

## Business Services – Q3 2024/25

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

#### Key cross cutting programmes

##### Carbon

In line with the current Business Services Portfolio Plan 2024/25, progress continued in Q3 on the delivery of energy efficiency projects across the estate. We completed a total of 5 projects in Q3:

- 1 LED lighting energy saving project: Mayfield Primary School
- 3 Heat Decarbonisation Projects: Hellingly, Rocks Park & Rotherfield Primary Schools
- 1 roofing and insulation project: Icklesham Primary School

The target for 2024/25 is to complete 23 energy efficiency projects, of which 17 schemes have completed by the end of Q3. The current estimated maximum outturn for 2024/25 is 21 energy projects (**ref i**). This lower forecast reflects cuts to both the Salix Recycling Fund and direct Council budget funded carbon saving projects. In light of this our revised approach is to focus on work with building managers in schools and the non-school estate to share best practice on energy efficiency. This included two Energy Efficiency Workshops which ran in October with 34 delegates trained. Energy saving tips for staff and building managers began via Yammer in December, working with colleagues in the Climate Emergency Team in the Communities, Economy and Transport department. Support to the 10 sites in the pilot Site Heating Control Interventions Initiative continued throughout Q3. The aim is to translate consultant recommendations into measurable savings during the heating season.

Energy consumption and carbon emissions are reported a quarter in arrears, so Q2 data is the most up to date information. Our carbon emissions for Q2 2024/25 were 6% lower than Q2 2023/24 and 39% lower than Q2 2019/20 (the baseline year). There is not yet enough data to accurately estimate the end of year emissions outturn for 2024/25, but if consumption for the remainder of this year is the same as last year then the projected emissions reduction by the end of 2024/25 would be 36% compared to the baseline year 2019/20, against a target of 50%. The UK grid carbon emissions factor (which is the figure used to convert electricity consumption from the national grid into equivalent carbon emissions) has remained static since 2023/24, so the Q2 fall in emissions is due to a reduction in the amount of electricity and gas consumed by the Council.

The Council's annual spend on electricity has significantly reduced since the 2019/20 baseline year. The spend figures below have been estimated using consumption figures up to Q2 for 2019/20, 2023/24 and 2024/25, price-corrected against the average unit rates from 2024/25, to ensure a fair comparison. The spend figures are based on consumption only (i.e. not including standing charges or any other non-commodity costs). The savings have been achieved through a combination of energy efficiency projects, behavioural change and a reduction to the estate portfolio.

Q2	2019/20	2023/24	2024/25
<b>Corrected Spend</b>	£2,567,047	£1,959,061	£1,819,912

##### Oracle Implementation

Oracle Phase 1, Enterprise Performance Management, went live in September 2024 and is being used. The implementation of Phase 2 – Finance, Procurement, Recruitment and Helpdesk modules – is currently reaching the end of the testing phase with planning in progress for a go live in April 2025. Engagement with managers and third parties is underway with some key topics of information including:

- Communications with third parties advising of any new and interim processes
- Information about available Oracle training courses and how to book
- Requests to managers to provide their team hierarchy so we can ensure items such as approvals are routed automatically to the correct approvers
- A survey to directorates to measure organisational readiness for the Oracle change. This will be repeated several times in the run up to go-live.

The delivery plan for Phase 3 – Payroll and all remaining HR processes – is being finalised and will, as far as possible, follow the ‘adopt not adapt approach’.

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

In support of our work to make the recruitment and selection process more inclusive, a number of workshops for recruiting managers were held during Q3. Alongside this, our external facing job pages on the Council’s website are currently being re-drafted to make them more accessible and user friendly for prospective applicants.

The revised ‘declaration of interests’ system, which is a key part of the Council’s governance arrangements, was successfully launched during Q3. Completions are being undertaken on a phased basis to ‘smooth out’ the number of declarations being completed.

### **Attendance Management and Wellbeing**

The 2024/25 Q1-3 sickness absence figure for the whole authority (excluding schools) is 6.87 days lost per FTE, an increase of 1.7% since last year. 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-related absence compared to the same period last year (**ref ii**). Benchmarking data from our absence management provider, GoodShape, which includes information from across all sectors, indicates that our absence rates remain below the average.

In responding to the increase in days lost due to flu-related sickness and Covid-related absence, a number of strategies have been put in place:

- The flu vaccination for staff directly working with people clinically vulnerable to flu, as well as carers, is strongly encouraged.
- In addition, all staff are encouraged to get the annual flu vaccine, available from October to March. ESCC staff can go to any participating pharmacy and claim back the cost from the Council. For those staff who are unpaid carers, they can get this free of charge via a pharmacy or even their GP.
- HR share tips for keeping well, including how staff can support and boost immunity to seasonal illnesses. Staff can also access advice via the GoodShape app and Care first’s Lifestyle portal or wellbeing app.
- Where staff contact GoodShape to report an absence, as well as being given basic health advice from the advisor (if reporting over the phone), they can request to speak to a nurse for further medical advice (by phone or the app). Staff can also get advice from a GoodShape Nurse about a close family member’s health.

### **Procurement**

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

The Council has spent £412m with local suppliers over the past 12 months. This equates to 62% of our total procurement spend, compared to a target of 60%. 891 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 Q3, a total of 5 contracts commenced, all of which were out of scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of the procurement. 3 contracts accessed existing pre-approved lists of suppliers (Frameworks) with predefined contractual terms and 2 contracts are included in the Adult Social Care & 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.

Social Value commitments were however secured in the out of scope contracts, including:

- spend with local supply chains
- apprenticeships
- the creation of local jobs
- work placement schemes & training opportunities
- initiatives to reduce carbon footprint / pollution, minimise waste & saving energy

## Procurement policy

The Procurement Policy Team has been focussed on the following activities during Q3:

- Continued work on Procurement Act 2023 implementation, noting the go-live was delayed by the Cabinet Office until February 2025. Revised Procurement Standing Orders to align with new legislative landscape are almost complete, with consultation on the draft now underway.
- The team completed Scope 3 emissions reporting for 2023/24, which was submitted as part of the Council's Climate Emergency Plan. This demonstrated a 34% year on year reduction in procurement related emissions.
- The Senior Policy Lead for Carbon Reduction has undertaken further engagement with key sectors of the supply chain, including the local construction and transport sector, to provide advice and guidance on measuring greenhouse gas emissions and developing a carbon reduction plan.

## Contract Management Advisory Service (CMAS)

Discussions continue on the funding and focus for the CMAS service for 2025/26. The team's focus for the remainder of the financial year will be providing ongoing support for existing contract specific engagements and on ensuring the Authority is compliant with the Contract Management obligations as set out in the new Procurement Act 2023 that comes into force in February 2025.

## Internal Audit

Through the work of Internal Audit, the Chief Internal Auditor continues to be able to provide assurance over the adequacy and effectiveness of governance, risk management and internal control for the Council. Internal Audit have continued to focus on delivery of the Annual Internal Audit Plan. At the end of Q3, we have completed 70.8% of the plan to draft report stage against a Q3 target of 67.5%.

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. It was confirmed that 14/15 (93.3%) of the high-risk actions due to be implemented on a 12-month rolling basis have been actioned. The one outstanding action, relating to resource planning for the Oracle Implementation Programme, has not been fully implemented. The Programme Sponsor considers that the risk has been mitigated to the fullest extent possible within the available financial envelope. This mitigation means that there is sufficient resource available to go-live though it is acknowledged that there remain vulnerabilities as there are many single points of failure within that resource. Should these resources be heavily depleted for any reason, this would put go-live at risk. This risk features on the programme risk register with compensating controls in place to manage the risk, including ongoing monitoring of resource levels.

## **Property**

A consolidation of the Council's Hastings office accommodation was finalised in Q3 after vacating the second floor of Muriel Matters House. The Adult Social Care and Health (ASCH) Teams have co-located with Children's Services Department (CSD) teams at Cavendish House, Hastings. Options for the County Hall campus were considered by the Lead Member for Resources & Climate Change in October. There was no stand-out redevelopment option and a phased partnership approach was approved, with further work to be undertaken with external stakeholders, reflecting the review of the South Downs National Park Authority (SDNPA) Local Plan. 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.

Other key outcomes for Property in Q3 include:

- Two Youth hub projects in Heathfield and Peacehaven, funded by Youth Investment Funding from central government, made substantial progress in Q3 with practical completion due in Q4. In addition, planning permission was secured for Hollington Youth Hub as part of Levelling Up funding, with building tenders due to be reviewed in Q4.
- The Council's largest building project, the expansion of Grove Park School for pupils with special educational needs in Crowborough, reached a key milestone with a planning application submitted in late Q3 and a planning decision due to be considered by the Council's Planning Committee in Q4.
- Lead Member approval to dispose of the former Broad Oak Primary School due to being surplus to the requirements of the Council was given in November 2024. Marketing is due to commence in Q4.
- An asset business cases was completed in Q3 for the relocation of the Coroner's office (office move).

## **IT & Digital**

During Q3, a cross-council working group defined a set of criteria for the identification of pilots for trialling Microsoft Copilot M365 to explore how AI can be used safely and responsibly to enhance productivity and enable efficiencies. A shortlist of proposed pilots was agreed by the Corporate Management Team (CMT) and the pilots are planned to commence in Q4.

Work to replace the Council's office and contact centre telephony platforms continued through Q3. The proposed changes will modernise a key aspect to the Council's digital infrastructure – moving from desk-based landline phones to a digital service which is aligned to hybrid working. Mobile phone and other IT equipment use continued to be targeted, supported by a communication campaign asking for unused smartphones and kit to be returned to IT & Digital. Work continues with the definition of the eligibility criteria for a corporate smartphone, with the aim being to reduce the number of smartphones used and in turn lower the associated revenue costs.

The Windows 11 device refresh project concluded the extended end-user testing and has now moved to full deployment stage. Devices will now be refreshed every 5 years to extend the value of the assets. 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. New devices with a new operating system are being rolled out as Windows 10 reaches the end of its supportable life. A Windows 11 Readiness Project has been underway in parallel to ensure that all Council business applications continue to work in the updated environment.

## External Funding

During Q3 the External Funding Team:

- Responded to 51 enquiries from charities, social enterprises, schools and internal colleagues engaged with the Voluntary, Community, and Social Enterprise (VCSE) sector. Areas of work included: Communities/Community Safety, Education/Skills & employability, and Health and Wellbeing. Needs ranged from identifying alternative sources of funding due to competition for grants; cost of living pressures on organisations and communities; core costs; sustaining activities; adapting/expanding services. Areas the team engaged with included training and work experience to address barriers to employment, counselling services and improving access to community facilities.
- Attended 28 meetings (internal, external and partnership) to discuss objectives aligned with the Council's protocols, priorities, and commitment to cross sector working within East Sussex.
- Provided a finding funds/ bid writing session for school governors.
- Provided advice around the Council's Corporate Funding Protocol and continued to participate in wider strategic and cross sector work such as Partnership Plus, Community Wellbeing Advisory Group and the Financial Inclusion Multi Agency Group

So far in 2024/25 the Team's resources have helped secure £3.124m of funding.

There are currently 11,451 not for profit subscribers to Funding News, our monthly electronic publication about forthcoming funding opportunities, resources and training opportunities.

## Revenue Budget Summary

The 2024/25 Business Services net revenue budget is £30.753m. There are £1.003m planned savings in BSD this financial year including £0.310m of unachieved savings brought forward from 2023/24 (**ref iii**). The impact of any unachieved savings are included within the current outturn forecast which is a £0.386m overspend (**ref viii**). Business Administration and Finance – underspend £0.114m (**ref iv**) as the result of new grant income and the reduction of non-staff expenditure. In Procurement the balance of the unrealised £0.100m income target (**ref v**), will be offset from part of the underspend arising from a forecast reduction in the required contribution to Orbis of £0.273m (**ref vii**).

In Property there is a forecast overspend of £0.673m (**ref vi**). The main factors, which are largely outside of the Council's control, include; £0.240m overspend relating to St Mark's House as the Eastbourne estate had been planned to reduce in 2023/24, however the Council remained in the premises until October 2024; there is a net £0.205m overspend on Reactive Maintenance but the actual reactive overspend is £0.465m with pressure being mitigated by holding planned projects. Other overspends that Property are looking to mitigate over the final quarter include £0.132m on franking and postage costs, and a £0.195m overspend on the PFI and Joint Use budgets. Finally, there have been areas of underspending; £0.152m reduction in consultants being engaged, and some additional income relating to backdated lease renewals. £0.052m underspend on Cleaning and Waste Budgets. £0.072m underspend on the Property Staffing budget as vacancies are on hold for the rest of the financial year.

## Capital Programme Summary

The 2024/25 capital budget is £37.994m. At Q3 there is a net £6.351m underspend (**ref xviii**) comprising the following variances: SALIX Contract - £0.260m underspend (**ref ix**) Salix Recycling ends in March 2025 and has 3 remaining projects to complete. Youth Investment Fund - £0.500m slippage (**ref x**) due to design changes and subsequent planning approvals needed to bring the project back within budget. Hollington Youth Centre - £0.363m slippage (**ref xi**) as a main contractor has yet to be appointed, meaning that the main works will not now start until 2025/26. Special Educational Needs - Grove Park £0.419m slippage (**ref xii**) due to issues with site conditions and badger setts, works are unlikely to be fully up and running before the end of the

financial year. Core Programme - Schools Basic Need £0.232m underspend (**ref xiii**) No further mobile classrooms are anticipated for the remainder of 2024/25; just ongoing costs for removals, storage and planning fees. Core Programme - Capital Building Improvements Corporate - £0.237m slippage (**ref xiv**) relates to ASC maintenance Projects in the programme put on hold due to possible changes in Estate. Core Programme - Capital Building Improvements Schools - £0.908m slippage (**ref xv**) supply chain delays, lack of contractor capacity and adverse weather has affected several projects, pushing them to the Easter break in 2025/26. Core Programme - IT & Digital Strategy Implementation - slippage of £1.141m (**ref xvi**) which relates to a change in approach to the Nutanix refresh (previously reported) and reprofiled spend on the device refresh project. Core Programme – Oracle – £2.275m slippage (**ref xvii**) as the programme timeline has extended, a portion of the expenditure will now be incurred in 2025/26.

**Performance exceptions (see How to read this report for definition)**

**Priority – Making best use of resources now and for the future**

Performance measure	Outturn 23/24	Target 24/25	RAG Q1 24/25	RAG Q2 24/25	RAG Q3 24/25	RAG Q4 24/25	Q3 24/25 outturn	Note ref
Progress on implementation of Carbon reduction schemes	25 energy saving schemes implemented	23 energy saving schemes implemented	A	A	R		17 schemes implemented	i
Number of working days lost per FTE (Full Time Equivalent) employee due to sickness absence in non-school services	9.13	9.10	A	A	R		6.87 days lost per FTE	ii

**Savings exceptions 2024/25 (£'000)**

Service description	Original Target For 2024/25	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	593	803	563	240	-	
Planned savings – BSD IT&D	100	100	100			
Planned savings – Orbis Procurement		100	-	100	-	
<b>Total Savings</b>	<b>693</b>	<b>1,003</b>	<b>663</b>	<b>340</b>	<b>0</b>	<b>iii</b>
			-	-	-	
			-	-	-	
<b>Subtotal Permanent Changes <sup>1</sup></b>			<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Savings and Permanent Changes</b>	<b>693</b>	<b>1,003</b>	<b>663</b>	<b>340</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
Property		240	240	
Procurement	100		100	
	-	-	-	
<b>Total</b>	<b>100</b>	<b>240</b>	<b>340</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 2024/25 (£'000)**

Divisions	Planned Gross	Planned Income	Planned Net	Projected Gross	Projected Income	Projected Net	(Over)/ under spend Gross	(Over)/ under spend Income	(Over)/ under spend Net	Note ref
Finance and Bus Admin	13,218	(6,517)	6,701	13,199	(6,612)	6,587	19	95	114	iv
HR & OD	3,407	(1,108)	2,299	3,459	(1,152)	2,307	(52)	44	(8)	
IT & Digital	13,212	(4,132)	9,080	14,686	(5,606)	9,080	(1,474)	1,474	-	
Procurement	-	(100)	(100)	58	(66)	(8)	(58)	(34)	(92)	v
Property	26,883	(17,895)	8,988	29,098	(19,437)	9,661	(2,215)	1,542	(673)	vi
Contribution to Orbis	3,785	-	3,785	3,512	-	3,512	273	-	273	vii
<b>TOTAL BSD</b>	<b>60,505</b>	<b>(29,752)</b>	<b>30,753</b>	<b>64,012</b>	<b>(32,873)</b>	<b>31,139</b>	<b>(3,507)</b>	<b>3,121</b>	<b>(386)</b>	<b>viii</b>

**Capital programme 2024/25 (£'000)**

Approved project	Budget: total project all years	Projected: total project all years	Budget Q3	Actual to date Q3	Projected 2024/25	Variation (Over) / under Q3 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
SALIX Contract	350	350	350	113	90	260	260	-	-	ix
Lansdowne Unit (CSD)	39	39	39	-	39	-	-	-	-	
Youth Investment Fund	7,003	7,003	7,003	3,211	6,503	500	-	500	-	x
Hollington Youth Centre	-	-	663	248	300	363	-	363	-	xi
Hastings & Rother Skills LUP	-	-	1,000	-	1,000	-	-	-	-	
Special Educational Needs	2,510	2,510	525	476	511	14	28	8	(22)	
Special Educational Needs - Grove Park	17,120	17,120	1,300	512	881	419	-	419	-	xii
Special Provision in Secondary School (Priory and Robertsbridge)	-	-	-	-	-	-	-	-	-	
Disabled Children's Homes	24	24	24	10	24	-	-	-	-	
14 Westfield Lane	17	17	17	-	15	2	2	-	-	
Core Programme - Schools Basic Need	61,874	61,874	518	93	286	232	232	-	-	xiii
Core Programme - Capital Building Improvements Corporate	45,482	45,482	4,401	2,702	4,164	237	-	237	-	xiv
Core Programme - Capital Building Improvements Schools	40,401	40,401	5,097	2,578	4,189	908	-	908	-	xv
Core Programme - IT & Digital Strategy Implementation	71,234	71,234	7,399	2,579	6,258	1,141	-	1,141	-	xvi
Core Programme - IT & Digital Strategy Implementation Oracle	26,513	26,513	9,634	4,230	7,359	2,275	-	2,275	-	xvii
IT & Digital - Utilising Automation	24	24	24	-	24	-	-	-	-	
<b>Total BSD Gross</b>	<b>272,591</b>	<b>272,591</b>	<b>37,994</b>	<b>16,753</b>	<b>31,643</b>	<b>6,351</b>	<b>522</b>	<b>5,851</b>	<b>(22)</b>	<b>xviii</b>