

Finance and Property Portfolio - Summary


Performance Summary



1. Performance highlights this quarter include:

- Work is proceeding on the **Durban House** site, the County Council office which was badly affected by flooding in October 2023. Facilities Management have worked closely with services to ensure that disruption to end users has been kept to a minimum. Clearance of filing and records continues with the removal of roller racking and sub floors, alongside specification works for reinstatement.
- The investigation to identify any assets that contains **Reinforced Autoclaved Aerated Concrete (RAAC)** has now ended. No RAAC has been identified within Council Maintained Schools or operational buildings. However, all future projects will consider this as a potential risk.
- The County Council’s 2023/24 external **financial accounts audit** commenced this quarter, with the majority of the work scheduled to be undertaken over the summer period. The outcome of the audit will be presented to the Regulation, Audit and Accounts Committee later in the year.

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		2024/25 Target	Performance Over The Last 3 Periods			DoT	Year End Position or 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. Aim High Measure	80.0%	Dec-23	Mar-24	Jun-24		G
			93.0%	95.0%	100%		
Performance Analysis: Jun-24: There were three eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2024/25. All of these tenders (100%) included a social value consideration and two (66%) contained a social value consideration weighting of 10%. 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.							

Finance and Property		2024/25 Target	Performance Over The Last 3 Periods			DoT	Year End Position or Forecast
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> <p>Aim Low Measure</p>	106,000m ²	Dec-23	Mar-24	Jun-24		A
	A		A	A			
			114,881 m ²	115,276 m ²	113,998 m ²		
<p>Performance Analysis: Jun-24: This quarter the target for rationalisation of assets has not been achieved. This is largely due to the additional office accommodation in Bognor which has been rented following the flooding of Durban House which is required to accommodate teams who require a presence in the area. This additional temporary rental amounts to approximately 3,600sq ft.</p> <p>Actions: Operational Services are being encouraged to consider assets for rationalisation through the annual Service Asset Management Plan process. Work on rationalising the office estate continues.</p>							
50	<p>Measure: The aggregated unit cost of our services compared to our statistical neighbours</p> <p>Reporting Frequency: Annually</p>						
	<p>Performance Analysis: Jun-24: Officers have considered the aim of this measure and what could be reported in place of the previous LG future data set which is no longer available.</p> <p>It has been suggested that defining Value for Money as a single KPI is unlikely to show a meaningful representation of the cost of council services as it cannot encompass the complexity of the different services delivered.</p> <p>Actions: It is proposed that this KPI measure is removed from the Council Plan and replaced with an annual Value for Money Benchmarking Report which is considered by Cabinet.</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%	Dec-23	Mar-24	Jun-24		G
	G		G	G			
			88.0%	86.0%	100%		
<p>Performance Analysis: Jun-24: There were three eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2024/25.</p> <p>All of these tenders (100%) included market research and collaboration with other Local Authorities to challenge and inform our route to market and sourcing strategy.</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)
Facilities Management – Additional work associated with reactive maintenance and repairs	£0.500m	Other minor variations within the portfolio	(£0.115m)	
Facilities Management – Income shortfall on Service Level Agreement's	£0.270m			
Facilities Management – Additional grounds maintenance and tree works	£0.150m			
Finance – Apprenticeship Levy increase due to increase in staffing base	£0.115m			
Finance and Property Portfolio - Total	£1.035m		(£0.115m)	£0.920m

Financial Narrative on the Portfolio's Position

- As at the end of June, the forecast for the Finance and Property Portfolio is a projected overspend of £0.920m.
- The **Reactive Maintenance and Repairs** budget for the operational estate is projecting a £0.5m overspend. This increase is due to higher volumes of works required, along with rising costs of construction materials. Costs associated with the procurement of the main buildings contract which is due to commence in October 2024 and the demobilisation of the current contractor are being closely monitored.
- An **income shortfall** of £0.230m relating to the buy-back from schools for facility management services is projected due to the continuing reduced up-take of services. This reduction is largely due to the academisation of schools who are more likely to source a different solution.
- There is a projected overspend of £0.150m relating to **Grounds Maintenance and Tree Works**. The overspend position is largely due to an increase to the core maintenance contract charge as well as a significant increase in the number of tree safety works which have been identified following safety inspections.
- As reported at Outturn, the **Apprenticeship Levy** budget continues to be under pressure in 2024/25 with a projected overspend of £0.115m currently forecast. As part of the 2024/25 budget setting process, £0.170m was added in recognition of the insourcing of services from Capita and active recruitment strategies, however the latest reconciliation suggests that the charges will be higher than the budget allocated this year. It is expected that **in-year opportunities** will arise within the Finance and Assets Portfolio to offset this pressure.

Savings Delivery Update

8. There are £0.840m of savings to be delivered within the portfolio in 2024/25. Details on each saving are reported in the table below:

Saving Activity	Year	Savings to be Delivered in 2024/25	June 2024		Narrative
Property Joint Venture - Staff Costs	2023/24	£0.200m	£0.200m	G	Saving on track.
Review of Operational Estate – Early Help	2024/25	£0.100m	£0.100m	A	There is a degree of risk attached to the full delivery of this saving, a review of current estate arrangements is required.
Review of Operational Estate – Corporate Estate	2024/25	£0.240m	£0.240m	A	There is a degree of risk attached to the full delivery of this saving, a review of current estate arrangements is required.
Review of Support Services	2024/25	£0.300m	£0.300m	B	Saving delivered.

Savings Key:

R Significant Risk **A** At Risk **G** On Track **B** Delivered

Capital Programme

Performance Summary - Capital

9. The Finance and Property Capital Programme; as approved by County Council in February 2024, agreed a programme totalling £8.266m for 2024/25. Budget of £0.142m, originally profiled to be spent in 2024/25, was accelerated into 2023/24, revising the year's capital programme to £8.124m.
10. The portfolio's capital programme contains 12 projects. 10 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 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
	Project: Accessibility Audit	G	G	G	£2.190m	£0.493m	£0.031m	£1.666m
1	Latest Estimated Completion Date: 2025			Project Phase: In Delivery				
	Narrative: Works are continuing on this project on various sites including Crawley Library, County Hall Chichester and Parkside. A Fire Strategy for County Hall is being examined accessibility material alterations.							

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
2	Project: Broadbridge Heath Park	R	G	A	£19.207m	£1.199m	£0.053m	£17.955m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Planning application has been submitted and validated. Lease agreements are being finalised.							
3	Project: Facilities Management Structural Maintenance Programme – Block Allocation	A	G	G	£4.497m	N/A	£0.227m	£4.270m
	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 due to delays and affordability.							
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.							
5	Project: Horsham Enterprise Park	A	G	G	£5.092m	£4.475m	£-	£0.617m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: The team is working with Horsham District Council's Planning Team on how to progress planning in relation to water neutrality.							
6	Project: Latent Defects Programme	G	G	A	£0.229m	£0.046m	£0.008m	£0.175m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Projects are on track, however risk on cost recovery with a contractor; work is underway to resolve.							
7	Project: Targeted Minor Asset Improvement Plan (CLOG) - Block	G	G	G	£0.735m	£0.687m	£-	£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	£0.958m	N/A	£-	£-
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery				
	Narrative: Eligible staffing costs associated with capital projects have been charged based on actual expenditure incurred.							

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
9	Project: Chichester High School Demolition	G	G	G	£0.591m	£0.565m	£-	£0.026m
	Latest Estimated Completion Date: 2022			Project Phase: Practically Completed - In Retention				
	Narrative: Project complete. Final invoices to be agreed.							
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	A	G	A	£0.228m	£-	£-	£0.228m
	Latest Estimated Completion Date: TBC			Project Phase: In Delivery				
	Narrative: Ecology continues to monitor potential bat activity. This will be reviewed to establish next steps and the impact on the programme.							
12	Project: Centenary House - Durrington	A	G	A	£0.890m	£0.012m	£0.043m	£0.835m
	Latest Estimated Completion Date: 2024			Project Phase: In Delivery				
	Narrative: British Telecom's (BT's) estimated cost for diverting apparatus is higher than anticipated and will likely result in a cost pressure. The project team are assessing potential mitigations.							

11. 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 2024.

Risk

12. 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.	25	25

13. 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.