good level of development at the Early Years Foundation Stage were published by the Department for Education in quarter 3. The East Sussex result was 70.4% compared to a national figure of 68.3%. There is an increased gap between the East Sussex and national figure when compared to the 2024/25 outcome (Appendix 5).

Keeping vulnerable people safe

4.8 The number of children with a Child Protection Plan has increased to 571 at the end of quarter 3, up from 532 at the end of quarter 2. The increase is attributable to a high level of referrals during quarter 3, with 367 Family Assessments started in October alone. The number of Looked After Children (Children We Care For) also increased, to 704 at the end of quarter 3, up from 689 at the end of quarter 2. There has been an increase in the number of care proceedings, emergency orders and children accommodated under Section 20 of the Children Act, while the number of discharges from care has decreased (Appendix 5).

4.9 Three of the Council's Residential Children's Homes were inspected in quarter 3. Brodrick House was inspected in October 2025 and received an 'Outstanding' judgement. Hazel Lodge was inspected in October 2025 and Homefield Cottage in November 2025; both homes were found to be 'Good' (Appendix 5).

4.10 We continue to commission and provide services to support adults and older people across the county. There is a greater complexity of need amongst people accessing support, along with an ongoing increase in demand for our services. There has been a 6.3% increase in the number of people receiving residential and nursing care, and a 4.4% increase in the number receiving Long Term Support in a community setting at the end of quarter 3 2025/26, compared to the end of quarter 3 2024/25. There has also been an 8.1% increase in contacts handled by Health and Social Care Connect, and 8.0% increase in the number of assessments completed, and a 35.8% increase in Mental Capacity Assessments completed between April to December 2025, compared to the same period in 2024 (Appendix 3).

4.11 Trading Standards made 51 interventions during quarter 3 to protect vulnerable people who had been the target of rogue trading or financial abuse. The team have investigated and worked alongside Sussex Police on scam interventions which involved over £1.5m of financial risk to the vulnerable people involved, with one scam alone involving £1.2m. 72 businesses received training or advice from Trading Standards during quarter 3 (Appendix 6).

Helping people help themselves

4.12 There continues to be challenges around the timeliness of issuing new Education, Health and Care Plans caused by late statutory advice from partners and increasingly high demand. Late statutory advice from partners and increasingly high demand has reduced the number of plans that can be issued on time. However, backlogs have started to reduce in quarter 3. The cumulative performance for quarters 1 to 3 is that 32.2% of plans, including exception cases, and 33.5%, excluding exception cases, were issued within the 20-week statutory timescale, significantly below last year's figures which were over 72% (Appendix 5).

4.13 The Council runs courses aimed at giving children and adults the skills they need for riding their bikes on the road. We delivered 92 Bikeability courses to 579 individuals in quarter 3. 74 'Wheels for All' sessions were also delivered to 1,561 attendees. A number of Bikeability sessions were cancelled in December due to the wet weather, with schools aiming to rebook these sessions in the summer, which will make it more challenging to achieve the target of delivering courses to 4,000 individuals this year. Further level 2, balance bike and immersive training sessions are planned for quarter 4 (Appendix 6).

4.14 Alongside the East Sussex Healthcare NHS Trust, we have established a Regional East Sussex Pulmonary Service smoking cessation pathway, to provide patients with 2 weeks of Nicotine Replacement Therapy and an onward referral to One You East Sussex. We ran a Stoptober campaign in October 2025, which saw 289 people set a quit date through One You East Sussex, compared to a normal monthly average of 218. We have also launched an AI Quit Coach which provides residents with 24/7 smoking cessation support in any language (Appendix 3).

4.15 The Stronger for Life in Hospital scheme, which is funded by Public Health and managed with the ASC Partnership Team, at the Bexhill Irvine Unit won the President's Award at the Community Hospitals Association Innovation and Best Practice Awards during quarter 3. The scheme, which was supported by strong collaboration between the Council, Active Rother, Active Sussex and East Sussex Healthcare Trust, supports hospital patients, particularly those recovering from strokes, to maintain and regain physical conditioning both during their stay and after discharge. The sessions are now being livestreamed to other hospital departments (Appendix 3).

4.16 During quarter 2 (reported a quarter in arrears) 239 people attended at least 2 sessions as part of a One You East Sussex weight management intervention. Of these 239 people, 52 (22.2%) achieved at least 5% weight loss, against a target of 25.0% for the year. The service continues to monitor weight loss outcomes across its range of programmes and implement relevant actions to maximise ongoing engagement and retention, which should subsequently positively impact on weight loss outcomes (Appendix 3).

4.17 Public Health played a key role in a local authority consortium, led by Lewes District Council, that secured an additional £880,000 in quarter 3 for delivery of the Warm Home Local Grant in 2025/26. This funding is on top of the £3.9m originally awarded for 2025-2028 and doubles the amount for delivery in the first year of the scheme (Appendix 3).

Making best use of resources now and for the future

4.18 Throughout quarter 3 the Leader, Group Leaders and Chief Executive continued to raise issues and priorities for the county with our local MPs, focused on the stark financial position of the Council. In letters and individual meetings, MPs have been kept regularly updated on financial planning for 2026/27, and the negative impact that the outcome of the Fair Funding Review 2.0 has on the Council's funding, resulting in the Council needing to request Exceptional Financial Support from Government. Lobbying has highlighted the acute need for services in the county due to the older than average population, the nature of the county's economy, and the level of deprivation in parts of the county which are unlike those seen in the wider South East. In doing so, the Council has received the support of MPs in impressing on Ministers the severity of the Council's financial position and the Council's urgent need for additional funding. (Appendix 7).

4.19 The Council has continued to work with a range of partners to develop and deliver carbon reduction and climate change adaptation work in quarter 3. We completed 6 energy efficiency schemes which included roof insulation being installed at 4 properties, 1 window replacement programme, and solar panels being installed (Appendix 4). We also published the corporate climate emergency progress report for 2024/25. Work was undertaken in quarter 3 to establish the potential to lease a closed landfill site to a third party for development as a solar farm (Appendix 6).

4.20 The sickness absence figure for the whole authority (excluding schools), for quarters 1 to 3, is 7.10 days lost per Full Time Equivalent (FTE) role, an increase of 3.2% when compared to the

same period in 2024/25. The year end estimate for 2025/26 (based on nine month's data) is 9.51 days per FTE, so the target of 9.10 days per FTE is predicted to be missed. Absence levels have increased sharply in quarter 3, with the main reasons being absences for flu-like symptoms, coughs and colds, and a further rise in stress-related absence. Our wellbeing programme is offering targeted workshops and expanding the Mental Health First Aiders network to help support staff. We are also exploring how to use the new occupational health provider to offer a workshop to support staff through organisational change (Appendix 4).

4.21 The Council continued work to ensure its office hubs are used efficiently during quarter 3, with purchasers identified to acquire Sandbanks in Hailsham, and the former swimming pool adjacent to the old Freda Gardham School in Rye. Sales were also concluded for 3 premises at Hye House Crowhurst. New lettings and lease renewals were also agreed at Pacific House in Eastbourne (Appendix 4).

4.22 Alongside our local partners we have worked to ensure that we will be best placed to secure the maximum possible benefits for our residents from the Government's reforms to the structure of local government. We submitted our response to the Ministry of Housing, Communities and Local Government's consultation on the different models for unitary government put forward for the Sussex area during quarter 3, reiterating the strong case for the One East Sussex model. We also encouraged local people and organisations to respond. We have worked with our partners during quarter 3 to support the creation of the Sussex and Brighton Mayoral County Combined Authority. Together with partners we are working to ensure that the new authority remains in the best possible position to access funding and use its devolved powers to address challenges faced by residents and businesses across Sussex (Appendix 7).

Becky Shaw, Chief Executive

How to read this report

This report integrates monitoring for finance, performance and risk. Contents are as follows:

- Cover report (includes how to read this report)
- Appendix 1 Corporate Summary
- Appendix 2 Treasury Management Prudential Indicators
- Appendix 3 Adult Social Care and Health – (ASCH)
- Appendix 4 Business Services (Department) – (BSD)
- Appendix 5 Children’s Services (Department) – (CSD)
- Appendix 6 Communities, Economy and Transport – (CET)
- Appendix 7 Governance Services – (GS)
- Appendix 8 Strategic Risk Register

Cover report, Appendix 1 and Appendix 2

The cover report, Appendix 1 and Appendix 2 provide a concise corporate summary of progress against all our Council Plan Targets (full year outturns at quarter 4), Revenue Budget, Savings Targets, Capital Programme and Treasury Management Prudential Indicators.

The cover report highlights a selection of key topics from the departmental appendices, for the four Council priorities:

- driving sustainable economic growth;
- keeping vulnerable people safe;
- helping people help themselves; and
- making best use of resources now and for the future.

More information on each of these topics is provided in the relevant departmental appendix referenced in brackets, e.g. (Appendix 3). More detailed performance and finance data is also available in the departmental appendices.

Departmental Appendices 3-7

The departmental appendices provide a single commentary covering issues and progress against key topics for the department (including all those mentioned in the cover report). This is followed by data tables showing progress against Council Plan Targets, Savings Targets, Revenue Budget, and Capital Programme for the department.

For each topic, the commentary references supporting data in the tables at the end of the appendix, e.g. **(ref i)**. The tables include this reference in the ‘note ref’ column on the right hand side. Where the commentary refers to the Revenue Budget or Capital Programme, it may refer to all or part of the amount that is referenced in the table, or it may refer to several amounts added together. Performance exceptions follow these rules:

Quarter 1	All targets not expected to be achieved at year end i.e. not RAG rated Green, and any proposed amendments or deletions. Changes to targets early in Q1 should be made under delegated authority for the Council Plan refresh in June.
Quarter 2	Targets that have changed RAG rating since Q1 including changes to Green (except where target was amended at Q1), plus proposed amendments or deletions.
Quarter 3	Targets that have changed RAG rating since Q2 including changes to Green (except where target was amended at Q2), plus proposed amendments or deletions.
Quarter 4	Targets that have changed RAG rating since Q3 to Red or Green (except where target was amended at Q3). Outturns that are not available are reported as Carry Overs. All target outturns for the full year are reported in the year end summary at Appendix 1.

Strategic Risk Register Appendix 8

Appendix 8 contains commentary explaining mitigating actions for all Strategic Risks.