Business Services – Q2 2024/25
Summary of progress on Council Priorities, issues arising, and achievements

Key cross cutting programmes

Carbon

In line with our current Climate Action Plan 2023-2025, progress was made in Q2 on the delivery of energy efficiency projects across the estate. We completed a total of 6 projects in Q2:

- 1 Solar PV energy generation project: Cregg Na Ba, Battle (residential accommodation for up to 6 adults who have a learning disability)

- 2 LED lighting energy saving projects: St Nicholas Centre, Lewes (day centre for adults who have a learning disability) and Wivelsfield Primary School

- 2 Heat Decarbonisation Projects: Beckley Close, St Leonards on Sea (care home for adults) and Cregg Na Ba

- 1 Estate Rationalisation: vacating St Mark's House, Eastbourne

The target for 2024/25 is to complete 23 energy efficiency projects, of which 12 schemes have been completed by Q2. The Council is reviewing its capital programme as part of the RPPR process, and this is likely to result in some projects planned for 2024/25 being deferred to later years. Delivery of new projects was therefore lower than anticipated for Q2 due to works being on hold pending this review. The current estimated maximum outturn for 2024/25 is 20 energy efficiency projects. Marketing and preparation for Energy Efficiency Workshops due to run in October commenced in Q2. Draft energy saving tips for staff and building managers were produced along with responses to staff suggestions from "It All Adds Up". Follow-up is planned for Q3 with the 10 sites in the pilot Site Heating Control Interventions Initiative; the aim is to translate consultant recommendations into savings during the forthcoming heating season.

Energy consumption and carbon emissions are reported a quarter in arrears, so Q1 data is the most up to date information. Our carbon emissions for Q1 2024/25 were 10% lower than Q1 2023/24 and 42% lower than Q1 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 37% compared to the baseline year 2019/20, against a target of 50% **(ref i)**. 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 Q1 fall in emissions is due to a reduction in the amount of electricity consumed by the Council.

The Council's annual spend on electricity has significantly reduced since 2019/20. The spend figures below have been estimated using the consumption figures from 2019/20 and 2023/24, price-corrected against the average unit rates from 2023/24. The spend figures are based on consumption only (i.e. not including standing charges or any other non-commodity costs).

Year	Spend
2019/20	£7,148,566
2023/24	£5,422,112

These spend figures demonstrate that the introduction of renewable energy creation (e.g. solar PV), a reduction in buildings owned and occupied, energy efficiency measures and initiatives resulted in an estimated financial reduction of £1,726,454 (24% reduction) when comparing 2023/24 to 2019/20.

Oracle Implementation

Following the independent assurance review in late 2023, which confirmed that Oracle remains a suitable product for the Council, programme activity and governance have been re-established and a phased implementation is being progressed as follows:

- Phase 1 - EPM (Enterprise Performance Management) – further split into multiple small roll outs.
- Phase 2 - Finance (with dependant HR processes), Procurement, Recruitment and Helpdesk modules.
- Phase 3 - Payroll and all remaining HR processes.

During Q2, the first element of the EPM roll out ('Monitoring') successfully went live and is now being used.

Phase 2 continues to progress, and options for a suitable go-live date were considered during Q2. An April 2025 go-live represents the earliest phase 2 go-live date that is within reach subject to programme and organisational capacity, and is therefore the most cost effective and preferred option. However, as with all options, it does include a level of risk and has therefore now been escalated onto the Council's Strategic Risk Register. As part of phase 2, the programme engagement team will work with Council colleagues and relevant external organisations to support the implementation. Key elements of delivery include the technical implementation, organisational readiness, a post go-live support model being in place as well as the necessary governance and audit assurance.

The delivery plan for Phase 3 is currently being finalised and will, as far as possible, follow the 'adopt not adapt approach'.

Human Resources and Organisational Development (HROD)

A new 'Recruitment App' was launched during Q2 to support recruiting managers in creating high quality job descriptions and person specifications that are fully aligned to the Council's Leadership Capability Framework. The feedback received from managers has so far been very positive.

Alongside this, a new toolkit and guidance on workforce planning has been developed and launched. The toolkit and guidance is intended to support and assist managers with recruitment and retention planning for their Teams.

Attendance Management and Wellbeing

The 2024/25 Q1 and Q2 sickness absence figure for the whole authority (excluding schools) is 4.48 days lost per FTE, an increase of 6.8% since Q1 and Q2 2023/24. The year end estimate for 2024/25 is 9.75 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.

Mental health absences have also risen, but benchmarking data from our absence management provider, GoodShape, indicates this trend is common across local authorities. Our absence rates remain below the average, and it is encouraging that stress-related absences have decreased during this period. To continue supporting staff, we are:

- introducing a new form, enabling employees to connect directly with Mental Health First Aiders (MHFA) without the hurdle of searching through a spreadsheet to find the right contact
- hosting suicide prevention workshops, led by our Mental Health First Aid Instructors in September, focusing on identifying signs and responding in emergencies
- evaluating our wellbeing offering through the "Most Significant Change" evaluation, gathering staff feedback - especially regarding the "Time to Talk about Mental Health" campaign - to ensure we are using resources effectively
- enhancing manager support with automated reminders from GoodShape and direct contact from the HR Attendance Management Team within the first week of a stress-related absence. This approach has shown positive results in reducing days lost due to stress, and a pilot is underway to assess the impact

- promoting the improved Wellness Plan and Stress Risk Assessment, which launched in October 2023, and promoting it alongside key awareness days, team meetings, and staff sessions

- expanding our Mental Health First Aid network, which continues to actively support staff and promote well-being resources within teams

This multi-faceted approach aims to ensure our resources meet staff needs effectively.

<u>**Procurement**</u>

Procurement, contract and supplier management activities

The Council has spent £405m with local suppliers over the past 12 months. This equates to 63% of our total procurement spend, compared to a target of 60%. 893 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 Q2, a total of 15 contracts commenced, of which 10 were out of scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of the procurement, as they accessed an existing pre-approved list of suppliers (Frameworks) with predefined contractual terms. The 5 in scope contracts had a total contract value of £44.59m and secured £9.67m in Social Value commitments, which equates to an outturn of 22% against a target of 10%. The Property Service's Planned Maintenance Framework accounted for £5.4m of the Social Value commitment (14% of contract spend).

The Social Value commitments for Q2 included a wide range of benefits, such as:

- spend with local supply chains, including Social Enterprises

- apprenticeships

- the creation of local jobs, plus job opportunities for local people in priority groups, including long term unemployed

- professional development opportunities for local people

- work experience offered to local schools

- various employment initiatives, such as attending Skills Fairs and supporting the Open Doors project

- initiatives to reduce operational carbon emissions

- supporting environmental programmes with local groups, schools and colleges

The 12-month trial of a new qualitative approach to social value within Adult Social Care and Health (ASCH) has now been completed and the end of trial report went to Place Scrutiny Committee in September. Members received the report positively and congratulated the team on the success of the trial. All recommendations were passed, including an extension of the trial to test that the positive results are scalable to cover the whole of ASCH, and working to develop a Social Value Model for East Sussex.

Procurement policy

The Procurement Policy Team has been focussed on the following activities during Q2:

- the Social Value Marketplace was audited against the new Accessibility standard (WCAG2.2) in July 2024 and achieved a good rating

- training sessions on the revised Supplier Code of Conduct launched in July 2024

- 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 due to commence imminently

- a Modern Slavery Statement published in September 2024. The statement includes activities undertaken by the Council to address modern slavery risks in its operations and supply chains over the last financial year

- the Senior Policy Lead for Carbon Reduction has undertaken engagement with key sectors of the supply chain, including the local construction sector, to provide advice and guidance on measuring greenhouse gas emissions and developing a carbon reduction plan. This will be expanded further during the rest of 2024/25

Contract Management Advisory Service (CMAS)

A pilot service was launched in October 2023 within ASCH to deliver a Contract Management Advisory Service (CMAS). The ambition was to embed dedicated, experienced commercial resource to enable the delivery of consistent, structured, and effective contract management. This was aimed at raising the standards of contract and commercial management, as well as providing much needed visibility and reporting on contract risk and performance. One year on, the CMAS team have provided tailored training to over 130 officers, re-engineered key processes include the novation of contracts for VAT purposes and built a suite of Contract Performance Dashboards to give visibility of contract performance across the whole contract landscape. Discussions are now underway to agree how to take the CMAS service forward, including how to ensure compliance with the new 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 Q2, we have completed 56.2% 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 11/11 (100%) of the high-risk actions due to be implemented on a 12-month rolling basis have been actioned.

Property

Work continued in Q2 to assess viable options for the future of the County Hall site to present for review to Place Scrutiny before consideration by the Lead Member for Resources and Climate Change at the meeting on 15 October 2024. The Council requires a County Hall base in Lewes that provides efficient, modern, carbon efficient office space that meets the needs of residents, members and staff, and which is a sustainable and cost-effective solution for the long term.

This work was informed by an asset review based on the Treasury five model approach. The five-model approach looks at the management case, strategic case, financial case, economic case and commercial case. This review was undertaken by the specialist consultancy Inner Circle Consulting (ICC) and advice was sought from property market specialists, architects, quantity surveyors and planning advisors to develop options for the site. The Council also engaged with the South Downs National Park Authority and Lewes District Council, amongst others. Due to its size, there are perceptions that County Hall may have significant capital receipt value. However, it is a complex site where any re-development would need to consider a number of constraints such as access and topography, thereby restricting its value. This was reinforced by advice from ICC and the specialist property experts. This complexity means that the cost of providing new premises for the Council would likely exceed the market value of the site.

Given the financial constraints of the Council, options for a phased approach were considered. Under this approach the Council would look to remain at County Hall in the short term until alternative Council owned accommodation becomes available at Sackville House, Lewes, at which point the Council would look to relocate. In the interim period the Council would seek to move staff out of specific office blocks within County Hall, to allow these to be closed down to reduce running costs in the short-term and to allow the letting out of this space over the medium-term.

Other key outcomes for Property in Q2 include:

- the main office moves in Eastbourne were completed: the Council vacated St Mark's House at the end of August and building works at St Mary's House were finalised in Q2, allowing the opening of a new children and family hub at the building.

- the Council awarded building contracts for two new Youth Centres in Heathfield and Peacehaven, utilising Youth Investment Funding from central government.

- the transfer of Pacific House, Eastbourne, from Sea Change Sussex to the Council and Eastbourne Borough Council was completed. Property also finalised the transfer of a commercial development site adjacent to Pacific House during Q2.

- three asset business cases were completed in Q2, these sought to declare assets surplus and prepared sites for marketing and disposal, in line with the team's enhanced focus on capital receipt generation in 2024/25.

- a full review of all assets where we are the landlord or the tenant is being conducted to evaluate our contractual arrangements around service charges, business rates and rent as well as revisiting operational requirements. This began in Q2 and will allow us to reduce property costs and liabilities as well as identifying potential surplus assets for capital receipt and income-generating opportunities.

IT & Digital

During Q2, services reviewed potential opportunities for using Microsoft M365 Co-pilot to improve productivity and efficiency. A cross-council working group was mobilised to define a set of criteria to support the shortlisting of candidate pilots. The aim is to identify a core set of pilots that will provide insight and evidence about the scope for efficiency improvements through the use of AI. During Q3 a proposed shortlist of proposed pilots will be recommended to the Corporate Management Team (CMT) for consideration.

Work to replace the Council's office and contact centre telephony platforms continued through Q2. The proposed changes will modernise a key aspect to the Council's digital infrastructure – moving from desk based landline phones to a digital offering which is aligned to hybrid working. Mobile phone and other IT equipment use is also being targeted with a communications campaign being launched asking for unused smartphones to be returned to IT & Digital and to encourage the reuse of equipment. Work is also underway to redefine 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 began in Q2. Periodically refreshing our IT equipment is vital so that it stays up to date and safe to use to best support and enable a digital workforce. Devices are now refreshed every 5 years to extend the value of the assets. The scale at which this is done (across three 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 Q2 the External Funding Team:

- responded to 79 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. Organisations the team engaged with included those delivering counselling (mental health), recovery (people affected by drugs and alcohol) and education courses (Education Futures Trust).

- attended 29 meetings to discuss specific needs - identifying funding, input to East Sussex in Figures (ESIF)'s 'Appling for funding' resource, making referrals internally and externally aligned with the Council's protocols, priorities, and commitment to cross sector working for East Sussex.

- quality-checked 3 applications.

The team's support helped secure £3.049m of funding in the first 6 months of 2024/25 (including £2.830m secured following support to SPACES in Q4 2023/24).

The team continues to provide advice around the Council's Corporate Funding Protocol and continues to participate in wider strategic and cross sector work such as Partnership Plus, Community Wellbeing Advisory Group and the Financial Inclusion Multi Agency Group. There are currently 11,398 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 £29.731m. There are £1.003m planned savings in BSD this financial year including £0.310m of unachieved savings brought forward from 2023/24 **(ref ii)**. The impact of any unachieved savings are included within the current outturn forecast which is a £0.824m overspend **(ref viii)**. Business Administration and Finance – overspend £0.022m **(ref iii)** reflects additional Winshuttle licence costs and loss of Swale Academy income. HR and OD – overspend £0.040m **(ref iv)** largely due to the forecast deficit in the Eastbourne Training Centre income; there have been some mitigations since the last report. In Procurement £0.016m of the £0.100m additional income target is forecast to be achieved directly **(ref v)**, however the remaining balance of £0.084m will be offset from part of the underspend arising from a forecast reduction in the required contribution to Orbis of £0.112m **(ref vii)**. In Property there is a forecast overspend of £0.785m **(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 £0.180m overspend on Reactive Maintenance but the actual reactive overspend is £0.440m with pressure being mitigated by holding planned projects. Other overspends that Property are looking to mitigate over the next quarter include £0.132m on franking and postage costs, and a £0.206m overspend on the PFI and Joint Use budgets. Finally, there have been areas of underspending; £0.073m reduction in consultants being engaged, and some additional income relating to backdated lease renewals. £0.052m underspend on Cleaning and Waste Budgets. £0.025m 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 £36.678m. At Q2 there is a net £241k underspend **(ref xiii)** comprising the following variances: SALIX Contract £297k underspend **(ref ix)** Salix Recycling ends in March 2025 and has 3 remaining projects to complete. Completion date is October 2024 half term so the budget will be revised as a capital variation. Core Programme - Schools Basic Need £260k underspend **(ref x)** 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 Schools is forecasting slippage of £684k **(ref xi)** due to various projects

including changes in Climate Energy projects and suitability of decarbonisation works. Core Programme - IT & Digital Strategy Implementation spend in advance £1m **(ref xii)**. The programme has been reviewed and reprofiled at Q2. The movement is due to a decision to replace the virtual infrastructure hardware before end of life to coincide with licence renewal date 31/01/25. Doing the refresh earlier enables IT&D to capitalise the licence and hardware for 5 years which avoids a revenue pressure of £278k per annum over the next 2 years. The programme total has reduced by £430k due to the reduced specification of laptops procured for the device refresh.

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	Q2 24/25 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			Emissions are reported a quarter in arrears Q1: 42% reduction on Q1 of baseline year Projected reduction by year end: 37% on baseline year	(i)

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	-	
Total Savings	**693**	**1,003**	**663**	**340**	**0**	**(ii)**
			-	-	-	
			-	-	-	
Subtotal Permanent Changes [1]			**0**	**0**	**0**	
Total Savings and Permanent Changes	**693**	**1,003**	**663**	**340**	**0**	

Memo: treatment of savings not achieved in the year (£'000)	Temporary Funding [2]	Part of reported variance [3]	Total	Note Ref
Planned savings – BSD Property	-	240	240	
Planned savings – BSD IT&D	-	-	-	
Planned savings – Orbis Procurement	100	-	100	
Total	**100**	**240**	**340**	

[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 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	12,882	(6,517)	6,365	12,887	(6,500)	6,387	(5)	(17)	(22)	(iii)
HR & OD	3,300	(1,108)	2,192	3,300	(1,068)	2,232	-	(40)	(40)	(iv)
IT & Digital	12,937	(4,132)	8,805	12,708	(3,903)	8,805	229	(229)		
Procurement	-	(100)	(100)	55	(66)	(11)	(55)	(34)	(89)	(v)
Property	26,738	(17,895)	8,843	28,347	(18,719)	9,628	(1,609)	824	(785)	(vi)
Contribution to Orbis	3,626	-	3,626	3,514	-	3,514	112	-	112	(vii)
TOTAL BSD	**59,483**	**(29,752)**	**29,731**	**60,811**	**(30,256)**	**30,555**	**(1,328)**	**504**	**(824)**	**(viii)**

Capital programme 2024/25 (£'000)

Approved project	Budget: total project all years	Projected: total project all years	Budget Q2	Actual to date Q2	Projected 2024/25	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	350	350	350	145	53	297	297	-	-	(ix)
Lansdowne Unit (CSD)	39	39	39	1	39	-	-	-	-	
Youth Investment Fund	7,003	7,003	7,003	769	7,003	-	-	-	-	
Hollington Youth Centre			663	96	663	-	-	-	-	
Special Educational Needs	2,510	2,510	525	222	525	-	-	-	-	
Special Educational Needs - Grove Park	17,120	17,120	1,300	212	1,300	-	-	-	-	
Special Provision in Secondary School (Priory and Robertsbridge)	-	-	-	-	-	-	-	-	-	
Disabled Children's Homes	24	24	24	10	24	-	-	-	-	
14 Westfield Lane	17	17	17	-	17	-	-	-	-	
Core Programme - Schools Basic Need	61,874	61,874	518	42	258	260	260	-	-	(x)
Core Programme - Capital Building Improvements Corporate	45,482	45,482	4,401	1,555	4,401	-	-	-	-	
Core Programme - Capital Building Improvements Schools	40,401	40,401	5,781	1,980	5,097	684	-	684	-	(xi)
Core Programme - IT & Digital Strategy Implementation	71,234	71,234	6,399	1,436	7,399	(1,000)	-	829	(1,829)	(xii)
Core Programme - IT & Digital Strategy Implementation MBOS	26,513	26,513	9,634	2,931	9,634	-	-	-	-	
IT & Digital - Utilising Automation	24	24	24	-	24	-	-	-	-	
Total BSD Gross	**272,591**	**272,591**	**36,678**	**9,399**	**36,437**	**241**	**557**	**1,513**	**(1,829)**	**(xiii)**