

## Business Services – Q1 2025/26

### Summary of progress on Council Priorities, issues arising, and achievements

#### Key cross cutting programmes

##### **Carbon**

In line with the annual delivery plan in our Climate Emergency Action Plan 2025-2030, in Q1 we completed five energy efficiency projects:

- 2 Solar PV: Heathfield and Peacehaven (The Joff) Youth Hubs
- 2 Insulation (loft): Battle Teaching and Learning Centre and Robertsbridge Primary School
- 1 Estate Rationalisation: Phoenix Centre

The Council Plan target for 2025/26 is to complete 10 energy efficiency projects. A pipeline of property capital and maintenance projects with carbon saving opportunities has been compiled and is being reviewed for potential savings. In the absence of dedicated government or internal funding, carbon reduction initiatives are being achieved through our buildings maintenance programme. Support for good practice has continued by working with sites that have high or unusual energy use patterns to identify savings. Following the success of the workshops held in 2024/25, a further energy saving workshop will run in Autumn 2025. Work has commenced to identify sites with relatively high water use, to offer advice and signpost free support from water companies to help combat higher water prices and reduce waste.

The total Council carbon emissions outturn for 2024/25 (reported a quarter in arrears) saw a 36% reduction (**ref i**), compared to the baseline year 2019/20, against a target of 50%. Emissions for 2024/25 were 1.4% lower compared to 2023/24, versus the annual reduction target of 13%. Carbon emissions from the Council's electricity consumption fell by 3% during 2024/25. As the grid carbon emissions factor remained the same in 2024/25 as in 2023/24, the 3% emissions reduction is principally down to the Council reducing its electricity use. The carbon emission factor is the figure used to convert electricity consumption from the national grid into equivalent carbon emissions. Carbon emission factors are produced each year by the Department for Energy Security and Net Zero and applied widely in the UK. The UK grid carbon emission factor changes from year to year to reflect the change in fuel mix in UK power stations (i.e. between renewables, nuclear, natural gas, oil and coal) and as the proportion of imported electricity also changes. The carbon emission factors used for reporting in 2024/25 are based on the fuel mix used in 2022, this is due to the time it takes to collate and analyse the data (more information can be found on the [gov.uk conversion factors 2023 website](https://www.gov.uk/conversion-factors-2023)).

The carbon emission factors for electricity fell by over 24% between 2019/20 and 2022/23 as renewables increasingly replaced coal in the generation mix. However, for 2023/24, this trend reversed, and the carbon emissions factor increased. This was due to a post-covid increase in national electricity demand and a relatively poor year for wind generation in 2021 which carried over into 2022. As a result, 2024/25 emissions remain at the 2023/24 level (see above on time lag).

In 2024/25, external temperatures for East Sussex were lower than in 2023/24. This colder weather increased heating demand and prevented the Council from seeing a reduction in emissions from fossil fuel heat, which have remained at the same level year on year. Investments made in various decarbonisation of heat projects previously, and provision of energy efficiency awareness training provided mitigation. Subsequently, even though weather was colder, emissions did not rise but remained static.

The Council's annual spend on electricity has reduced by 26% since 2019/20, saving £1,942,641 when comparing 2024/25 directly to 2019/20. This significant reduction reflects estate changes and investments made in renewable energy (e.g. solar PV) and energy efficiency measures.

| Year    | Spend      |
|---------|------------|
| 2019/20 | £7,442,838 |
| 2024/25 | £5,500,197 |

Note: The spend figures above have been estimated using the consumption figures from 2019/20 and 2024/25, and the 2019/20 figure has been price-corrected against the average unit rates from 2024/25. The spend figures are based on consumption only (i.e. not including standing charges or any other non-commodity costs).

### **Oracle Implementation**

Following the successful go-live of Phase 2 of the Oracle Implementation (covering Finance with dependent HR processes, Procurement and Recruitment) on 17 April 2025, the programme has been in a 'hypercare' period of enhanced support from the programme team and partners. Given the stability of the system and the low volumes of issues that are now being raised, the programme has now exited 'hypercare' for Phase 2.

During Q1 the focus of the programme has therefore shifted towards Phase 3 (payroll), which is in its delivery and planning stages. The functional and technical requirements for Phase 3 are currently being extensively scoped, designed and built. Once the scope is confirmed, key activities such as testing, data migration and reconciliation will require detailed planning and timeframes set against them as part of establishing a target go-live date for this final phase.

### **Human Resources and Organisational Development (HROD)**

Recruitment on Oracle went live as part of the Phase 2 Oracle implementation in April 2025. This followed a significant programme of work to build the recruitment module appropriate to the business needs of the Council. The Recruitment Support Team have played a key role in supporting managers in the use of the system and to date, feedback on its use has been positive.

We have been awarded the Silver Award as part of the Public Health Wellbeing at Work accreditation. This recognition reflects our ongoing commitment to supporting the health and wellbeing of all staff while ensuring our initiatives remain effective and good value for money.

In support of our work responding to the recruitment and retention challenges we are facing, our external facing job pages on the Council's website have been extensively reviewed in order to make them more accessible and user friendly for prospective applicants.

As part of our ongoing training programme, Health and Safety refresher training has been launched and staff and managers are being proactively encouraged and supported to undertake it.

### **Attendance Management and Wellbeing**

The 2025/26 Q1 sickness absence figure for the whole authority (excluding schools) is 2.08 days lost per Full Time Equivalent (FTE) role, a decrease of 3.8% since Q1 last year. The year end estimate for 2025/26 (based on three month's data) is 8.86 days/FTE, so the target of 9.10 days/FTE is predicted to be met.

Compared to Q1 2024/25, overall sickness absence has decreased. The most notable reductions in days lost were:

- neurological disorders: reduction of 276 days
- depression: reduction of 202 days

Stress and mental health continue to be the leading causes of absence:

- stress-related absence increased by 126 days
- overall mental health-related absence rose by 439 days

This trend highlights the continued need for focused attention and support in this area.

Actions underway:

- HR Review: The HR Team is currently analysing the rise in stress and mental health absences to identify underlying causes and ensure targeted support for managers.
- Early Intervention Pilot: this is now live in Adult Social Care (ASC) for Musculoskeletal related absences, enabling proactive manager engagement from the first week of absence.

Wellbeing Programme Enhancements:

- Targeted workshops
- Evaluation of support using the Most Significant Change method (e.g. Time to Talk feedback)
- Expansion of the Mental Health First Aiders network
- Ongoing Menopause Cafés

**Procurement****Procurement, contract and supplier management activities**

The Council has spent £398m with local suppliers over the past 12 months. This equates to 61% of our total procurement spend, which is above our target of 60%. 992 local suppliers were used. 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.

**Social Value**

In Q1, a total of 41 contracts commenced, of which 24 were out of scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of the procurement. Of the contracts which were out of scope of the charter, 16 accessed existing pre-approved list of suppliers (Frameworks) with predefined contractual terms and 8 were included in the Adult Social Care and Health Social Value trial, which uses a qualitative rather than quantitative approach to Social Value, so financial proxy figures are not used to calculate the social value commitment. The 17 in-scope contracts had a total contract value of £3.83m and secured £1.24m in Social Value commitment, which equates to an outturn of 32% against a target of 10%.

The Social Value commitments for Q1 included:

- Apprenticeships
- Professional development opportunities and work experience offered to local people
- Creation of local jobs
- Promotion of digital inclusion and increasing digital awareness for priority groups
- Career awareness programmes and jobs for the long term unemployed
- Money spent on locally based micro businesses/SME's/social enterprises
- Sub-contracting to locally based voluntary and community groups and environmental programmes with local groups, schools and colleges

**Procurement policy**

The Procurement Policy Team has been focussed on the following activities during Q1:

- Preparing the Council's Modern Slavery Statement for 2024/2025.
- Publishing internal guidance and providing training on the National Procurement Policy Statement to ensure the Council is compliant in having regard to the relevant priorities in its procurement activity.

- Holding further sessions with Departmental Management Teams to familiarise services with the Council's new Procurement and Contract Standing Orders and the Procurement Act.
- Incorporating carbon reduction requirements into several significant Health and Social Care contracts, including in the Voluntary, Community and Social Enterprise sector, which has been a challenging sector to date.
- Following the successful pilot in Adult Social Care, the development of an East Sussex Social Value model has commenced. This framework aims to align more closely with the Council's established priorities and align with the national approach to securing and delivering social value benefits.

### **Contract and Commercial Advisory**

Much of the Contract and Commercial Advisory's focus in Q1 was on Oracle support, specifically around investigating the necessary changes required in both system and process in order to obtain greatest benefit from the improved financial controls available within Oracle, as part of improving the requisition process. Alongside this, the team have been proactively engaging with Procurement colleagues to ensure the Council is compliant with the Contract Management obligations as prescribed in the Procurement Act 2023.

### **Internal Audit**

Through the delivery of sufficient audit coverage in Q1, the Chief Internal Auditor continues to be able to provide assurance over the adequacy and effectiveness of governance, risk management and control for the Council.

Internal Audit have continued to focus on delivery of the Annual Internal Audit Plan and were able to complete 27.9% of the plan to draft report stage by the end of Q1, against a Q1 target of 22.5% (90% target for the year). All high priority actions agreed with management as part of individual audit reviews are subject to action tracking, whereby we seek written confirmation from services that these have been implemented. As at the end of Q1, it was confirmed that 11/12 (91.6%) of the high-risk actions due to be implemented on a 12-month rolling basis had been actioned (against a target of 97%). The one outstanding action relates to the need to introduce a declaration to the staff loan application process that requires staff to confirm that they have considered the affordability of the loan. This has still not yet been implemented (this was an outstanding action reported at the end of Q4), however progress is being made in this area and a revised implementation date has been agreed.

### **Property**

In Q1, Property launched the marketing of two properties for sale – Sandbanks, in Hailsham and the former Rangers' Workshop, Rye. Public consultation has started over the Council's intention to dispose of Tilling Green Playing Fields in Rye. In addition, marketing of vacant space in South and East Blocks at County Hall has commenced. A review of the Council's operational and non-operational assets was completed in Q1, which identified several assets that could potentially be rationalised. Business cases will be explored where appropriate in line with the Property Asset Investment Strategy.

The team has begun to establish new customer service standards within Soft Facilities Management contracts and mobilised the new Postal Hub hardware.

The Schools Maintenance team has worked on the delivery of the planned maintenance programme, engaging with consultants and contractors to brief projects ahead of design and tendering, working with schools and CSD colleagues to arrange and progress the summer programme of works to be delivered while schools are closed. The Non-Schools Maintenance Team have worked on the delivery of the planned maintenance programme, engaging with client departments to arrange and progress projects with the minimum impact on service delivery.

The Compliance Team has continued work on the proposed Area Controller of Premises service, is managing the rollout of the 2025 servicing contract, and is working with the contractor to update our Water Services Management Plan.

The proposed Grove Park Special Educational Needs Secondary school received unanimous approval of the planning application at Planning Committee in April 2025 and final tenders will be due in Q2. Two externally funded (Youth Investment Fund) projects at Peacehaven (The Joff) and Heathfield Youth Hubs completed construction in July. Contractors were also appointed to carry out the refurbishment of the Hollington Youth Hub, and construction commenced in May.

### **IT and Digital**

The Microsoft Copilot M365 discovery work continued to be a focus for Q1, with 33 pilots underway to investigate how AI can be used safely and responsibly to enhance productivity and enable efficiencies. Usage is being monitored to enable evaluation of the relative benefits, and these results will inform a business case that will be fed into the Reconciling, Policy, Performance and Resources process.

Work to replace the Council's office and contact centre telephony platforms concluded during Q1 with 12,000 telephone numbers, 400 call queues and 6 contact centres migrated onto new platforms. This migration modernises a key aspect of the Council's infrastructure – moving from desk-based landline phones to a digital service which is aligned to hybrid working. The use of mobile phone and other IT equipment continues to be targeted to reduce the number of smartphones used and lower the associated costs.

The Windows 11 device refresh project continued at pace during Q1. With the end of support for Windows 10 approaching in October 2025, the project has now refreshed 82% of devices with those staff experiencing the benefits of a faster device and upgraded operating system. In order to extend the use of, and get better value from devices, we will now refresh them every 5 years (this was previously every 4 years). The scale at which this is done (across 3 councils through the Orbis Partnership) has many benefits and in this case, a saving of 18% per device has been achieved through this joint procurement.

### **Revenue Budget Summary**

The 2025/26 Business Services net revenue budget is £31.264m. There are £1.060m planned savings in BSD this financial year (ref ii), of which £0.080m relating to the planned reduction in the cost of the Digital Postal Hub is not expected to be achieved at this time. The current outturn forecast is a £0.178m overspend (ref iv). In Property there is a forecast overspend of £0.178m (ref iii). This is attributed to the loss of income from a courier service contract to East Sussex Fire and Rescue Service which has now ended and increased procurement costs for the new Digital Postal Hub, which includes the unachieved savings target of £0.080m. No other service areas are reporting any variances at this stage although there is a risk to the full achievement of income for Business Admin as a result of the academisation of schools.

### **Capital Programme Summary**

The 2025/26 capital budget is £38.175m. As at Q1 all projects are forecast to be delivered within the allocated budget (ref v).

**Performance exceptions Q1:****Priority – Making best use of resources now and for the future**

| Performance measure | Outturn 24/25 | Target 25/26 | RAG Q1 25/26 | RAG Q2 25/26 | RAG Q3 25/26 | RAG Q4 25/26 | Q1 2025/26 outturn | Note ref |
|---------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------|
| No exceptions       |               |              |              |              |              |              |                    |          |

**Council Plan measures marked carry over at year end 2024/25 – Final Outturn****Priority – Making best use of resources in the short and long term**

| Performance measure   | Outturn 23/24                                      | Target 24/25   | RAG Q1 24/25 | RAG Q2 24/25 | RAG Q3 24/25 | RAG Q4 24/25 | 2024/25 outturn                          | Note ref |
|---|--|--|--------------|--------------|--------------|--------------|--|----------|
| Reduce the amount of CO2 arising from County Council operations | 36% reduction on baseline year (2019/20) emissions | 50% reduction on baseline year (2019/20) emissions (emissions not to exceed 6,211 tonnes CO2e) | R            | R            | R            | R            | 36% reduction on baseline year emissions | i        |

**Savings exceptions 2025/26 (£'000)**

| Service description                            | Original Target For 2025/26 | Target including items c/f from previous year(s) | Achieved in-year | Will be achieved, but in future years | Cannot be achieved | Note ref  |
|--|-----------------------------|--|------------------|---------------------------------------|--------------------|-----------|
| Planned savings – BSD Property                 | 254                         | 254  | 174              | -                                     | 80                 |           |
| Planned savings – BSD IT&D                     | 26                          | 26   | 26               | -                                     | -                  |           |
| Planned savings – Finance                      | 142                         | 142  | 142              | -                                     | -                  |           |
| Planned savings – BSD                          | 638                         | 638  | 638              | -                                     | -                  |           |
| <b>Total Savings</b>                           | <b>1,060</b>                | <b>1,060</b>                                     | <b>980</b>       | <b>0</b>                              | <b>80</b>          | <b>ii</b> |
|  |                             |  | -                | -                                     | -                  |           |
| To be identified                               |                             |  | -                | 80                                    | (80)               |           |
| <b>Subtotal Permanent Changes <sup>1</sup></b> |                             |  | <b>0</b>         | <b>80</b>                             | <b>(80)</b>        |           |
| <b>Total Savings and Permanent Changes</b>     | <b>1,060</b>                | <b>1,060</b>                                     | <b>980</b>       | <b>80</b>                             | <b>0</b>           |           |

| Memo: treatment of savings not achieved in the year (£'000) | Temporary Funding <sup>2</sup> | Part of reported variance <sup>3</sup> | Total     | Note Ref |
|---|--------------------------------|--|-----------|----------|
| Planned savings – BSD Property                              | -                              | 80                                     | 80        | ii       |
|   | -                              | -                                      | -         |          |
|   | -                              | -                                      | -         |          |
| <b>Total</b>  | <b>0</b>                       | <b>80</b>                              | <b>80</b> |          |

<sup>1</sup> Where agreed savings are reasonably unable to be achieved other permanent savings are required to be identified and approved via quarterly monitoring.

<sup>2</sup> Temporary funding will only replace a slipped or unachieved saving for one year; the saving will still need to be made in future years (or be replaced with something else).

<sup>3</sup> The slipped or unachieved saving will form part of the department's overall variance - it will either increase an overspend or decrease an underspend. The saving will still need to be made in future years (or be replaced with something else).

**Revenue Budget 2025/26 (£'000)**

| Divisions             | Planned Gross | Planned Income  | Planned Net   | Projected Gross | Projected Income | Projected Net | (Over)/<br>under<br>spend<br>Gross | (Over)/<br>under<br>spend<br>Income | (Over)/<br>under<br>spend<br>Net | Note<br>ref |
|-----------------------|---------------|-----------------|---------------|-----------------|------------------|---------------|------------------------------------|-------------------------------------|----------------------------------|-------------|
| Finance and Bus Admin | 13,974        | (7,851)         | 6,123         | 13,974          | (7,851)          | 6,123         | -                                  | -                                   | -                                |             |
| HR & OD               | 3,568         | (1,107)         | 2,461         | 3,568           | (1,107)          | 2,461         | -                                  | -                                   | -                                |             |
| IT & Digital          | 13,798        | (4,155)         | 9,643         | 13,798          | (4,155)          | 9,643         | -                                  | -                                   | -                                |             |
| Procurement           | -             | -               | -             | -               | -                | -             | -                                  | -                                   | -                                |             |
| Property              | 29,554        | (20,291)        | 9,263         | 29,900          | (20,459)         | 9,441         | (346)                              | 168                                 | (178)                            | iii         |
| Contribution to Orbis | 3,774         | -               | 3,774         | 3,774           | -                | 3,774         | -                                  | -                                   | -                                |             |
| <b>TOTAL BSD</b>      | <b>64,668</b> | <b>(33,404)</b> | <b>31,264</b> | <b>65,014</b>   | <b>(33,572)</b>  | <b>31,442</b> | <b>(346)</b>                       | <b>168</b>                          | <b>(178)</b>                     | <b>iv</b>   |

**Capital programme 2025/26 (£'000)**

| Approved project   | Budget: total project all years | Projected: total project all years | Budget Q1     | Actual to date Q1 | Projected 2025/26 | Variation (Over) / under Q1 budget | Variation analysis: (Over) / under spend | Variation analysis: Slippage to future year | Variation analysis: Spend in advance | Note ref |
|--|---------------------------------|------------------------------------|---------------|-------------------|-------------------|------------------------------------|--|---|--------------------------------------|----------|
| SALIX Contract   | 350                             | 350                                | -             | -                 | -                 | -                                  | -  | -   | -                                    |          |
| Lansdowne Unit (CSD)   | 39                              | 39                                 | -             | -                 | -                 | -                                  | -  | -   | -                                    |          |
| Youth Investment Fund  | 7,003                           | 7,003                              | 1,745         | 1,459             | 1,745             | -                                  | -  | -   | -                                    |          |
| Hollington Youth Centre  | 3,037                           | 3,037                              | 3,037         | 234               | 3,037             | -                                  | -  | -   | -                                    |          |
| Special Educational Needs  | 3,673                           | 3,673                              | 3,673         | 12                | 3,673             | -                                  | -  | -   | -                                    |          |
| Special Educational Needs - Grove Park                           | 17,120                          | 17,120                             | 3,350         | 244               | 3,350             | -                                  | -  | -   | -                                    |          |
| Special Provision in Secondary School (Priory and Robertsbridge) | 14                              | 14                                 | 14            | 19                | 19                | (5)                                | (5)                                      | -   | -                                    |          |
| Disabled Children's Homes  | 24                              | 24                                 | 17            | -                 | 17                | -                                  | -  | -   | -                                    |          |
| 14 Westfield Lane  | 17                              | 17                                 | 546           | 99                | 546               | -                                  | -  | -   | -                                    |          |
| Core Programme - Schools Basic Need                              | 61,874                          | 61,874                             | 4,966         | 370               | 4,966             | -                                  | -  | -   | -                                    |          |
| Core Programme - Capital Building Improvements Corporate         | 45,482                          | 45,482                             | 6,909         | 561               | 6,909             | -                                  | -  | -   | -                                    |          |
| Core Programme - Capital Building Improvements Schools           | 40,401                          | 40,401                             | 5,094         | 986               | 5,094             | -                                  | -  | -   | -                                    |          |
| Core Programme - IT & Digital Strategy Implementation            | 71,234                          | 71,234                             | 8,800         | 677               | 8,800             | -                                  | -  | -   | -                                    |          |
| Core Programme - IT & Digital Strategy Implementation Oracle     | 26,513                          | 26,513                             | 24            | -                 | 24                | -                                  | -  | -   | -                                    |          |
| IT & Digital - Utilising Automation                              | 24                              | 24                                 | -             | -                 | -                 | -                                  | -  | -   | -                                    |          |
| <b>Total BSD Gross</b>   | <b>276,805</b>                  | <b>276,805</b>                     | <b>38,175</b> | <b>4,661</b>      | <b>38,180</b>     | <b>(5)</b>                         | <b>(5)</b>                               | <b>0</b>                                    | <b>0</b>                             | <b>v</b> |