

Finance and Property Portfolio - Summary

Performance Summary

1. The Portfolio has the following performance highlight to report this quarter:

- On the 4th November 2021, the West Sussex County Council and West Sussex Pension Fund financial statements were awarded an unqualified audit opinion by external auditors Ernst and Young LLP. Both sets of financial statements “gave a true and fair view of the financial position of expenditure and income and had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom”.
- 38 Children and Family Centres and Youth Centres were closed and handed back to the Estates team in the last quarter. Most of the properties have been secured pending resolution on the future of the properties. A range of solutions based on the outcome of the options appraisals are being progressed; including handing back to leaseholders, disposal and leasing to third parties. A number of the Children and Family Centres have returned to full library use and some are being repurposed for alternative WSCC use. Negotiations continue with the NHS to allow continued operation of the Healthy Child programme in 10 of the properties. Three properties have been identified as suitable for Community Asset Transfer. This programme of work has been resource intensive.
- Work has commenced on two high profile capital projects, Horsham Enterprise Park and Woodlands Mead College. Both remain on budget and within programme.

Our Council Performance Measures

Finance and Property	2021/22 Target	Performance Over The Last 3 Periods			DoT	Performance Analysis	Actions	Year End Forecast
16 New tenders 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: Quarterly	40.0%	Jun-21	Sep-21	Dec-21		There were ten eligible tenders over the value of £500,000 that required a Key Decision in the third quarter of 2021/22. Of the ten tenders, seven (70%) contained a social value consideration weighting of 10%. The second quarter saw a 8% increase in tenders with the 10% social value weighting compared to the first quarter.	No further actions currently required.	G
49 Square metres of operational property (e.g. offices, libraries, fire stations etc) that are in use Reporting Frequency: Quarterly	170,000 m ²	Jun-21	Sep-21	Dec-21		There has been a significant reduction in the sqm of the operational estate during this quarter, primarily due to the closure of a number of Children and Family Centres and Youth Centres as a result of the decision to re-design the Early Help Service. With other properties included the operational estate has reduced by 46 properties. The target for this year has been exceeded.	No further actions currently required.	G

Finance and Property		2021/22 Target	Performance Over The Last 3 Periods			DoT	Performance Analysis	Actions	Year End Forecast
50	The aggregated unit cost of our services compared to our statistical neighbours Reporting Frequency: Annually	8th highest out of 15		2019/20	2020/21		WSSC had the 4th highest expenditure out of all comparable local authorities. The 2021/22 forecast outturn position shows an improvement to 8th if nothing changes between now and the end of March 2022.	We are still in uncertain times, the Local Government Finance Settlement is only for 1 year (2022/23) with further fundamental reviews of financing anticipated, the pandemic is still with us and our relative position is dependent upon what happens in other local authorities not just what we do ourselves.	A
			New Measure No Data	2nd highest out of 15	4th highest out of 15	↗			
52	For key decisions on contracts over £500,000 include an appraised option for partnership working to assess opportunities for efficiency Reporting Frequency: Quarterly	20%	Jun-21	Sep-21	Dec-21		There were ten eligible tenders over the value of £500,000 that required a Key Decision in the third quarter of 2021/22. All ten of these (100%) considered Partnership working within the business appraisal options process. The third quarter saw a 17% increase in contracts that considered partnership working compared to the second quarter, and a 45% increase overall across the first three quarters.	No further actions currently required.	G
			55.0%	83.0%	100.0%	↗			

[Website link to Our Council Performance Measures here.](#)

Finance Summary

Portfolio In Year Pressures and Mitigations

Pressures	(£m)	Mitigations and Underspending	(£m)	Year end budget variation (£m)
Covid-19 pandemic forecast expenditure/ allocations to third parties (<i>Covid-19 position is reported in Appendix 2</i>)	£0.842m	Assumed funding from Covid-19 grant (<i>Covid-19 position is reported in Appendix 2</i>)	(£0.842m)	
2020/21 procurement saving at significant risk	£0.150m	In year underspending from homeworking/ change in service delivery due to pandemic restrictions	(£0.160m)	
Implementation costs of the delayed replacement of the Atrium property IT system	£0.100m			
Other minor variations	£0.140m			
Finance and Property Portfolio - Total	£1.232m		(£1.002m)	£0.230m

Significant Financial Issues and Risks Arising

- There are no significant issues to raise within this section.

Financial Narrative on the Portfolio's Position

- The Finance and Property Portfolio is projecting a £0.230m overspend, an increase of £0.130m when compared to September.
- A saving relating to income generation within procurement has been delayed. It had been hoped that this saving could be fully mitigated in year from proactive work undertaken in faster payment rebates, however current data suggests only part of the saving will be realised, leaving a shortfall of £0.150m.

5. As a result of the Covid-19 restrictions in place during 2021/22, an estimated £0.160m of underspending relating to homeworking and changes in service delivery is projected following a reduction in the use of shredding, refuse and consumables within area hubs and security requirements.

Savings Delivery Update

6. The portfolio has a number of 2021/22 savings included within the budget and two saving outstanding from the 2020/21 financial year. Details of these savings are included in the table below:

Saving Activity	2020/21 Savings £000	December 2021		Narrative	2022/23
Amazon business accounts	200	150	G	Saving to be met by via an alternative method. The full £0.3m saving is expected to be delivered through the Oxygen Early Payment Scheme, however due to timing delays, only £0.150m is realistically achievable in 2021/22 by this method.	G
Charging for frameworks	100	150	R		

Saving Activity	2021/22 Savings £000	December 2021		Narrative	2022/23
Asset & Estates holding of staffing changes	96	96	G	£0.030m is permanent and £0.066m is temporary for 2021/22 only.	B
Reduction in business rates payable on corporate estate	100	100	G		B
Facilities Management - associated services	40	40	G		B
Review of agency staff	7	7	B		B

Savings Key:

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

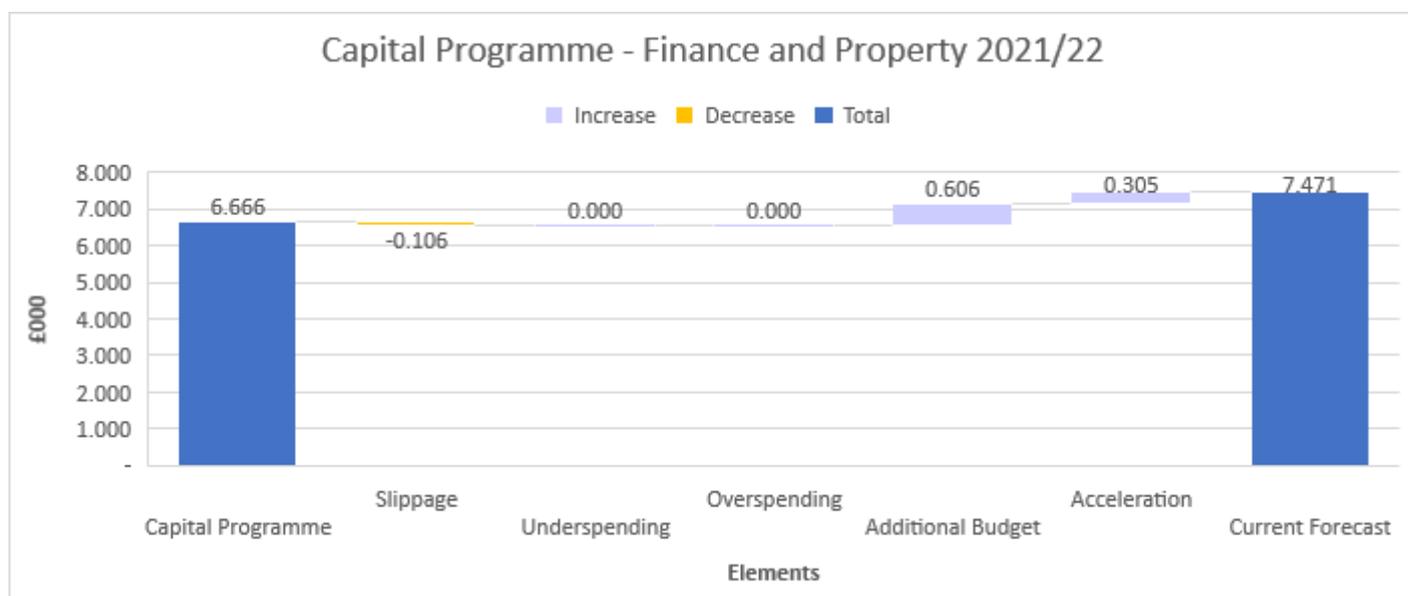
Performance Summary - Capital

7. There are 12 schemes within the portfolio; nine of the schemes in delivery are rated green, indicating that the schemes are progressing as planned and three are rated amber, indicating that there is an issue but that it could be dealt with by the project manager or project delivery team. An update on the progress of the schemes not rated green are detailed in the table below.

Scheme	RAG Status at 31 st December	Reason	Latest RAG Status	Updated Position
Carbon Reduction	AMBER	Defects with Parkside Combined Heat and Power Unit.	AMBER	Revised remedial programme received from contractor. Expected resolution - April 2022.
Broadbridge Heath	AMBER	Delays to planning because of Water Neutrality.	AMBER	Stage Three report has been issued and is under review.
Horsham Enterprise Park	AMBER	Delays in planning due to Water Neutrality.	AMBER	

Finance Summary - Capital

- The capital programme; as approved by County Council in February 2021, agreed a programme totalling £8.837m for 2021/22. £2.171m of expenditure, originally profiled to spend in 2021/22, was accelerated into 2020/21, revising the capital programme to £6.666m.
- Since this time, profiled spend has increased overall by £0.805m, to give a current year end projection for 2021/22 of £7.471m. Of this increase, -£0.106m relates to slippage, £0.305m relates to accelerated projects where funding has been brought forward from future years and £0.606m relates to additional funding; specifically, £0.542m of Covid-19 government grant and £0.064m of Capital Improvement funding. Details of these additions to the programme are reported below.



Key:

- Capital Programme – The revised planned expenditure for 2021/22 as at 1st April 2021.
- Slippage – Funding which was planned to be spent in 2021/22 but has since been reprofiled into future years.
- Underspending – Unused funding following the completion of projects.
- Overspending - Projects that require further funding over and above the original approved budget.
- Additional Budget – Additional external funding that has entered the capital programme for the first time.
- Acceleration – Agreed funding which has been brought forward from future years.
- Current Forecast – Latest 2021/22 financial year capital programme forecast.

10. Details of movements of the financial profiling within the capital programme between October and December are as follows:

- **Additional Budget: £0.606m. Movement since Q2 report: £0.064m**
 - **Hop Oast: £0.057m.** Additional funding from the Capital Improvement Fund of £0.057m has been approved to provide lighting, security and vehicle maintenance areas inside the Hop Oast compound.
 - **Burrscroft: £0.003m.** Additional funding from the Capital Improvement Fund of £0.003m has been approved to cover the final retention costs of this project.
 - **Willow Park Departure: £0.004m.** Additional funding from the Capital Improvement Fund of £0.004m has been approved to cover the final invoices.

- **Acceleration: £0.305m. Movement since Q2 report: £0.154m**
 - **Willow Park Departure: £0.104m.** This project has completed earlier than anticipated therefore the funding of £0.104m has been accelerated for final payment.
 - **Targeted Minor Asset Improvement Plan (CLOG): £0.050m.** Projects are progressing well in this block allocation; therefore £0.050m has been accelerated to fund further projects in 2021/22.

11. The latest Capital Programme Budget Monitor is reported in **Appendix 4**.

Risk

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

Risk No.	Risk Description	Previous Quarter Score	Current Score
CR22	The financial sustainability of council services is at risk due to uncertain funding from central government and/or failure to make the required decisions to ensure the budget is balanced. This has been compounded further with the Covid-19 crisis, and the recent Ofsted and HMICFRS reports.	12	12

13. Further details on all risks can be found in **Appendix 5** - Corporate Risk Register Summary.