

Finance and Property Portfolio - Summary

Performance Summary

1. Performance highlights this quarter:

- The **County Council’s draft Budget and Council Plan for 2024/25** was agreed by County Council on 16th February and will see spending of £2.05 billion next year on the day to day running of local services to deliver the priorities that are set out in the Council Plan.
- The Property and Assets Team continue to support a wide range of Council initiatives despite staffing shortages within the department. **Flooding in November led to the closure of the County Council’s Bognor office Durban House.** Facilities Management has worked closely with services to ensure that disruption to end users has been kept to a minimum. The full extent of repair works is currently being agreed with the County Council’s insurer.
- During the quarter, the Estates Team have continued to work on **property negotiations alongside other projects** including school academy conversions, with four schools completing during the quarter and a further 11 are underway over 17 sites; and community asset transfers with one transfer completing this quarter and three others currently underway. The Capital Team has continued to **support the delivery of the Capital Programme** which includes nine projects proceeding through the viability and feasibility stages, 17 projects in design/ pre-construction and 16 projects in construction and defects liability period.

Our Council Performance Measures

2. The following section provides KPI updates comparing performance over the last three periods (each measure will explain the reporting period).

Finance and Property		2023/24 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
16	Measure: New competitive tenders and their resulting contracts over the value of £500,000 include 'social value' criteria as part of the evaluation, in line with the Council’s social value framework Reporting Frequency: Year-to date annual average, updated each quarter.	80.0%	Jun-23	Sep-23	Dec-23	↗	G
			A	G	G		
			78.0%	89.0%	93.0%		

Finance and Property		2023/24 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
<p>Performance Analysis: Dec-23: The data shows the latest result for a year-to date annual average. Commentary relates only to the latest quarter performance.</p> <p>There were eight eligible tenders over the value of £0.5m that required a Key Decision in Q3 of 2023/24. All of these tenders included a social value consideration and formed part of their evaluation with half (four) of them being evaluated at 10% of their quality criteria. As at December, the year-to-date annual average totalled 93%.</p> <p>Actions: The County Council continues to ensure it complies with obligations for Social Value and to measure the value and benefit it brings to the local economy.</p>							
49	<p>Measure: Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use</p> <p>Reporting Frequency: Quarterly</p>	113,500 m ²	<p>Jun-23</p> <p>A</p> <p>118,803 m²</p>	<p>Sep-23</p> <p>A</p> <p>117,824 m²</p>	<p>Dec-23</p> <p>A</p> <p>114,881 m²</p>	↗	A
	<p>Performance Analysis: Dec-23: This quarter has seen a reduction in Gross Internal Area due to the closure of The Grange office on the County Hall Chichester campus, with staff being relocated as space is rationalised. Durban House in Bognor Regis has been temporarily vacated due to a flooding incident but remains included within the figures as an operational asset. Replacement office space in Bognor Regis has been acquired and will be captured as an addition to the estate in next quarters figures.</p> <p>Actions: Further rationalisation initiatives are being progressed; however, the operational space is expected to increase by year end due to the acquisition of additional office space in Bognor to accommodate staff displaced from Durban House.</p>						
50	<p>Measure: The aggregated unit cost of our services compared to our statistical neighbours</p> <p>Reporting Frequency: Annually (March)</p>	7th - 8th highest out of 15	<p>2020/21</p> <p>R</p> <p>4th Highest out of 15</p>	<p>2021/22</p> <p>G</p> <p>8th Highest out of 15</p>	<p>2022/23</p> <p>G</p> <p>8th Highest out of 15</p>	→	A
	<p>Performance Analysis: Sep-23: West Sussex County Council had the 4th highest average unit cost for services in 2020/21 when the baseline was set when compared to statistical neighbours. The budgeted position for 2021/22 and 2022/23 shows an improvement to 8th position for both years.</p> <p>Actions: The County Council is still in uncertain times with significant budget gaps over the next three years and therefore further reductions will be required but this is likely to be the same across all authorities and therefore the council's relative position may not improve further. Going forward, there are plans to review benchmarking information and use information which provides a measure of cost effectiveness relative to outcomes achieved and this will be updated for 2024/25.</p>						
52	<p>Measure: New competitive tenders and their resulting contracts over the value of £500,000 include an appraised option for partnership working to assess opportunities for efficiency</p> <p>Reporting Frequency: Quarterly</p>	80.0%	<p>Jun-23</p> <p>G</p> <p>100%</p>	<p>Sep-23</p> <p>G</p> <p>88.0%</p>	<p>Dec-23</p> <p>G</p> <p>88.0%</p>	→	G
	<p>Performance Analysis: Dec-23: The data shows the latest result for a year-to date annual average. Commentary relates only to the latest quarter performance.</p> <p>There were eight eligible tenders over the value of £500,000 that required a Key Decision in the third quarter of 2023/24. Of these, seven tenders (88%) considered Partnership working within the business appraisal options process.</p> <p>Actions: The County Council continues to ensure partnership working consideration is embedding in working practices.</p>						

Finance Summary

Portfolio In Year Pressures and Mitigations

Pressures	(£m)	Mitigations and Underspending	(£m)	Year end budget variation (£m)
Assets and Estates – Reduction in income from property rental	£0.600m	Assets and Estates – Projected additional income including non-domestic rates appeals rebate	(£0.200m)	
Assets and Estates – Projected property holding costs	£0.200m	Facilities Management – Staffing Vacancies and underspending on furniture, fittings and haulage	(£0.280m)	
Facilities Management – Additional contract costs following re-tender and additional work associated with reactive maintenance and repairs	£0.750m	Finance – Allocation of grants towards central corporate functions	(£0.662m)	
Facilities Management – Income shortfall on SLA's	£0.250m			
Facilities Management – Additional tree works and cleaning contract costs	£0.170m			
Joint Venture – Non delivery of savings	£0.200m			
Finance – Apprenticeship levy increase due to increase in staffing base	£0.170m			
Finance – Increase in base audit fee	£0.050m			
Other minor variations	£0.001m			
Finance and Property Portfolio - Total	£2.391m		(£1.142m)	£1.249m

Financial Narrative on the Portfolio's Position

- As at the end of December, the forecast against the Finance and Property budget is a projected overspend of £1.249m, an improvement of £0.045m when compared to the September position. The main variations within the budget position are described below.
- As previously reported, there will be a **shortfall on the property rental income** during the year as a result of the tenant vacating the City Park site in Hove from September 2023. It is estimated that this will result in a £0.6m pressure which includes rental loss, holding costs, non-domestic rates liability and professional fees. A financial payment in respect of the dilapidations at City Park has been received and transferred to reserves whilst options for the future of the building are investigated. Funding for any required works will be sought through a business case at that time.
- There are a number of County Council buildings currently vacant due to planned estate rationalisation which includes Centenary House Durrington and the old Horsham and Horley Fire Stations. It is estimated that **holding these buildings vacant** in the short-term will result in £0.2m of additional cost. This pressure is offset by £0.2m of additional income relating to **rebates** following successful non-domestic rates appeals.

6. Facilities Management are projecting a £0.750m overspend on **reactive maintenance**, an increase of £0.2m when compared to September. This increase is due to higher volumes of works across the corporate estate, where there has been a significant increase in requirements in recent months due to bad weather, along with rising costs of construction materials and inflation. To minimise spend, works are currently limited to critical building functionality and health and safety critical work. This is creating a backlog of jobs that will need to be addressed at the start of the next financial year, which is likely to lead to pressure on the 2024/25 budget.
7. A projected overspend of £0.170m for grounds maintenance and tree works is reported this quarter. The overspend includes additional works needed, particularly at children's and adults' residential properties and public spaces outside libraries. There has also been a significant increase in the number of tree safety inspections that have been required.
8. The service is also continuing to project an **income shortfall** of £0.250m largely due to a reduced up-take of service level agreements by schools. The overall position for the service has been partly offset by £0.280m of **staffing vacancies** within the team and a reduction in furniture, fitting and haulage expenditure.
9. A £0.2m saving relating to the **Joint Venture** is no longer expected to be achieved in 2023/24. The saving was planned to be delivered by charging Edes Estates for staff costs associated with the developments delivered by the Joint Venture. Planning delays have meant that income generation is unlikely to be achieved until 2024/25.
10. Based on the latest data, the **Apprenticeship Levy** budget continues to project a £0.170m overspend. This is a result of increasing the numbers of employed FTE of the County Council following the insourcing of services from Capita last financial year. The budget for the levy has been increased as part of the 2024/25 budget and is based on the latest staff numbers.
11. The Finance budget position also includes £0.662m of grant allocation this quarter; recognising the corporate costs, both staffing and non-staffing, associated with supporting grant activities within Community Support.

Savings Delivery Update

1. There are £0.586m of savings to be delivered within the portfolio. Details are shown in the table below:

Saving Activity	Year	Savings to be Delivered in 2023/24 (£000)	December 2023		Narrative
Reduction in the operational estate costs of the Early Help Service	2023/24	100	100	B	Delivery of savings from the cost of properties vacated as part of the Early Help Project.

Saving Activity	Year	Savings to be Delivered in 2023/24 (£000)	December 2023		Narrative
Property Joint Venture - Staff Costs	2023/24	200	200	R	This saving is not expected to be achieved in 2023/24 due to first site not planned to be agreed until October, however it is anticipated to be met in 2024/25.
Rationalisation of the Operational Office Estate	2023/24	80	80	B	The review completed to date of the operational estate has identified properties that can be released as part of known changes in service delivery.
Future Smarter Working Arrangements	2023/24	50	50	G	Reduced estate running costs as a result of the move to hybrid working post-pandemic.
Staffing vacancy increase in vacancy factor from 5% to 6%	2023/24	156	156	B	Staffing budgets currently assume a vacancy factor of 5% but over the last few years, this has averaged 6% across the organisation and has remained at this level in 2023/24.

Savings Key:

R Significant Risk	A At Risk	G On Track	B Delivered
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Capital Programme

Performance Summary - Capital

- The Finance and Property capital programme; as approved by County Council in February 2023, agreed a programme totalling £7.427m for 2023/24.
- Since this time, the profiled spend has decreased overall by £3.319m, to give a current year end projection for 2023/24 of £4.108m.
- The portfolio's capital programme contains 11 projects. Nine of the projects are in delivery and two are practically complete and are within a retention phase whilst snagging and cosmetic works are completed. The performance and financial details for each are reported below.

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2022/23	2023/24 Expenditure to Date	In Flight Remaining Project Budget
		Time	Quality	Cost				
					In Flight Projects			
	Project: Accessibility Audit	G	G	G	£2.190m	£0.416m	£0.045m	£1.729m
1	Latest Estimated Completion Date: 2024			Project Phase: In Delivery				
	Narrative: Works are continuing on this project on various sites including Crawley Library, County Hall, Parkside. Civils and signage works at Durban House are on hold following the recent flooding.							

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2022/23	2023/24 Expenditure to Date	In Flight Remaining Project Budget
		Time	Quality	Cost				
2	Project: Broadbridge Heath Park	R	G	R	£19.207m	£0.788m	£0.273m	£18.146m
	Latest Estimated Completion Date: June 2025			Project Phase: In Delivery				
	Narrative: An internal review of the programme has been completed and shows that the project remains possible. The latest updated tenant offer has been received, reviewed and signed.							
3	Project: Facilities Management Structural Maintenance Programme – Block Allocation	G	G	G	£3.436m	N/A	£0.779m	£2.657m
	Latest Estimated Completion Date: On-Going			Project Phase: In Delivery				
	Narrative: Block programme - Overall projects are on track, however some schemes are progressing slower than planned and will not commence on site until early in 2024.							
4	Project: Gypsy and Travellers Improvements Programme	G	G	G	£0.675m	£-	£-	£0.675m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Site improvement projects are currently being developed. Works schedule and costings close to completion for pilot site to amend electricity utility provision from a council intermediary model to a resident / supplier direct relationship in order to improve resident control and choice.							
5	Project: Horsham Enterprise Park	A	G	G	£5.092m	£4.368m	£0.006m	£0.718m
	Latest Estimated Completion Date: TBC			Project Phase: In Delivery				
	Narrative: Horsham District Council have paused the publication of their Local Plan and therefore the matter regarding water neutrality will not be resolved until elected Councillors have implemented their planning policy.							
6	Project: Latent Defects Programme	G	G	G	£0.200m	£0.003m	£0.013m	£0.184m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Projects are on track.							
7	Project: Targeted Minor Asset Improvement Plan (CLOG) - Block	G	G	G	£0.735m	£0.677m	£0.010m	£0.048m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Programme of minor works - progressing to plan.							
8	Project: Staff Capitalisation - Property	G	G	G	£0.940m	N/A	£-	£0.940m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Eligible costs associated with capital projects will be charged at the year-end based on actual expenditure incurred.							

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2022/23	2023/24 Expenditure to Date	In Flight Remaining Project Budget
		Time	Quality	Cost				
9	Project: Chichester High School Demolition	G	G	G	£0.565m	£0.554m	£0.011m	£0.000m
	Latest Estimated Completion Date: 2022			Project Phase: Practically Completed - In Retention				
	Narrative: Project complete.							
10	Project: Orchard Street Development	G	G	G	£1.950m	£1.848m	£-	£0.102m
	Latest Estimated Completion Date: 2022			Project Phase: Practically Completed - In Retention				
	Narrative: Project complete. Once final invoices have been settled, any remaining funds will be returned to the Invest to Save – Future Economic Development Budget							
11	Project: Halnaker Windmill – Heritage Asset Improvements	G	G	G	£0.228m	£-	£-	£0.228m
	Latest Estimated Completion Date: 2024			Project Phase: In Delivery				
	Narrative: Outline of project and specialist insight into the required works for this heritage site has been sought.							

5. A summary of the latest Capital Programme Budget Monitor is reported in **Appendix 4** and full details of all individual schemes are set out in the Budget Report published in February 2023

Risk

6. The following table summarises the risks within the corporate risk register that would have a direct impact on the portfolio. Risks to other portfolios are specified within the respective portfolio sections.

Risk No.	Risk Description	Previous Quarter Score	Current Score
CR22	The financial sustainability of council services is at risk due to the lack of new funding from central government, the impact of economic conditions (mainly inflation and interest rates) and the growing services pressures, particularly around social care, home to school transport and SEND. There is a risk of failure to make the required decisions to ensure the budget is balanced.	20	25

7. Further detail on all risks can be found in **Appendix 5** - Corporate Risk Register Summary. Full details of the latest Risk Register, including actions and mitigations can be found under the County Council's Regulation, Audit and Accounts Committee Agenda website.