

Finance and Property Portfolio - Summary

Performance Summary

- The Portfolio has the following performance highlight to report this quarter:
 - Property and assets continue to support a number of significant objectives of West Sussex County Council. During the period planning permission has been secured for the 6-form entry on Northern Arc (Brookleigh) with zero carbon principles (Passivhaus). Bids have been received from various contractors and these are being evaluated with a target appointment date of January 2023. Elsewhere public consultation has been completed for Horsham Enterprise Park (Larksfield Place) and MUSE are on target to submit a planning application late January 2023. In addition, other projects are moving forward at pace including the Housing Joint Venture where one planning consent has been achieved and another three are under consideration. Finally, the planning application for Broadbridge Heath is planned to be submitted in Spring 2023.
 - The County Council's draft Budget and Council Plan for 2023/24 has been published ahead of examination by the Performance and Finance Scrutiny Committee in January. The Cabinet is proposing that the Council will spend £1.86 billion next year to deliver vital services to a growing population of 882,676 residents and 37,400 businesses across West Sussex. Final decisions on the budget will be made at the Full Council meeting on 17th February.

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	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: Quarterly	60.0%	Jun-22 57.0%	Sep-22 57.0%	Dec-22 80.0%		G
	Performance Analysis: Dec-22: There were five competitive tenders over the value of £500,000 that required a Key Decision in the third quarter of 2022/23. Of these, four tenders (80%) had social value criteria as part of the evaluation in line with the social value framework of 10% or more; three evaluated at 10%, one evaluated at 14% and a one evaluated at 5%. 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.						

Finance and Property		2022/23 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
49	Measure: Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use Reporting Frequency: Quarterly	162,000 m ²	Jun-22 150,869 m²	Sep-22 122,958 m²	Dec-22 120,702 m²	↗	G
	Performance Analysis: Dec-22: The square meterage of operational property continues to reduce. The significant reduction this year to date is largely attributable to the closure of Centenary House Worthing (8,300sqm) and other smaller service vacations which have achieved the annual 5% reduction target. Data on the footprint of the estates is now being drawn from the new Concerto Asset Database which went live earlier this year, this has necessitated a data cleanse and the reclassification of some assets resulting in a further reduction of 24,000 sqm. The baseline for 2023 / 24 will be re-set accordingly. Actions: On-going review of our property portfolio.						
50	Measure: The aggregated unit cost of our services compared to our statistical neighbours Reporting Frequency: Annually (March)	7th - 8th highest out of 15	New Measure - No Data	2019/20 2nd Highest out of 15	2020/21 4th Highest out of 15	↗	A
	Performance Analysis: 2021/22 results due in March 2023. Mar-22: WSCC had the 4th highest expenditure out of all comparable local authorities. The 2021/22 forecast outturn shows an improvement to 8th position. 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.						
52	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 Reporting Frequency: Quarterly	40.0%	Jun-22 86.0%	Sep-22 100.0%	Dec-22 100.0%	→	G
	Performance Analysis: Dec-22: There were five eligible tenders over the value of £500,000 that required a Key Decision in the third quarter of 2022/23. All five tenders (100%) considered Partnership working within the business appraisal options process. Actions: We continue to ensure partnership working consideration is embedding in our working practices.						

Finance Summary

Portfolio In Year Pressures and Mitigations

Pressures	(£m)	Mitigations and Underspending	(£m)	Year end budget variation (£m)
Covid-19 pandemic forecast expenditure – PPE storage and distribution	£0.016m	Covid-19 Grant – Assumed funding	(£0.016m)	
Procurement – Forecast income shortfall including the non-delivery of saving (£0.150m)	£0.300m	Early savings generated from asset rationalisation	(£0.150m)	
Facilities Management net overspend - service pressures partly offset from staffing vacancies	£0.150m	Capital and Infrastructure – Backdated one-off rates rebates following successful appeals	(£0.600m)	
		Other minor variations	(£0.123m)	
Finance and Property Portfolio - Total	£0.466m		(£0.889m)	(£0.423m)

Significant Financial Issues and Risks Arising

3. There are no significant issues to raise this quarter.

Financial Narrative on the Portfolio's Position

4. As at December, the Finance and Property Portfolio is projecting a £0.423m underspend. This is a £0.273m increase in the forecast underspending when compared to September. This position includes the expected non-delivery of a £0.150m procurement saving alongside a further £0.150m income shortfall which, due to market forces, is no longer expected to be achieved this financial year. This pressure is expected to reduce in 2023/24.
5. In addition, Facilities Management are projecting a £0.150m overspend due to additional grounds maintenance costs, including tree safety works and a shortfall of income from service level agreements (SLA's) with schools and academies. This has been partly offset by a projected underspend on staffing due to difficulties in filling vacant posts.
6. To help offset these pressures, £0.150m of early savings have been generated from asset rationalisation and a significant backdated one-off rates rebate of £0.6m has been received following successful appeals with the Valuation Office Agency. In addition, other smaller variations within the portfolio are also contributing towards the underspending position.

Covid-19 Expenditure Update

7. Within the Finance and Property portfolio, £0.016m has been earmarked from the non-ringfenced Covid-19 grant to cover personal protective equipment (PPE) storage and distribution.

Savings Delivery Update

8. The Portfolio has one saving outstanding from the 2020/21 financial year. Details of this saving is shown in the table below:

Saving Activity	Savings to be Delivered in 2022/23 £000	December 2022		Narrative	2023/24
Charging for Frameworks and Amazon Business Accounts	150	150	R	Work is currently underway to explore other saving delivery options.	A

Savings Key:

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

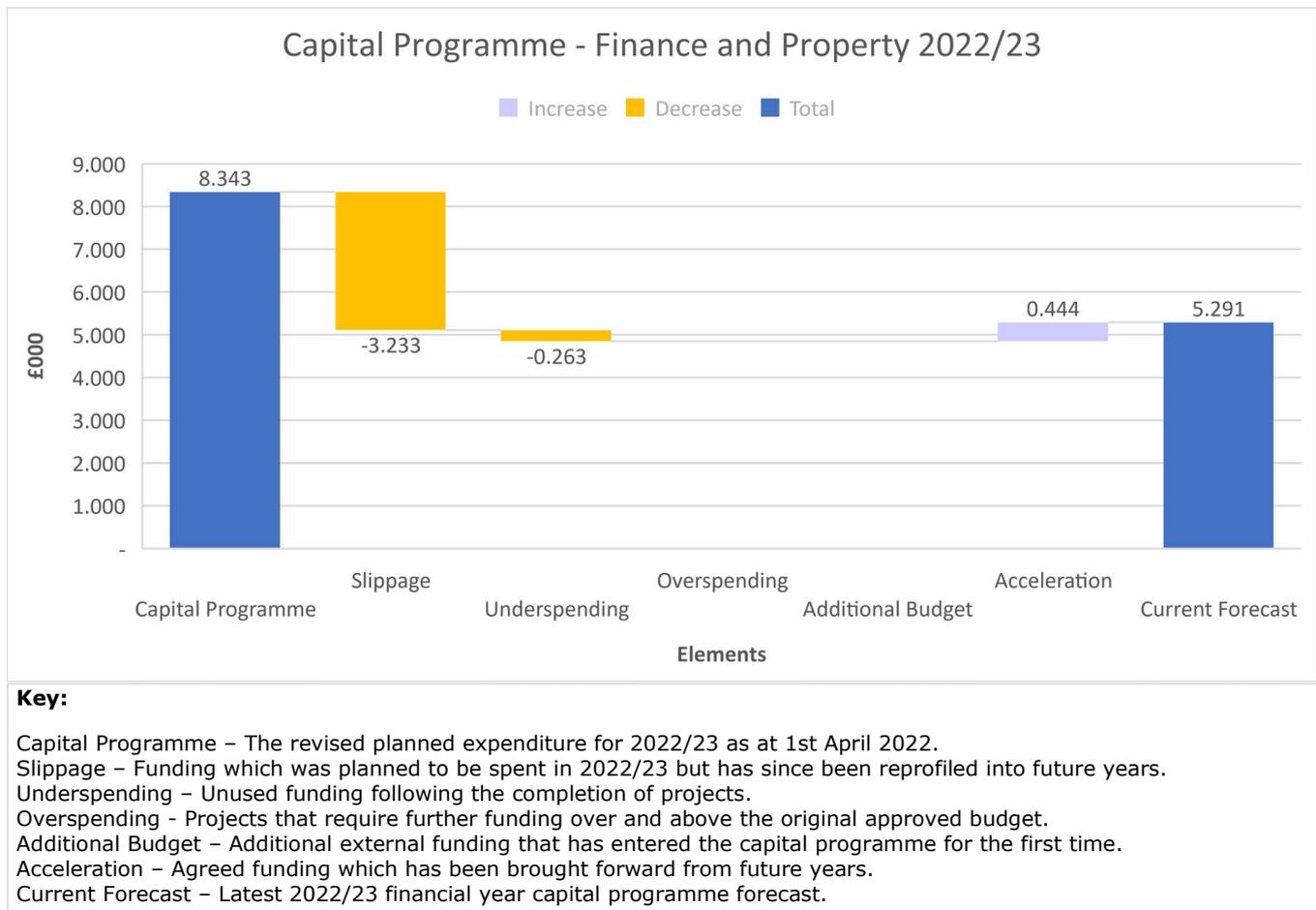
Performance Summary - Capital

9. There are 15 schemes within the portfolio. Ten of the schemes in delivery are rated green, indicating that the project is reporting to plan and one scheme is rated amber, indicating that there is an issue but that it could be dealt with by the project delivery team and three schemes is within their final retention phase. One scheme is rated red, indicating that there are significant issues requiring corrective action and a further 3 schemes are within their final retention phase. An update on the progress of the schemes not rated green are detailed in the table below:

Scheme	RAG Status at Dec 2022	Reason	Latest RAG Status	Updated Position
Broadbridge Heath	RED	Cost pressures and scope change	AMBER	New site layout to be issued to tenants for review. Planning submission April 2023
Horsham Enterprise Park	AMBER	Time delay due to planning application	AMBER	A Reserved Matters Application (Water Neutrality) has been made to Horsham District Council.

Finance Summary - Capital

10. The capital programme; as approved by County Council in February 2022, agreed a programme totalling £8.636m for 2021/22. Budget of £0.293m originally profiled to spend in 2022/23, was accelerated into 2021/22, revising the capital programme to £8.343m.
11. Since this time, the profiled spend has decreased overall by £3.052m, to give a current year end projection for 2022/23 of £5.291m. Of this increase, -£3.233m relate to slippage, -£0.263m relates to underspending and £0.444m relates to projects where funding has been accelerated from future years.



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

- **Slippage: (-£3.233m). Movement since Q2 report: (-£3.233m)**
 - **Broadbridge Heath Park: (-£3.000m).** This project has been delayed addressing water deposition whilst also undertaking a value engineering exercise due to increasing costs in construction and labour. The anchor tenant has also sought to revise their retail store size, resulting in substantive additional works and delays in negotiations.
 - **Gypsy and Travellers Improvement Programme (-£0.203m).** Surveys are currently being carried out to review the works required at the different sites. Programme of works has been reprofiled into future years as there will be a lead in time to carry out any works proposed.
 - **Horsham Enterprise Park (-£0.030m).** Small reprofiling based on the updated estimates for 2022/23 expenditure.
- **Underspending: (-£0.263m). Movement since Q2 report: (-£0.263m)**

- **Crawley County Buildings Demolition: (-£0.190m).** Project has completed under budget; therefore, the remaining funding has been returned to Capital Improvements.
 - **Chichester High School Demolition: (-£0.033m).** Project has completed under budget; therefore, the remaining funding has been returned to Capital Improvements.
 - **Hop Oast Fencing: (-£0.040m).** Reduced costs due to the installation being less complex than the original estimate; therefore, the remaining funding has been returned to Capital Improvements.
- **Acceleration: £0.444m. Movement since Q2 report: £0.370m**
 - **Martlets Building Renovation (County Hall Chichester): £0.370m.** £0.370m has been approved to renovate The Martlets building into formal and informal meeting spaces, including safe and secure areas for Children’s Service case conferences. The project is funded from £0.275m Capital Improvements, £0.085m Climate Change Fund and £0.010m Accessibility.

13. The latest Capital Programme Budget Monitor is reported in **Appendix 3** and full details of all individual schemes are set out in the [Budget Report](#) published in February 2022.

Risk

14. 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 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.	20	20

15. Further details on all risks can be found in **Appendix 4** - 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.