

Title: Council Monitoring Report – Q3 2024/25
Report to: Cabinet
Date: 04 March 2025
Report by: Chief Executive
Purpose: To report Council monitoring for Q3 2024/25

RECOMMENDATIONS

Cabinet is recommended to note the latest monitoring position for the Council.

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 2024.

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 2024/25 amendments and variations

2.1 There are no proposed amendments or variations to Council Plan performance measures or targets; the Corporate Summary (Appendix 1) contains a forecast of performance against targets.

2.2 The Strategic Risk Register, Appendix 8, was reviewed and updated to reflect the Council's risk profile. Risk 5 (RPPR) has an updated risk definition and risk control. Risk 4 (Heath), Risk 6 (Local Economic Growth), Risk 9 (Workforce), Risk 15 (Climate), Risk 20 (Placements for Children) and Risk 22 (Oracle) 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 an aggregate total overspend of £24.8m (£24.2m at quarter 2). The main headlines are:

- Children's Services is forecast to overspend by £15.4m (£13.9m at quarter 2); the main areas of projected overspend being Early Help and Social Care and Home to School Transport. The Early Help and Social Care overspend of £13.1m (£10.3m at quarter 2) is due in the main to pressures around agency placements and Children's Homes within Looked After Children (LAC), and staffing costs within Localities: the largest movement being in LAC agency placements.

Home to School Transport has a forecast overspend of £4.2m (£4.3m at quarter 2) due to growth in numbers of pupils and unit costs for transport that have far outstripped what was estimated during the budget setting process. The forecast has improved since quarter 2 through initiatives to reduce the number of solo (taxi) transport contracts.

- The forecast overspend for Adult Social Care is £9.9m (£10.0m at quarter 2) which largely relates to the Independent Sector, where the overspend is forecast to be £11.7m. This is due to a combination of factors, primarily being increasing complexity of need and pressures arising from demand and demographic growth returning to pre-pandemic levels; challenges that are echoed nationally. Mitigations to reduce the overspend include improving income collection and reviewing high-cost packages to ensure care is at the appropriate level for clients. There is a forecast underspend in Directly Provided Services of £2.6m due to staffing vacancies which reflects the difficulties in recruitment.

- There is a forecast overspend of £0.4m (£0.8m at quarter 2) for Business Services, mainly in Property Services as a result of increased accommodation and reactive maintenance costs.
- Communities, Economy and Transport is showing a forecast underspend of £0.9m (£0.6m at quarter 2). The main underspend is in Waste in Transport and Operational Services where higher than budgeted recycling income and lower Private Finance Initiative contract prices due to lower inflation, is partly offset by reduced electricity income. The largest overspend is in Highways where the cost of electricity for streetlighting and depots is much higher than budgeted.

3.2 Within Centrally Held Budgets (CHB), including Treasury Management (TM), and corporate funding there is an underspend of £13.0m (£13.6m at quarter 2), which includes the general contingency:

- There is currently an estimated £1.6m underspend on TM (no change from quarter 2), based on a robust investment strategy approach and slippage on the capital programme reducing the need to borrow in 2024/25. It should be noted that there has been a fall in cash investment balances; the level of balances has fallen by 54% in one year to £114.2m at the end of quarter 3 2024/25.
- Within CHB the forecast underspend is now £7.1m; a reduction of £0.7m from quarter 2 due to an increase in the estimated debt impairment for the year. The underspend is mainly due to the General Contingency of £5.3m and £1.3m available from not transferring this contribution to the Capital Programme.
- Corporate Funding budgets are underspending by £5.9m (no change from quarter 2), due to the additional allocations of Social Care Services Grants totalling £5.4m, approved by Cabinet on 25 June 2024, plus an additional £0.5m received for business rates 2023/24 pooling and reliefs.

3.3 The net impact of the above is an unplanned draw from the financial management reserve of £11.8m in 2024/25 (£10.5m at quarter 2). This is in addition to the planned £14.3m draw to present a balanced position in setting the 2024/25 budget. The Council's projected level of strategic reserves was last assessed to be £6.2m as of March 2029, including the forecast unplanned draw of £10.5m at quarter 2. Making this additional draw would reduce this to £4.9m. Any reduction in unallocated reserves reduces the flexibility available in dealing with the challenge of addressing next year's projected deficit and setting a balanced budget, without having to seek further savings. In this context, to address the projected in-year overspend and reduce the required draw from reserves, the Council continues to take a number of actions to reduce spending in 2024/25, 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 CMT approval of non-core role recruitment.
- Reviewing proposed savings for 2025/26 to identify whether actions can be brought forward into 2024/25.
- Asking departments to identify any further actions to reduce in-year spend across all budgets.

3.4 Capital Programme net expenditure for the year is projected to be £91.3m against a budget of £104.7m. A slippage risk factor has been applied to the capital programme 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 forecast expenditure after applying this risk factor is £84.6m.

- The programme is forecasting total slippage of £13.7m across several projects, relating to various project specific factors. The largest areas of slippage include: Exceat Bridge

Replacement (£2.438m); Eastbourne Town Centre Phase 2b (£1.316m); IT & Digital Strategy (£1.141m) and IT & Digital Strategy Oracle (£2.275m).

- The programme is projecting spend-in-advance of £0.4m, mainly relating to: Children's Services Essential System Development (£0.134m); and the Bus Service Improvement Plan (£0.214m).

4 Progress against Council Priorities

Driving sustainable economic growth

4.1 The Council has spent £412m with 891 local suppliers over the past 12 months. This equates to 62% of our total procurement spend, compared to a target of 60%. No contracts eligible for the Social Value Measurement Charter began in quarter 3. Those which commenced in quarter 3 either accessed existing pre-approved lists of suppliers, with predefined contractual terms, or were included in the Adult Social Care & Health Social Value trial, which uses a qualitative rather than quantitative approach to Social Value. However, amongst the out-of-scope contracts, a number of social value commitments were still secured, including apprenticeships, the creation of local jobs and work placement schemes and training opportunities (Appendix 4).

4.2 Work on our highways has continued in quarter 3 using the extra funding approved by the Council in recognition of the deterioration of the network following last winter's prolonged, wet and cold weather. We completed 145 patch repairs across 113 sites in quarter 3. We replaced and/or cleaned 194 road signs, and delivered 224 minor, and 16 major, road drainage schemes. These schemes included replacing gully covers and clearing significant blockages. We completed 7 road improvement schemes in quarter 3 and repaired 4,214 potholes (Appendix 6).

4.3 Nearly 600 young people from 14 schools/colleges took part in 48 Open Doors visits with employers in quarter 3. The Careers Hub also hosted an iCan careers event in November. The event helps young people with Special Educational Needs and Disabilities, and their parents/carers, understand the education, employment and training pathways that will be available to them. Nearly 160 parents, carers and young people attended and were able to interact with over 16 local careers, education and training providers and 9 employers (Appendix 6).

4.4 Council delivered business support programmes have helped create a number of jobs. The Newhaven Business Grants programme has created 29.5 Full Time Equivalent (FTE) jobs so far in 2024/25. We also expect the Rural Business Grants programme to create over 63.5 further jobs during 2024/25 with 11 businesses having received over £200,000 of grants. The target for 2024/25 is to create 45 jobs across all programmes. However, there is currently some uncertainty as to when the jobs created under the Rural Business Grants programme will be confirmed (Appendix 6).

4.5 Provisional attainment 8 data for the average score for Looked After Children and disadvantaged pupils suggest that the targets for 2024/25 may not be met. The final outturns will come from Department for Education data which will be validated in quarter 4 (Appendix 5).

4.6 3.9% of academic age 16 (Yr12) children were Not in Education, Employment or Training (NEET) in December 2024, compared to 4.1% in December 2023. 5.3% of academic age 17 (Yr13) children were NEET in December 2024, compared to 5.8% in December 2023. Despite performance improving, there continues to be concern about the lack of vocational/work-based learning offers for young people at a local level. We continue to raise these concerns with post 16 providers and at a national level with Ofsted and the Department for Education (Appendix 5).

Keeping vulnerable people safe

4.7 The number of Looked After Children has increased slightly from 696 (67.7 per 10,000) at the end of quarter 2 to 698 (67.9 per 10,000) at the end of quarter 3. The target for 2024/25 is to be below 635 children (61.8 per 10,000). 53 children were admitted into our care via our duty and assessment teams and Family and Youth Support Teams. At the end of quarter 3 there were 645 children (63.8 per 10,000) with a Child Protection Plan. This is below the target of 661 children

(64.4 per 10,000) and represents a 6% decrease since April 2024 and a 14% decrease since the end of December 2023 (Appendix 5).

4.8 The quarter 2 outturn (reported a quarter in arrears) for the percentage of those affected by rape, sexual violence and abuse who have improved coping strategies when they leave the service is 85.4%, below the target for 2024/25 of 88.0%. Joint commissioners are working with the provider to explore the reasons for the dip in performance. (Appendix 3).

4.9 National figures for drug misuse deaths and alcohol specific mortality in 2023 were released in December 2024. In East Sussex 103 individuals died, which is an increase of 34% on 2022. There was a 9% increase in England. The Safer East Sussex Team (SEST) continue to work with partners to increase the number of individuals accessing support and treatment, disseminate harm minimisation advice and equipment, and issue overdose reversal medication where appropriate (Appendix 3).

4.10 The 16 Days of Activism against Gender Based Violence began with White Ribbon Day in November 2024. The SEST promoted the initiative and engaged with partners, staff, and the local community. This included the creation of a programme of events, White Ribbon Champion and Ambassador drop-in sessions, a social media campaign promoting services in East Sussex, public facing road show events with partners, and engagement with local sports clubs. 30 new Ambassadors and Champions were recruited in quarter 3 to share messages and raise awareness about harmful definitions of masculinity. The Domestic Abuse Small Grants Fund, which launched in summer 2024, awarded funds to 6 local projects in November 2024. The awards will fund a range of activities including support for victims/ survivors from ethnic minority backgrounds, older people, those in temporary accommodation, and clients with Multiple Compound Needs (Appendix 3).

Helping people help themselves

4.11 The Bungalow is a residential children's home that provides high quality care to children and young people, aged 7-19 years, who have a severe and enduring cognitive delay and learning disability, low functional abilities and may also have physical disabilities. The Bungalow reopened in September 2024, after having to close due to storm damage to the home. The reopening was celebrated with an opening party attended by councillors and family and friends of the children resident at the home (Appendix 5).

4.12 At the end of quarter 2 (reported a quarter in arrears), 1,345 smokers in East Sussex had set a quit date, through the OneYou East Sussex. This equates to 2% of the smoking population, against a target for 2024/25 of 7%. Although we do not expect to hit the target for 2024/25, more people had set a quit date at the end of quarter 2, than at the equivalent point in 2023/24, 1,345 against 1,263. Efforts to maximise referrals are being adopted, including dedicated engagement staff to work with primary care, GP text campaigns to patients on smoking registers, and outreach approaches. 50.5% of people who set a quit date achieved a four-week quit at the end of quarter 2 (Appendix 3).

4.13 At the end of quarter 2 (reported a quarter in arrears) we are not expecting to meet our target for the number of targeted NHS Health Checks delivered in 2024/25. A new system will be introduced in 2025/26 under which each GP Practice will be allocated a set amount of activity to be delivered. Where we can see that a Practice is unlikely to achieve planned activity levels, this will be transferred to another Practice that is able to deliver additional activity (Appendix 3).

4.14 In collaboration with Voluntary, Community and Social Enterprise (VCSE) partners, work has continued on the development of a new Community and VCSE Development Programme. The programme is scheduled to being on 1 April 2025 and will provide information, advice and support to residents and assist the Council in meeting its duties under Sections 2 and 4 of the Care Act 2014 including the requirement to prevent, reduce or delay the need for care and support (Appendix 3).

Making best use of resources now and for the future

4.15 Lobbying by the Leader of the Council and all Council Group Leaders continued in quarter 3. The Leader took opportunities to meet with local MPs both individually and collectively and has continued to raise issues and priorities for the county with them. This included collective meetings with MPs and the Leaders of the five district and borough councils to discuss joint lobbying priorities for the county, and with Council Group Leaders to discuss the significant financial challenges facing the Council. The Chief Executive wrote to all East Sussex MPs throughout quarter 3 to keep them updated on the RPPR process and the steps being taken to address the deficit, including on the savings proposals. East Sussex MPs wrote a number of letters to Government, both individually and collectively, emphasising the specific and unique needs of East Sussex, and requesting that these were considered in the allocation the Council received in the Local Government Finance Settlement (Appendix 7).

4.16 We completed 5 energy efficiency schemes in quarter 3. These schemes included 1 LED lighting project, 3 heat decarbonisation schemes, and 1 roofing and insulation project. 17 energy projects had been complete at the end of quarter 3, against a target for 2024/25 of 23 schemes. The current estimated maximum outturn for 2024/25 is 21. This reduction in expected schemes reflects cuts to both the Salix Recycling Fund and direct Council budget funded carbon saving projects. Carbon emissions are reported a quarter in arrears, so there is not currently enough data to accurately estimate the end of year emissions outturn for 2024/25. However, if consumption for the remainder of 2024/25 is the same as that seen in 2023/24 then the projected reduction for 2024/25 would be 36%, compared to the baseline year 2019/20, against a target of 50% (Appendix 4).

4.17 The Council has continued to work both across the organisation and with partners to develop and deliver strategic environmental planning, carbon reduction and climate change adaptation work in quarter 3. This included completing a financial and technical feasibility study for a solar farm on the closed landfill site at Pebsham. We have also conducted the annual staff climate change survey and held climate change update sessions for Members and staff. We have continued work to develop the local nature recovery strategy, which is currently planned to be published in summer 2025 (Appendix 6).

4.18 In November 2024, Ofsted and the Care Quality Commission (CQC) inspected our local area's arrangements for children and young people with Special Educational Needs and/or Disabilities (SEND) and Alternative Provision (AP). Inspectors explored our work across education, health, and social care. The outcome of the inspection was published in quarter 3 and the Council was given the middle of three outcomes. The inspection found that what the area partnership is doing is effective and that there are positive examples of multi-agency working. However, it also found that the local area partnership's arrangements lead to inconsistent experiences and outcomes for children and young people with SEND. The local area partnership must work jointly to make improvements. The report sets out four areas for improvement, and we are updating the East Sussex SEND strategy to address the areas for improvement, building on the improvement work to date, in line with the Ofsted and CQC requirements (Appendix 5).

4.19 The quarter 1-3 sickness absence figure (excluding schools) is 6.87 days lost per Full Time Equivalent (FTE) employee. The year end estimate for 2024/25 is 9.28 days/FTE, so the target of 9.10 days/FTE is predicted to be missed. The predominant reason for the increase in absence rates is a rise in days lost due to flu-related sickness and COVID-19-related absence compared to the same period last year (Appendix 4).

4.20 The Council continues with a project to update a number of its systems which currently use SAP with a new Oracle platform, given that SAP will no longer be supported from 2027. Oracle Phase 1, Enterprise Performance Management, went live in September 2024. The implementation of Phase 2 – Finance, Procurement, Recruitment and Helpdesk modules – is currently reaching the end of the testing phase with it scheduled to go live in April 2025. The delivery plan for Phase 3 – Payroll and all remaining HR processes – is being finalised (Appendix 4).

4.21 Work has continued in quarter 3 to progress with the consolidation of the County Hall site. Following a review of the site, which established that options for development are not financially viable at the current time, a phased partnership approach has been approved. As part of the phased approach the Council will remain at County Hall in the short term until alternative Council owned accommodation becomes available in the medium term (2030-32) at Sackville House, Lewes, at which point the Council would consider relocation. In the short term, two blocks of County Hall will be 'mothballed' (withdrawn from use) by spring 2025. Initial office rationalisation moves began in December. A consolidation of the Council's Hastings office accommodation was also finalised in quarter 3. After vacating the second floor of Muriel Matters House, Adult Social Care and Health Teams have co-located with Children's Services Department teams at Cavendish House in Hastings (Appendix 4).

4.22 In December 2024 the Government set out proposals to extend devolution to local government in England. In January 2025 Cabinet approved for the Leader to respond to Government setting out a clear commitment to devolution and reorganisation. This included a proposal for the devolution of powers to a new combined authority for the Sussex area covering the areas of the three upper tier authorities; a proposal for a unitary government in East Sussex; and inviting the Government to postpone elections in May 2025, for a year, to enable the proposals for Local Government Reorganisation to be developed and the early implementation of the proposed devolution arrangements (Appendix 7)

Becky Shaw, Chief Executive