

Finance and Property Portfolio - Summary

Performance Summary

1. The Portfolio has the following performance highlight to report this quarter:
 - The Council Plan and Budget for 2023/24 which ensures support, investment and essential services continue for all West Sussex residents, was approved on 17th February 2023. A net revenue budget of £708.8m was approved following debate at a meeting of the full council and forms part of the council's total spend of £1.86 billion in 2023/24 to deliver day-to-day services to a growing population of 882,676 residents and 37,400 businesses across the county. In addition, the Capital Programme was also approved and will see investment of £747.2m over the next five years in the county's highways, environment, schools, buildings, and IT and digital infrastructure.
 - On 28 February 2023, the final audited accounts for the County Council and the Pension Fund for 2021/22 were signed with an unqualified opinion. This was delayed due to the long-awaited Government legislation on accounting treatment for infrastructure assets and West Sussex is among the very few authorities across the country to have signed final accounts. The draft accounts for 2022/23 are being prepared and expected to be published by the statutory deadline of 31st May.
 - During the quarter, Property and Assets have continued to support a number of key initiatives for West Sussex County Council. This has included working with Muse who have submitted their planning application for Horsham Enterprise Park. Finally, work has progressed on the Horsham Fire Station towards its completion date of May 2023.

Our Council Performance Measures

2. 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
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%	Sep-22	Dec-22	Mar-23	↓
			A	G	G	
			57.0%	80.0%	65.3%	
Performance Analysis: Mar-23: Four of six tenders during the quarter which were over £500,000 included Social Value weighting of 10%, one was at 20%. The two tenders where Social Value was not included, were not considered viable for this criteria due to the breakdown of the contract / services and the resulting potential that could be achieved.						
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.						
49	Measure: Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use Reporting Frequency: Quarterly	< 162,000m ²	Sep-22	Dec-22	Mar-23	↗
			G	G	G	
			122,958 m ²	120,702 m ²	119,534 m ²	
Performance Analysis: Mar-23: The annual target has been exceeded this year. This quarter the reduction in operational space included the 4th floor of Parkside offices in Horsham, which was vacated by staff and let to a third party.						
Actions: New baseline required for 2023/24 reflecting the current sqm of the estate.						
50	Measure: The aggregated unit cost of our services compared to our statistical neighbours Reporting Frequency: Annually (March)	7th - 8th highest out of 15	2020/21	2021/22	2022/23	→
			R	G	G	
			4 th Highest out of 15	8 th Highest out of 15	8 th Highest out of 15	
Performance Analysis: Mar-23: West Sussex County Council had the 4th highest average unit cost for services in 2020/21 when compared to statistical neighbours. The budgeted position for 2021/22 and 2022/23 shows an improvement to 8th position for both years.						
Actions: We are 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 same across all authorities and therefore our relative position may vary. Going forward, there are plans to review the benchmarking information and use information which provides a measure of cost effectiveness and our spend relative to outcomes achieved.						
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%	Sep-22	Dec-22	Mar-23	↓
			G	G	G	
			100.0%	100.0%	83.0%	
Performance Analysis: Mar-23: There were six eligible tenders over the value of £500,000 that required a Key Decision in the third quarter of 2022/23. Five of the six tenders included consideration and appraisal of partnership working, benefiting from the resulting networking and collaboration to inform and support the chosen service design and commercial strategy.						
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 expenditure – PPE storage and distribution	£0.013m	Use of non-ringfenced Covid-19 grant.	(£0.013m)	
Increase in the provision for Doubtful Debt	£2.067m	Early savings generated from asset rationalisation	(£0.150m)	
Procurement – Non-delivery of income target	£0.150m	Capital and Infrastructure – Backdated one-off business rates rebates following successful appeals	(£0.800m)	
Facilities Management net overspend - service pressures partly offset from staffing vacancies	£0.289m	Other minor variations	(£0.291m)	
Finance and Property Portfolio - Total	£2.519m		(£1.254m)	£1.265m

Significant Financial Issues and Risks Arising

- There are no significant issues to raise this quarter.

Financial Narrative on the Portfolio's Position

- The 2022/23 financial outturn position for the Finance and Property Portfolio is an overspend of £1.265m. this is an increase of £1.688m when compared to the £0.423m underspend forecast in December.
- The main movement for the Portfolio during this quarter relates to a net £2.067m **increase in the provision set aside for doubtful debts (bad debts)** which is calculated as part of the end of year closing of accounts. Data shows a larger than usual debt balance held in relation to 2020/21 and 2021/22. This is partly linked to the impact of the Covid-19 pandemic and delays in our Adult Services financial assessments processes. The actual increase is £3.227m but this is partly offset by a £1.160m use of the carry forward balances from 2021/22 that are no longer required.
- A saving of £0.150m relating to **income generation** within Procurement is no longer achievable due to changes in purchasing behaviour and the lower use than expected of the early payment rebate mechanism. This pressure has been addressed as part of the 2023/24 budget. There is also net pressures totalling £0.289m within **Facilities Management**. The service have incurred grounds and reactive maintenance costs, including tree safety works, essential building regulation compliance works and a shortfall of income from service level agreements (SLA's) with schools and academies. This position has been partly offset by a projected underspend on staffing due to difficulties in filling vacant posts.
- To offset part of the pressure within Facilities Management, £0.150m of early savings have been generated from **asset rationalisation** and a significant

backdated **one-off business rates rebate** of £0.8m 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.

In-year Revenue Grant Update

8. Since the creation of the 2022/23 Budget, a number of new grants have been awarded. Details of new grants are added to quarterly Performance and Resources Reports throughout the year.
9. These additional funds have/will be utilised in accordance with the grant determination.

New In-Year Grant - Name and Details	(£)
Sea Fisheries Grants – A number of additional S31 grants for DEFRA contribution to Inshore Fisheries projects received in year.	£210,000
Redmond Review – Grant funding from the Department for Levelling Up, Housing and Communities.	£44,903
Transparency Code New Burdens Grant – Funding received from the Department for Levelling Up, Housing and Communities to support additional responsibilities.	£12,647

Proposed Carry Forward Requests

10. A number of carry forward requests have been processed during the closure of the accounts, including the following item within the Finance and Property Portfolio:

2022/23 Carry Forward Requests	Amount
Sea Fisheries Grants - Three S31 grants received for £60,000, £50,000 and £50,000 on the 27th March 2023 for DEFRA contribution to Inshore Fisheries projects.	£160,000

11. It should be noted that all carry forward balances have specific plans in place and can demonstrate the need of funding over and above set budgets. Any carry forward balance which remains unspent at the end of 2023/24, unless specifically agreed otherwise, will be withdrawn from the carry forward reserve and made available to assist the overall financial position.

Covid-19 Expenditure Update

12. Within the Finance and Property portfolio, £0.013m has been spent from the non-ringfenced Covid-19 grant to cover personal protective equipment (PPE) storage and distribution.

Savings Delivery Update

13. 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	March 2022		Narrative	2023/24 Outlook
Charging for Frameworks and Amazon Business Accounts	150	150	R	This saving is no longer achievable due to reduced use of Amazon Business Accounts as a purchasing method and reduction in the take up of early payment option and reducing rebate income. This has been addressed within the 2023/24 budget.	G

Savings Key:

R Significant Risk	A At Risk	G Delivered/ Mitigated In Year	B Delivered On An Ongoing Basis
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Capital Programme

Performance Summary - Capital

14. There are 13 schemes within the portfolio. Seven of the schemes in delivery are rated green, indicating that the project is reporting to plan and two schemes is rated amber, indicating that there is an issue but that it could be dealt with by the project delivery team. One scheme has completed and three further schemes are within their final retention phase. An update on the progress of the schemes are detailed in the table below:

Scheme	RAG Status at Mar 2023	Reason	Latest RAG Status	Updated Position
Accessibility Audit	GREEN	Works in County Hall to start in April, Parkside will follow. Council Chamber works going out to tender. County Hall access lifts in design.	GREEN	Confirmation received from consultant that it is feasible to fit stairlifts to get personnel into both wings and from the wings to the central corridor.
Broadbridge Heath Park	GREEN	Key Decision published to uplift budget due to high construction inflation, water neutrality issues and professional fees.	GREEN	Work is progressing with a planning application to be submitted by the end of May 2023. Work is continuing to finalise the leases with the four potential tenants. Water Neutrality remains a risk for the development of the site.
FM Structural Maintenance Programme	GREEN	Overall programme tracking to plan but six small projects planned to be delivered by contractor will slip to 2023/24 due to their insufficient capacity to deliver.	GREEN	Constant rain showers throughout March meant delay in finishing Parkside car park deck, Bognor and Hurstpierpoint Fire Station roofs.
Gypsy and Travellers Improvements Programme	GREEN	Options appraisal being carried out to review sites for drainage	GREEN	Awaiting full costings.

Scheme	RAG Status at Mar 2023	Reason	Latest RAG Status	Updated Position
		improvements. Early indications suggest non-compliance at Adversane and Ryebank sites.		
Hop Oast Park & Ride New Vehicle Parking Compound	GREEN	No issues identified with the project to install power, vehicle canopies and CCTV at the compound.	GREEN	Lighting repairs have been authorised and are underway.
Horsham Enterprise Park	AMBER	The Reserved Matters Application for the residential part of building and conversion of the Central Tower building have been submitted to Horsham District Council.	AMBER	Horsham District Council have paused the development of the Local Plan until May 2023 resulting in a delay to resolution of Water Neutrality issues.
Latent Defects Programme	AMBER	External fabric issues at four academies, Midhurst Rother College, Shoreham Academy, Sir Robert Woodard and Littlehampton Academy.	AMBER	Three of the four academies have been signed-off.
Martlets (County Hall) Renovation	BLUE	Project has completed and spaces are in use.	BLUE	Not Applicable.
Targeted Minor Asset Improvement Plan (CLOG)	GREEN	No issues with the programme of minor capital improvements and maintenance works.	GREEN	Valuation site visits now underway, new ceilings throughout Hatches 164 needed as existing are polystyrene lined fibre board. To be done in conjunction with replacement of roof felt and covering.
Staff Capitalisation - Property	GREEN	Nothing to report.	GREEN	Not applicable.

15. A number of capital schemes have completed during the 2022/23 financial year, including the following project for this portfolio:

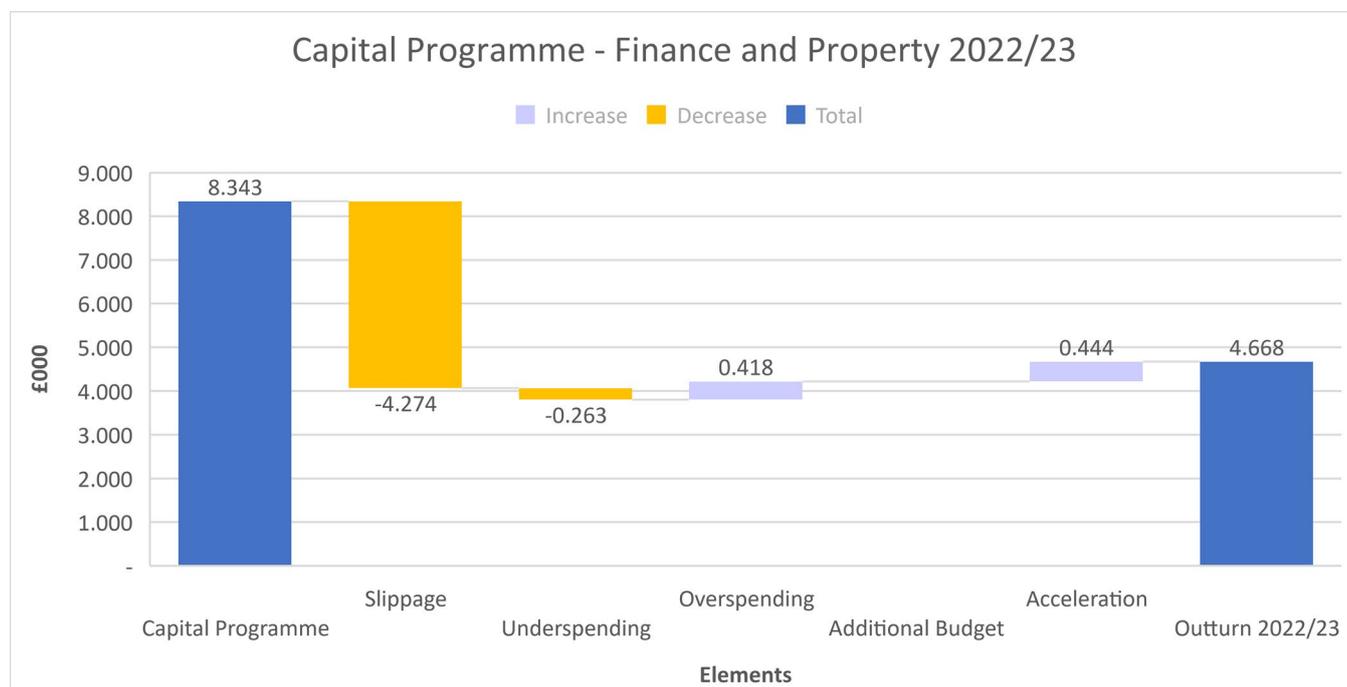
Month Completed	Project	Location	Description
January 2023	Martlets Building, County Hall	Chichester	Conversion of space into meeting hub.

Finance Summary - Capital

16. 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.

17. During the year, the Finance and Property Portfolio spent £4.668m on its capital programme, a reduction of £0.623m when compared to the profiled

spend reported in December 2022. Investment in the year focussed around the Council's operational estate and includes corporate structural maintenance works and the Martlets renovation project at County Hall Chichester.



Key:

Capital Programme – The revised planned expenditure for 2022/23 as at 1st April 2022.
 Slippage – Funding which was planned to be spent in 2022/23 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.
 Outturn 2022/23 – Total capital programme expenditure as at 31st March 2023.

18. Details of the main movements since December are as follows:

- **Slippage: (-£4.274m). Movement since Q3 report: (-£1.041m)**
 - **Accessibility Audit – (-£0.170m)** – Delays in the procurement process has led to £0.170m being reprofiled into future years.
 - **Structural Maintenance – (-£0.309m)** – Delays in the procurement process has led to £0.300m being reprofiled into future year.
 - **Broadbridge Heath Park – (-£0.232m)** – Expenditure in year has been less than first anticipated with funds now slipped into 2023/24.
 - **Gypsy & Travellers Improvement Programme – (-£0.100m)** - Surveys are being carried out to review the works required at the various sites and until these are completed the works cannot progress.
 - **Latent Defects – (-£0.097m)** - Small amount of slippage as a result of costs being profiled were slightly different to actuals. Expenditure is now expected in 2023/24.

- **Horsham Enterprise Park – (-£0.069m)** - Small slippage because costs profiled were slightly different to actuals. Expenditure is now expected to go through in 2023/24.
- **Underspending: (-£0.263m). Movement since Q3 report: (£0.000m)**
- **Overspending: £0.418m. Movement since Q3 report: £0.418m**
 - **Staff Capitalisation - £0.418m** – An increase of £0.300m in staffing costs from additional posts approved in-year and after the original estimates were budgeted for. Also, a transfer of £0.118m from the Your Energy Sussex budget to fund agreed posts within this area.
- **Acceleration: £0.444m. Movement since Q3 report: £0.000m**

19. 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

20. 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 economic conditions (mainly inflation and interest rates) impacting on service delivery, and/or failure to make the required decisions to ensure the budget is balanced. This has been compounded further with the Covid-19 pandemic and the now cost of living crisis, which is making economic conditions uncertain, and impacting on the cost of council services and demand for services.	20	20

21. 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.