

## Business Services – Q2 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 current Climate Emergency Action Plan 2025-2030, a further 2 energy efficiency projects were completed in Q2, bringing the total for Q1 and Q2 to 7. The 2 projects completed in Q2 were:

- 2 Insulation (roofing with insulation): West Rise Pre-School and Claverham Nursery

The Council Plan target for 2025/26 is to complete 10 energy efficiency projects, which will be achieved through planned property capital and maintenance projects.

The Property team continues to provide support about energy efficiency best practice for building managers at sites with high or unusual energy use patterns, to identify savings. In addition, contact was made with 15 sites that have relatively high water use to offer advice and signpost free support from water companies, to help combat higher water prices and reduce wastage. Following the success of the workshops held in 2024/25, planning and promotion of a further 'Ask the Expert' energy saving workshop has begun. At the workshops, a mechanical engineer provides support free of charge, as part of a social value benefit from a framework consultant.

In Q2, benefits have been identified for 19 sites and client departments where climate change funding had been invested in rooftop solar panels. Since the first PV systems came online in February 2022 (up until 31 March 2025), £262,000 has been saved on electricity bills and there have been carbon savings of 114.5 tCO<sub>2</sub>e. This is equivalent in the carbon emissions of an average car driving round the earth 23 times. The projects that were funded by the Public Sector Decarbonisation Scheme have cut energy use and carbon emissions in those areas by 50-60%.

The total Council carbon emissions (including Scope 1 'direct emissions' and 'Scope 2' indirect emissions from purchased utilities) outturn for Q1 2025/26 (reported a quarter in arrears) saw a 22% reduction compared to Q1 2024/25. This represents a 47% reduction when compared to Q1 of the baseline year (2019/20). At this stage it is not possible to accurately forecast the annual emissions for 2025/26, as it will largely depend on whether we have a cold winter compared with previous years and, consequently, how much gas is required for heating.

In Q1 2025/26, gas consumption fell by 24%, and oil consumption by 11% compared to Q1 2024/25. This was partly due to a warmer April this year, meaning there was reduced heating demand compared to April 2024. Electricity consumption fell by 9% for buildings and 6% for street lighting.

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 2025/26 are based on the fuel mix used in 2023, 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/government/publications/conversion-factors-2023)).

The carbon emission factor for electricity fell by 14% between 2024/25 and 2025/26, having increased in 2023/24 and remained at that level last year. The reduction in the electricity carbon emissions factor made a positive contribution to the Q1 year on year emissions reduction.

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, 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 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).

While we continue to make progress on reducing our emissions, carbon and cost reduction work is now focused on business-as-usual activity such as the planned building maintenance programme, following the reprofiling of the capital budget in 2024/25. We have consistently stated that we require Government funding to deliver the improvements needed to get to net zero, given that modelling we commissioned in 2022 showed it would cost about £200m to get to net zero by 2050 for scope 1 and 2 emissions alone. However, Government funded programmes for corporate carbon reduction have been closed, which means we are only able to deliver improvements using our own, limited resources.

Analysis has been undertaken over the summer, based on the latest available data on our emissions for 2024/25, which suggests that the current target (to reduce the amount of CO<sub>2</sub> arising from County Council operations by 57% compared to 2019/20) is not achievable with the limited resources available. Our current target is more challenging than that recommended by the Science Based Target Initiative, which is the most widely recognised framework for corporate target setting, for an average annual carbon reduction target of about 4.2% (see: [Ambitious corporate climate action - Science Based Targets Initiative](#)). We are aware that there are a growing number of local authorities who are also recognising that their carbon reduction targets are not achievable with available funding and that these may need to be amended.

Given the difficult financial position we face, it is important that we have a realistic estimate as to what the cost of achieving our ambitions would be. This way consideration can be given to whether or not the resource necessary to achieve the target should be prioritised over other Council services, or the target be amended to reflect what is achievable. It is also important to factor in the potential impact of local government reorganisation and that any new unitary will have a greater range of functions than the County Council currently has, which will impact on carbon emissions. It may also be advantageous to understand the potential impact of the establishment of the Mayoral Combined County Authority, which will have a specific duty in relation to climate change. To enable these to be properly and openly considered it is recommended that Scrutiny consider the target in light of these issues and the changing context (**ref i**).

Our focus on reducing emissions and energy costs will continue. It is important to note that the corporate work is one part of the wider activities undertaken by the Council to support a reduction in county-wide emissions. We also work on reducing fuel poverty, increasing access to walking, cycling and public transport, and enhancing local biodiversity, which all deliver a range of co-benefits, such as an improvement to health.

### 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, these modules in the system have now transitioned into business as usual, with low volumes of support tickets being reported (approximately 50 a week).

Therefore, the focus of the programme is now on Phase 3 (HR and Payroll). The functional and technical requirements for this phase have been scoped and designed, and during Q2, the programme moved through a data migration cycle and into its early stages of testing. As the

programme gains confidence in the quality of the system build through testing, a testing exit time frame, and consequentially a target go-live date will be established for this phase.

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

As part of our ongoing commitment to employee health and wellbeing, a Musculoskeletal (MSK) Toolkit has recently been developed and has been piloted in Q2. The toolkit includes interactive tools, anatomy visuals, manager checklists and tailored content for high-risk groups.

We have successfully negotiated an extension to the GoodShape contract with a fixed term price reduction, achieving a saving of 3% of the value of the contract.

During Q2 we also successfully delivered the 'Mastering Difficult Conversations' course which had been extensively updated and revised based on feedback from previous attendees. The updated course has been well received with lots of positive feedback.

### **Attendance Management and Wellbeing**

The 2025/26 Q1 and 2 sickness absence figure for the whole authority (excluding schools) is 4.30 days lost per Full Time Equivalent (FTE) role, a decrease of 4.1% since the same period last year. The year end estimate for 2025/26 (based on six month's data) is 8.83 days/FTE, so the target of 9.10 days/FTE is predicted to be met.

Compared to Q1 and 2 2024/25, overall sickness absence has decreased. Key reductions include:

- Stress decreased by 499 days (there were more spells, but shorter durations)
- Surgery decreased by 682 days
- Depression decreased by 425 days

Key increases in absence include:

- Mental health-related issues increased by 1,163 days
- Flu-like symptoms increased by 751 days

### **Actions underway:**

- HR Review: Continued prioritisation of stress and mental health-related absences to identify root causes and support early resolution.
- Manager Guidance Access: Streamlining access to essential guidance for managers to support staff consistently and effectively.

### **Wellbeing Programme Enhancements:**

- Targeted workshops
- Evaluation-informed proposals (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 £411m with local suppliers over the past 12 months. This equates to 61% of our total procurement spend, which meets our target of 60%. 1,152 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 5 contracts commenced, of which 3 were out of scope of the Social Value Measurement Charter, which quantifies the economic, social and environmental benefits of the

procurement as they accessed existing pre-approved list of suppliers (Frameworks) with predefined contractual terms. The 2 in-scope contracts had a total contract value of £5.58m and secured £1.07m in Social Value commitment, which equates to an outturn of 19% against a target of 10%.

The Social Value commitments for Q2 included:

- employability support offered to local priority groups
- career awareness programmes offered to local schools and colleges
- professional development opportunities offered to staff and volunteers
- internship and volunteering opportunities
- supporting initiatives to engage people in physical and mental health interventions
- developing environmental initiatives which reduce carbon footprint and promote sustainability

### **Procurement policy**

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

- Finalised the annual Scope 3 greenhouse gas emissions report (emissions which come from our procurement of goods, services and works). This shows a 32% reduction in emissions from our supply chain in 2024/25 since the baseline year (2022/23). Over 45% of our emissions were reported directly by suppliers to the Council, rather than estimated against emission factors, which is an improvement compared to 32.5% the previous year.
- The Council's Modern Slavery Statement for 2024/25 has been published on Council's website and uploaded to the Central Government Modern Slavery Statement Registry.
- Development of a Social Value Model to align more closely with the Council's established priorities and with the national approach to securing and delivering social value.
- Developing Equality, Diversity and Inclusion (EDI) in Commissioning & Procurement training jointly with the Council's EDI lead.
- Finalising the requirements and process with Finance and Legal colleagues on the payment and contract performance transparency requirements under the Procurement Act.
- Incorporating carbon reduction and social value requirements into several significant Council contracts, including Exceat Bridge, School Meals, and Translation and Interpreting Framework.

### **Contract and Commercial Advisory**

Much of the Contract and Commercial Advisory's focus in Q2 was on supporting the design of new Oracle processes to improve the requisition process and reduce the volume of non-compliant requisitions. These new processes are now in place and already the number of requisitions requiring remedial action have significantly reduced. The team has also been engaging with colleagues in Legal to design and agree processes to ensure the Council is compliant with the Contract Management obligations as prescribed in the Procurement Act 2023, specifically with regard to the publishing Contract Details Notices.

### **Internal Audit**

Through the delivery of sufficient audit coverage in Q2, 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 56.9% of the plan to draft report stage by the end of Q2, against a Q2 target of 45% (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 Q2, it was confirmed that 8/8 (100%) of the high-risk actions due to be implemented on a 12-month rolling basis had been actioned (against a target of 97%).

### **Property**

In Q2, Property completed the marketing of two properties for sale – Sandbanks, in Hailsham and the former Rangers' Workshop, in Rye. Both these assets are under offer with sales progressing. Furthermore, Lead Member approval was secured for the letting out of the Phoenix Centre, Lewes and to market Tilling Green playing fields for sale.

Following a review of the Council's operational and non-operational assets completed in Q1, additional work has been undertaken to increase the occupancy of some key assets in Q2, resulting in new lettings at The Keep as well as Pacific House, Eastbourne.

Both The Joff and Heathfield Youth Hubs were officially opened in September 2025 following successful building projects funded by the central government Youth Investment Fund.

During Q2, the Schools Maintenance team completed over 35 capital and revenue projects over the school summer period. The Capital Projects team also completed a number of Special Educational Needs and school access projects by the end of the school summer holiday. Lead Member approval was secured in September 2025 to award a building contract in relation to the Council's largest capital Special Educational Needs project at Acre Wood, Crowborough. The school construction has commenced with completion due in Q3 2026/27.

Energy Accounts continued to work on supporting all clients including schools, validating around 5,800 energy invoices for errors and saving £96k in avoided or refunded charges. This also included identifying increased consumption changes, exporting corporate energy payments to Oracle for payment, managing energy suppliers and ensuring best value and efficiencies from current contracts, whilst working on reprocurring Energy contracts nearing end dates and liaising with new potential Energy clients.

### **IT and Digital**

The Microsoft Copilot M365 discovery work concluded in Q2, assessing safe and responsible AI use to boost productivity and efficiency. Experiences from the strategic pilot, involving 127 staff and 33 use cases were consolidated into a business case that will be fed into the Reconciling, Policy, Performance and Resources process. The structured pilot explored a range of use cases, from document drafting and redaction to meeting summarisation, content generation, data analysis, and accessibility enhancements. The focus was on assessing productivity gains, output quality, and user experience. Copilot was found to consistently deliver measurable time savings, clearer outputs, and reduce mental workload. The outcome of the business case will be reported in Q3.

The Windows 11 device refresh project continued at pace during Q2. With the end of support for Windows 10 approaching in October, the project has now refreshed 99% of devices with 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. Video conferencing devices were also updated in corporate meeting rooms during this period.

Schools ICT secured approved supplier status on the Crescent Purchasing Consortium Outsourced ICT Framework, endorsed by the Department for Education. This milestone strengthens our position as a trusted provider of innovative, education-focused IT services and opens opportunities to support schools and multi-academy trusts nationwide. The framework enables compliant, cost-effective procurement of ICT solutions, including managed services,

consultancy and infrastructure planning. Inclusion ensures clients benefit from streamlined procurement, strategic advice, and sustainable, future-ready IT support.

### **Revenue Budget Summary**

The 2025/26 Business Services net revenue budget is £31.883m. 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 realised in this financial year, but the shortfall is planned to be covered within the directorate. The current outturn forecast is a £0.393m overspend (**ref vi**) and this position assumes that all other savings will be achieved. The £0.195m overspend forecast within Finance and Business Admin (**ref iii**) relates to loss of traded service income following academy conversions and the cost of supporting a Procurement project supporting East Sussex. IT&D are reporting an underspend of £0.061m (**ref iv**) comprising several small underspends across the service, including on the cost of Microsoft Licences. In Property there is a forecast overspend of £0.259m (**ref v**). This is attributed to the loss of income from a courier service contract to East Sussex Fire and Rescue Service which has now ended, increased service charges and additional stamp duty costs in various properties.

### **Capital Programme Summary**

The 2025/26 capital budget is £37.220m. At Q2 there is a net £1.425m underspend (**ref xiii**) comprising the following variances: Core Programme - IT & Digital Strategy Implementation underspend £0.950m (**ref vii**). The movement is attributed to an alternative way of upgrading the PN software has been confirmed which enables us to delay the refresh and further exploit the assets whilst remaining safe and secure and the Mobile Phone supplier has confirmed that they will provide security patches on our existing devices until 2027, meaning the refresh can be delayed. Capital Building Improvements (Corporate) forecasts slippage of £0.566m (**ref viii**) on projects relating to Bellbrook Centre and St Mary's House. Capital Building Improvements (Schools Basic Need) - £2.109m slippage (**ref ix**) The Schools summer programme suffered delays in progressing projects to site in a timely manner. These projects rely on a specific window to arrange projects for the summer period – following these delays a number of larger projects have been placed on hold and will be progressed in the 2026-27 period. Special Educational Needs & Disabilities Provision is forecasting slippage of £1.014m (**ref x**). There are a number of SEN projects now progressing, but it is unlikely that all of the budget will be utilised in 2025/26, thereby slipping to 2026/27. Special Educational Needs & Disabilities Provision - Grove Park forecasts £3.271m spend in advance (**ref xi**) After lengthy delays with mitigating environmental impacts on site and budgetary concerns, the Acre Wood Board gave the go-ahead and contract signed with a main contractor. Works on site are now expected to accelerate and so the spend for 2025/26 will be higher than the current budget profile. Finally, there is a small element of slippage on the Hollington Youth Centre (**ref xii**).

**Performance exceptions Q2:****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	Q2 2025/26 outturn	Note ref
Reduce the amount of CO2 arising from County Council operations	36%	57% reduction on baseline year (2019/20) emissions (emissions not to exceed 5,403 tonnes CO2e)	R	R			Emissions are reported a quarter in arrears Q1: 47% reduction on Q1 of baseline year (2019/20)	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	-	174	-	80	
Planned savings – BSD IT&D	26	-	26	-	-	
Planned savings – Finance	142	-	142	-	-	
Planned savings – BSD	638	-	638	-	-	
<b>Total Savings</b>	<b>1,060</b>	<b>0</b>	<b>980</b>	<b>0</b>	<b>80</b>	
			-	-	-	
In-year underspends to offset for 2025/26 while a permanent solution is sought for 2026/27			-	80	(80)	
<b>Subtotal Permanent Changes <sup>1</sup></b>			-	-	-	
<b>Total Savings and Permanent Changes</b>	<b>1,060</b>	<b>0</b>	<b>980</b>	<b>80</b>	<b>0</b>	<b>ii</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
Postal Hub	-	80	80	
	-	-	-	
	-	-	-	
<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)/under spend Gross	(Over)/under spend Income	(Over)/under spend Net	Note ref
Finance and Bus Admin	14,127	(7,850)	6,277	14,971	(8,499)	6,472	(844)	649	(195)	iii
HR & OD	3,633	(1,108)	2,525	3,633	(1,108)	2,525	-	-	-	
IT & Digital	14,016	(4,155)	9,861	14,015	(4,214)	9,801	1	60	61	iv
Procurement	-	-	-	-	-	-	-	-	-	
Property	29,648	(20,290)	9,358	30,113	(20,496)	9,617	(465)	206	(259)	v
Contribution to Orbis	3,862	-	3,862	3,862	-	3,862	-	-	-	
<b>TOTAL BSD</b>	<b>65,286</b>	<b>(33,403)</b>	<b>31,883</b>	<b>66,594</b>	<b>(34,317)</b>	<b>32,277</b>	<b>(1,308)</b>	<b>915</b>	<b>(393)</b>	<b>vi</b>

**Capital programme 2025/26 (£'000)**

Approved project	Budget: total project all years	Projected: total project all years	Budget 2025/26	Actual to date Q2	Projected 2025/26	Variation (Over) / under 2025/26 budget	Variation analysis: (Over) / under spend	Variation analysis: Slippage to future year	Variation analysis: Spend in advance	Note ref
IT&D Strategy Implementation	71,234	71,234	5,094	2,372	4,144	950	-	950	-	vii
IT&D Strategy Implementation (ORACLE)	26,513	26,513	7,710	2,656	7,710	-	-	-	-	
Capital Building Improvements (Corporate)	45,482	45,482	4,966	950	4,400	566	-	566	-	viii
Capital Building Improvements (Schools)	40,401	40,401	6,909	2,001	4,800	2,109	-	2,109	-	ix
Disabled Children's Accommodation	24	24	14	19	19	(5)	(5)	-	-	
Schools Basic Need	61,874	61,874	664	452	664	-	-	-	-	
Special Educational Needs & Disabilities Provision	3,673	3,673	3,673	121	2,659	1,014	-	1,014	-	x
Special Educational Needs & Disabilities Provision - Grove Park	17,120	17,120	3,350	933	6,621	(3,271)	-	-	(3,271)	xi
Westfield Lane	17	17	17	-	17	-	-	-	-	
Youth Investment Fund	7,003	7,003	1,745	2,222	1,745	-	-	-	-	
Hollington Youth Centre	3,037	3,037	3,054	866	2,992	62	-	62	-	xii
IT & Digital - Utilising Automation	24	24	24	-	24	-	-	-	-	
<b>Total BSD Gross</b>	<b>276,402</b>	<b>276,402</b>	<b>37,220</b>	<b>12,592</b>	<b>35,795</b>	<b>1,425</b>	<b>(5)</b>	<b>4,701</b>	<b>(3,271)</b>	<b>xiii</b>