

Finance and Property Portfolio - Summary

Performance Summary

- The Portfolio has the following performance highlight to report this quarter:
 - Property and Assets continues to support Council objectives across the Council, including high profile projects such as Horsham Fire Station, Woodlands Meed and Northern Arc. It is also involved heavily in Smarter Working and Climate Change Policy. Part of this is the on-going review of our property portfolio to identify surplus assets.

Our Council Performance Measures

- The following section provides updates of the performance KPIs agreed in Our Council Plan and the action taking place, comprising a wider performance view, with KPI measures comparing performance over the last three periods - this may be quarterly, annually or other time periods (depending on how regularly data is released); however, each measure will explain the reporting period.

Finance and Property		2022/23 Target	Performance Over The Last 3 Periods			DoT	Performance Analysis and Actions	Year End Forecast
16	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: Quarterly	60.0%	Dec-21	Mar-22	Jun-22	↗	<p>Performance Analysis: Jun-22: There were seven eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2022/23.</p> <p>Of the seven tenders, four (57%) contained a social value consideration weighting of 10%.</p> <p>(Performance has improved this quarter but the results are showing as amber because the target has increased this year from 40% to 60%)</p> <p>Actions: We continue to ensure we comply with obligations for Social Value and to measure the value and benefit it brings to our local economy.</p>	G
			70.0%	53.0% (Target 40% in 2021/22)	57.0%			
49	Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use Reporting Frequency: Quarterly	162,000m ²	Dec-21	Mar-22	Jun-22	↗	<p>Performance Analysis: Jun-22: The reduction in the sqm of the estate has exceeded the annual target in this first quarter, largely as a result of the vacation of Centenary House, Durrington one of the large corporate office hubs.</p> <p>Actions: On-going review of our property portfolio.</p>	G
			159,465 m ²	161,625 m ²	150,869 m ²			

Finance and Property		2022/23 Target	Performance Over The Last 3 Periods			DoT	Performance Analysis and Actions	Year End Forecast
50	The aggregated unit cost of our services compared to our statistical neighbours Reporting Frequency: Annually Reporting Frequency: Quarterly, Accumulative	7th - 8th highest out of 15		2019/20	2020/21		<p>Performance Analysis: 2021/22 results due in March 2023.</p> <p>Feb-22: WSCC had the 4th highest expenditure out of all comparable local authorities. The 2021/22 forecast outturn shows an improvement to 8th position.</p> <p>Actions: We are still in uncertain times, the Local Government Finance Settlement is only for one 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.</p>	A
			New Measure – No Data	2 nd Highest out of 15	4 th Highest out of 15			
52	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 Reporting Frequency: Quarterly	40.0%	Dec-21	Mar-22	Jun-22		<p>Performance Analysis: Jun-22: There were seven eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2022/23.</p> <p>Of the seven tenders, six (86%) considered Partnership working within the business appraisal options process.</p> <p>Actions: We continue to ensure partnership working consideration is embedding in our working practices.</p>	G
			100.0%	40.0%	86.0%			

Finance Summary

Portfolio In Year Pressures and Mitigations

Pressures	(£m)	Mitigations and Underspending	(£m)	Year end budget variation (£m)
Other minor variations	£0.100m	Early savings generated from asset rationalisation	(£0.150m)	
		Net underspend within Facilities Management - staffing vacancies	(£0.130m)	
Finance and Property Portfolio - Total	£0.100m		(£0.280m)	(£0.180m)

Significant Financial Issues and Risks Arising

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

Financial Narrative on the Portfolio's Position

4. As at June, the Finance and Property portfolio is projecting a £0.180m underspend. This underspend consists of an expected early saving of £0.150m due to asset rationalisation, which includes £0.080m from former Early Help service properties and £0.070m from other properties across the corporate estate.
5. The Facilities Management budget is also currently projected to underspend by £0.130m this year due to staff vacancies. The service is experiencing significant difficulties with staff recruitment.

Covid-19 Expenditure Update

6. Within the Finance and Property portfolio, £0.280m has been earmarked from the non-ringfenced Covid-19 grant to cover additional cleaning materials and PPE storage and distribution.

Savings Delivery Update

7. 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	Savings to be Delivered in 2022/23 £000	June 2022		Narrative
Charging for Frameworks and Amazon Business Accounts	150	150	A	A permanent solution is being sought for 2022/23

Savings Key:

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

Capital Programme

Performance Summary - Capital

8. There are 11 schemes within the portfolio. Nine of the schemes in delivery are rated green, indicating that the project is reporting to plan and two 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:

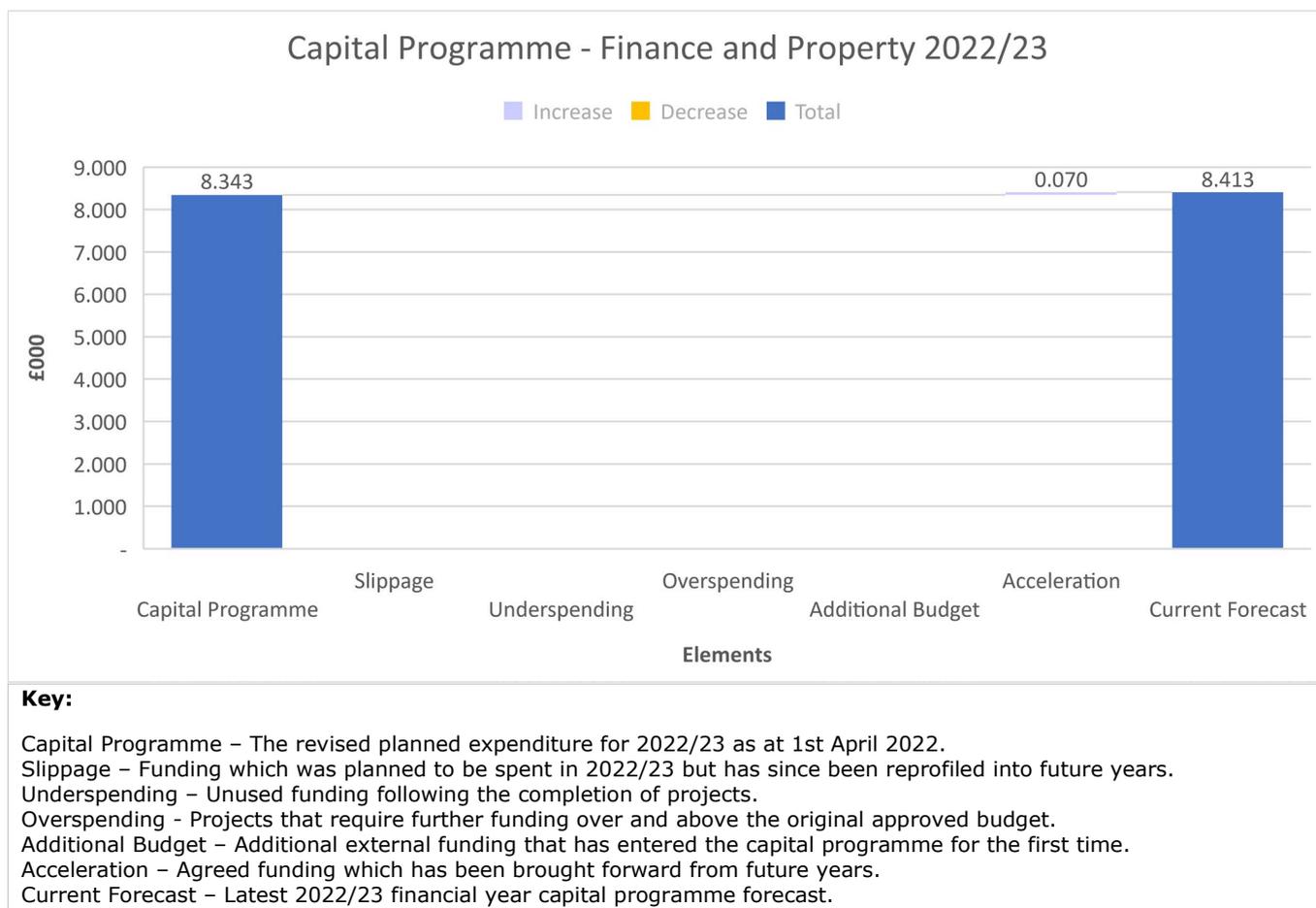
Scheme	RAG Status at 30 th June	Reason	Latest RAG Status	Updated Position
Broadbridge Heath	AMBER	Cost and time pressures	AMBER	The programme is currently projecting completion in 2024. There will be a process of continuing review, seeking to identify opportunities to reduce costs and increase yield.
Horsham Enterprise Park	AMBER	Water neutrality issue affecting reserved matters planning applications (residential)	AMBER	The reserved matters planning applications for the residential phases 1 and 2 are progressing to meet the deadline for submission by early 2023, this will ensure the current outline planning consent is maintained. Positive pre application discussions are continuing with Horsham District Council. Public consultation is due to commence in September 2022

9. **Broadbridge Heath** - The programme is now projecting completion in 2024. There continues to be a process of review, seeking to identify opportunities to reduce costs and increase yield. The programme for this project has been pushed back to accommodate a value engineering exercise to address a substantial increase in anticipated costs, this has resulted in a series of options being developed to reduce the build cost, predominantly through design changes. There has also been a delay whilst issues with Southern Water relating to water neutrality requirements were addressed; a pre-application meeting with planners has suggested that this requirement will need to be off-set off site which will need further investigation. Additional income has been identified, subject to contract. Once all the latest cost estimates and projected increases in income have been assessed, the project viability will be further reviewed before progressing to procurement and finalising leases with the prospective tenants.

10. **Horsham Enterprise Park** - With the exception of the issues surrounding Water Neutrality this project is progressing well with MUSE the developer in close contact with the planners at Horsham District Council. The intention being to submit the formal reserved matters application in early 2023. MUSE have now commenced active marketing of the site and over the coming months will be starting formal public consultation over the proposals. After resolution of the water neutrality issue and approval of the reserved matters application MUSE intend to move swiftly with their partner Lovells on the first phase residential development.

Finance Summary - Capital

11. The capital programme; as approved by County Council in February 2022, agreed a programme totalling £8.636m for 2021/22. £0.293m of budget originally profiled to spend in 2022/23, was accelerated into 2021/22, revising the capital programme to £8.343m.
12. Since this time, the profiled spend has increased overall by £0.070m, to give a current year end projection for 2022/23 of £8.413m. This increase relates the acceleration of funding from future years.



13. Details explaining the financial profiling changes within the capital programme during the first quarter are as follows:

- **Acceleration: £0.070m.**
 - **Targeted Minor Asset Improvement Plan: £0.070m.** Projects are progressing quicker than first anticipated, therefore funding has been accelerated from 2023/24 into 2022/23.

14. The latest Capital Programme Budget Monitor is reported in **Appendix 3**.

Risk

15. 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	Comment/ Update
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	20	To reflect uncertainty over Dedicated Schools Grant (DSG) funding and impact of Care Act Reforms.

16. Further details on all risks can be found in **Appendix 4** - Corporate Risk Register Summary.