

Business Services – Q2 2023/24

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

Key cross cutting programmes

Carbon

In line with our current Climate Action Plan, good progress has been made in Q2 on the delivery of energy efficiency projects across the estate. A total of seven projects have been completed to date during 2023/24:

- Two LED lighting projects at Milton Grange and Frant Primary School.
- Two solar PV energy generation projects at The Keep and the Phoenix Centre.
- Installation of triple glazing at Grovelands Primary School.
- Two large asset rationalisation projects ensuring more modern facilities with reduced carbon emissions. These are the move from Ropemaker Park to Alder Close and the move from Ocean House to the reduced footprint at both Muriel Matter House and Cavendish House. These projects are yielding carbon emission savings from reduced footprint of these new assets.

Further projects commenced in Q2, notably six heat decarbonisation projects being partly funded by a £1m Phase 3b Public Sector Decarbonisation Scheme grant, as well as an additional three LED lighting projects. Ongoing supply chain and site issues mean that the full target of 23 energy saving schemes implemented may not be achieved. Seven have been delivered so far, nine more are underway and a further seven are due to commence in Q3 and Q4.

During Q2 the Property Team hosted further energy savings workshops for managers / school caretakers, with a focus on heat cost savings. There was an annual target to train 40 site managers, but this has been exceeded already this year, with 67 people trained and further workshops being scheduled for Q3 and Q4.

Total energy consumption (buildings, streetlighting and servers) in Q1 (reported a quarter in arrears) was down 8% when compared with the same period last year and down 26% on the baseline year 2019/20. Building energy use in Q1 was down 8% compared with the same period last year and 25% down on the baseline year 2019/20.

There is not yet enough data to accurately estimate the carbon emissions end of year outturn for 2023/24. The majority of energy use and carbon emissions arise in the second half of the year as they are significantly influenced by the weather. However, if consumption for the remainder of 2023/24 is the same as 2022/23 our Scope 1 and 2 carbon emissions for 2023/24 would increase by 1% compared with 2022/23, against the target of a 16% reduction required to keep within the five-year carbon budget. This would result in a 31% reduction on the 2019/20 baseline, against a cumulative target of 43%. The main contributing factor to the increase in emissions projected for 2023/24 is the increase in the electricity emissions factor (the carbon intensity of the national grid), which has risen 7% year on year due to an increase in natural gas use in electricity generation and a decrease in renewable energy generation, which is out of the Council's control (**ref i**).

Modernising Systems

The Managing Back Office Systems (MBOS) Programme was established to deliver the replacement of the Council's core finance and Human Resources systems, to support further developments to increase agile and digital working. The programme would enable the Council to move off SAP, which is due to go out of support in 2027. The User Acceptance Test phase continued in Q2 and Payroll Parallel Run Phase1 (PPR1) testing was completed, with PPR2 nearing completion but missing its target date. We have always agreed to not compromise on our quality targets and, as PPR2 did not meet these in the required timeframe, the Programme Board made the decision not to go live in 2023. In parallel to concluding the key deliverables required for go-live such as business readiness, training and preparations for PPR3, we are taking the

opportunity to assess in detail what further work is required across all parts of the programme in order to determine the best way forward which maintains the quality of the system and achieves a robust and smooth go-live.

Human Resources and Organisational Development (HROD)

As part of the wider workplace adjustments improvement programme a new workplace adjustment pathway has been developed and implemented and a 'strengths based' tool developed. These are to ensure we have the right framework in place for staff to be signposted to the adjustments they need to do their role effectively. To improve the timeliness and consistency of reports for specialist adjustments, we have awarded the contract for Workplace Needs Assessments for neurodivergent individuals to local supplier 'Genius Within'. Alongside this, improved guidance on the Occupational Health process has been put in place and the stress risk assessment and wellness plan have been streamlined and improved.

Following a change to the contractual arrangements, we have successfully retained the business of 20 schools within the London Borough of Redbridge for the provision of HR Advisory services, delivering significant income to the Team.

Attendance Management and Wellbeing

The Q1+2 sickness absence figure for the whole authority (excluding schools) is 4.20 days lost per Full Time Equivalent staff (FTE), a fall of 11.4% since last year. The year end estimate for 2023/24 is 8.92 days/FTE, so the target of 9.10 days/FTE is predicted to be met. The predominant reason for the decrease in absence rates is a large fall in Covid related absence compared to the same period last year.

However, mental health absence has increased by 265 days in Q1+Q2 compared to the same period last year. It is important to note this within the context of the benchmarking data from our absence management provider 'GoodShape' which suggests this is a common theme across local authorities and our absence rates are within the average for this. Set against this background, we have launched a new process to evaluate our current mental health offer, whilst continuing to provide support to staff by:

- working across departments to develop an improved Wellness Plan and Stress Risk Assessment which will be launched next month for National Stress Awareness Day.
- providing enhanced tools and guidance for workplace adjustments specifically in relation to supporting performance and mental health.
- offering employees additional support when they report an absence due to Mental Health to GoodShape. The aim is to reduce absence length and the risk of further mental health absence taking place in the future.
- putting in place an additional reminder for the completion of return-to-work discussions when the absence has been due to mental health, as further analysis has indicated that when an absence is due to this, the managers are less likely to complete the form. This reminder email highlights the importance of early completion and signposts to further support and guidance.
- raising awareness of the mental health support available from our EAP, OH and partners 'able futures' through a series of interactive staff webinars and individual staff sessions.
- our growing Mental Health First Aid network continues to pro-actively support staff and promote wellbeing resources within teams.

Procurement

Procurement, contract and supplier management activities

The Council has spent £309m with 876 local suppliers over the past 12 months up to the end of Q2, which equates to 65% of our total spend, compared to a 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.

Social Value

In Q2, a total of 67 contracts commenced, of which 63 were out of scope of the Social Value Measurement Charter which quantifies the economic, social and environmental benefits of the procurement. The contracts that were out of scope accessed an existing pre-approved list of suppliers (Frameworks) with predefined contractual terms. The Council's Public Bus Services contracts accounted for 56 of these out of scope contracts. The four in-scope contracts had a total contract value of £1.94m and secured £716k in Social Value commitment, which is 37% of the contract value, against a target of 10%.

The Social Value commitments for Q2 included: spend with local supply chains, educating schools on the benefits of carbon reduction and energy efficiency, environmental and career awareness programmes with local schools and colleges and work experience opportunities.

The Place Scrutiny Committee's report of Procurement: Social Value and Buying Local was agreed at full Council in May 2023. The recommendations included a 12 month trial of a new qualitative approach to social value within the Adult Social Care & Health service which commenced in Q2. A status update will be provided to Place Scrutiny in March 2024 and at the end of the trial in September 2024.

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 control for the Council. Internal Audit have continued to focus on delivery of the Annual Internal Audit Plan. At the end of Q2 we have completed 57.6% of the plan to draft report stage, against a Q2 target of 45%.

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 12/12 (100%) of the high-risk actions due to be implemented on a 12-month rolling basis have been actioned.

Property

During Q2 there was continued focus on the Council's Asset Management Plan 2020-2025, where particular emphasis has been placed on business continuity and corporate premise rationalisation. This follows the fire at St. Mark's House as well as the response to Reinforced Autoclaved Aerated Concrete (RAAC) concerns with schools across the country. A RAAC analysis was undertaken in Q2 working with the Department for Education (DfE). The Council had already undertaken RAAC surveys of 87 schools that were constructed between 1930 and 1980. There were additional surveys undertaken at eight schools that were built outside of the specified period but had undertaken additional building works (e.g. extensions and adaptations to existing buildings) to reassure the DfE and these are completed. No RAAC was identified in any local authority schools. There was significant work undertaken in Q2 to advise schools that they did not have RAAC. Property are currently working through the non-school portfolio to assess if RAAC could exist in these buildings. In Q2, a review of building condition surveys held in-house was undertaken and in Q3, surveys (to include RAAC) of up to 47 non-schools assets will be carried out by external property specialists.

Key outcomes for Property in Q2 include:

- The Eastbourne Office strategy has been expedited following the fire at St Marks House in June 2023, with some staff being re-located to St Mary's House and other teams going to shared units around the county, which has taken pressure away from central hubs. Property teams are working to coordinate the alterations required at St. Mary's House. It is not intended

that any teams will return to St Mark's House but a specialist team will remain on the ground floor until Q4.

- The response to the fire itself has been extensive with the necessary consultation with the landlord, insurance representation and subsequent clean-up operation. The key focus has been minimising service interruption which has been helped by Property setting up areas of St Mary's House for services which required an office base and finding other solutions within our portfolio.
- Work is ongoing in relation to an options paper for the County Hall campus, with additional technical support being provided by external specialists for the paper to be completed in Q3.
- There is a new commercial approach on the East Sussex investment portfolio, including reviewing service charges with existing tenants at Sackville House. This will result in additional revenue income which will help with both reactive maintenance and planned modernisation of the property. This approach will be expanded to the wider rental portfolio to ensure that income is maximised and tenants' obligations are fully met.
- The sale of the former Etchingam School Site and 1 Southview Close, Crowborough, have now completed. Marketing has been completed and offers are now being considered for the Hindlands site in Polegate.
- Hye House Farm in Crowhurst was marketed in Q2 with bids due to be evaluated in Q3.

IT & Digital

Migration of services to the new South East Grid (SEG) network on behalf of the Link Consortium has continued throughout Q2. Hosted by the Council, the network allows the Council and other public sector organisations in the South East to access higher speed digital infrastructure connections and contributes to the provision of ultra-fast data network connectivity throughout East Sussex.

The Schools ICT Service has been working to migrate East Sussex and Brighton and Hove schools from their legacy Finance and Management Information Systems onto new platforms. This has factored in the varying needs of many schools and our internal stakeholders. Take up from schools onto the new platforms has been high.

During Q2 a report to shape the Council's approach to the use of artificial intelligence (AI) was considered by the Corporate Management Team (CMT). Recognising that artificial intelligence in local government is a topic of increasing importance and interest, CMT endorsed the development of pragmatic guidance, guardrails (a set of safety controls that monitor and restrict a user's interaction if needed) and governance, to support the acceleration of responsible departmental digital innovation in this rapidly shifting technological and regulatory landscape.

Work is underway to procure a new Wi-Fi service through the SEG Network Services Framework as approved in Q1. This will replace the existing Wi-Fi service contract that expires in March 2024.

Work to replace the core telephony solution paired with a dedicated contact centre solution has continued in Q2. The impending change from landline-based telephony builds on existing technology investment and provides a sustainable solution, reducing the carbon footprint (removing handsets and on-premises equipment) and removing building dependency, thereby supporting a reduction in office space.

External Funding

In Q2, the External Funding Team responded to 82 funding enquiries from a range of charities, social enterprises and schools, working mostly in health and well-being and community work. There are almost 10,800 not for profit subscribers to Funding News, a monthly electronic publication about forthcoming funding opportunities. The team attended 30 meetings to discuss specific needs (e.g. supporting with data, writing a good application) and quality-checked four funding applications to ensure they had the best chance of success, supporting groups with

evidence of need and making the case for funding. The Team attended three countywide networking events where connections with new groups were established. Bid Writing training was delivered to governors and to two groups working with ethnic minority communities. The team has helped secure £214,422 of external funding so far in 2023/24.

Pensions

The Pension Fund Team delivers quality strategic and administrative services to the East Sussex Pension Fund, which comprises 140 employers and 82,000 members, whilst managing investment holdings in excess of £4.6bn in line with the Investment Strategy Statement. In September the Team won the Governance Award at the Local Authority Pension Fund Investments Award 2023.

Revenue Budget Summary

The 2023/24 Business Services net revenue budget is £27.866m. There are £0.869m planned savings in BSD this financial year, of which £0.210m (**ref ii**) relating to the consolidation of the Eastbourne hubs will not be achieved but will be offset by underspending elsewhere. These unachieved savings are included within the current outturn forecast, which is a net £0.033m underspend (**ref iii**).

Capital Programme Summary

The 2023/24 capital budget is £30.175m. The Youth Investment Fund slippage of £1.235m (**ref iv**) relates to delays as the project is value engineered to stay within budget. The Special Educational Needs - Additional Places slippage of £5.272m (**ref v**) relates to the Grove Park rationalisation programme. This programme will not start until 2024/25 so the project expenditure will be reprofiled accordingly. The Core Programme - Capital Building Improvements Schools slippage of £1.376m (**ref vi**) relates to delays arising from extended lead times on materials which affected the deliverability of works through the summer holiday window. The Core Programme - IT & Digital Strategy Implementation is forecasting slippage of £0.700m (**ref vii**) as a result of delays to the Wifi upgrade programme.

Performance exceptions (Q2 – See How to read this report for definition)

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

Performance measure	Outturn 22/23	Target 23/24	RAG Q1 23/24	RAG Q2 23/24	RAG Q3 23/24	RAG Q4 23/24	Q2 23/24 outturn	Note ref
Reduce the amount of CO2 arising from County Council operations	32% reduction on baseline year (2019/20) emissions	43% reduction on baseline year (2019/20) emissions (emissions not to exceed 7,139 tonnes CO2e)	R	R			Reported a quarter in arrears Q1: 26% reduction on baseline year (2019/20) emissions	i

Savings exceptions 2023/24 (£'000)

Service description	Original Target For 2023/24	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	869	-	659	210	-	ii
Planned savings - Orbis	-	-	-	-	-	
Total Savings	869	0	659	210	0	
			-	-	-	
			-	-	-	
Subtotal Permanent Changes ¹			0	0	0	
Total Savings and Permanent Changes	869	0	659	210	0	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding ²	Part of reported variance ³	Total	Note Ref
Property	210	-	210	
Total	210	0	210	

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

² 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).

³ 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 2023/24 (£'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 & Bus Admin	11,239	(5,754)	5,485	11,260	(5,784)	5,476	(21)	30	9	
HR & OD	3,179	(1,160)	2,019	3,179	(1,160)	2,019	-	-	-	
IT & Digital	11,570	(3,671)	7,899	11,578	(3,679)	7,899	(8)	8	-	
Procurement	-	(100)	(100)	-	(100)	(100)	-	-	-	
Property	24,887	(16,044)	8,843	26,166	(17,347)	8,819	(1,279)	1,303	24	
Contribution to Orbis Partnership	3,720	-	3,720	3,720	-	3,720	-	-	-	
Total BSD	54,595	(26,729)	27,866	55,903	(28,070)	27,833	(1,308)	1,341	33	iii

Capital programme 2023/24 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget Q2	Actual to date Q2	Projected 2023/24	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
SALIX Contract	700	700	350	46	81	269	269	-	-	
Lansdowne Unit (CSD)	75	75	65	19	65	-	-	-	-	
Youth Investment Fund	7,624	7,624	2,745	43	1,510	1,235	-	1,235	-	iv
Special Educational Needs	3,198	3,198	1,692	744	1,614	78	-	78	-	
Special Provision in Secondary School (Priory and Robertsbridge)	120	120	-	-	-	-	-	-	-	
Special Educational Needs - Grove Park	19,179	19,179	5,422	-	150	5,272	-	5,272	-	v
Disabled Children's Homes	786	786	716	24	716	-	-	-	-	
14 Westfield Lane	721	721	53	26	53	-	-	-	-	
Core Programme - Schools Basic Need	98,444	98,444	1,931	1,239	2,066	(135)	-	112	(247)	
Core Programme - Capital Building Improvements Corporate	44,749	44,749	3,509	1,532	3,509	-	-	-	-	
Core Programme - Capital Building Improvements Schools	42,049	42,049	5,594	1,614	4,218	1,376	-	1,376	-	vi
Core Programme - IT & Digital Strategy Implementation	72,956	72,956	4,742	2,255	4,042	700	-	700	-	vii
Core Programme - IT & Digital Strategy Implementation MBOS	13,125	16,514	3,332	-	3,332	-	-	-	-	

APPENDIX 4

Approved project	Budget: total project all years	Projected: total project all years	Budget Q2	Actual to date Q2	Projected 2023/24	Variation (Over) / under Q2 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
IT & Digital - Utilising Automation	24	24	24	-	24	-	-	-	-	
Total BSD Gross	303,750	307,139	30,175	7,541	21,380	8,795	269	8,773	(247)	