

# Finance and Property Portfolio - Summary

## Performance Summary

1. Performance highlights this quarter:

- The new Horsham Fire Station and Training Centre has achieved practical completion and the building has been handed over to Facilities Management and the Fire and Rescue Service for fitting out and preparation for occupation. The site became operational in July.
- There are currently 81 schools' capital maintenance projects underway and 60 corporate capital maintenance projects underway.
- The West Sussex County Council/Lovell Joint Venture secured its third planning consent in June for 101 new homes in Littlehampton. The first two sites, 22 homes in Southwick and 20 homes in Bersted have planning consent and are progressing through governance with works expecting to commencement later this financial 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		2023/24 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
16	<p><b>Measure:</b> 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</p> <p>Reporting Frequency: Year-to date annual average, updated each quarter.</p>	80.0%	Dec-22	Mar-23	Jun-23		G
			G	G	A		
			80.0%	65.3% (2022/23 Target: 60%)	78.0%		
<p><b>Performance Analysis:</b> Jun-23: The data shows the latest result for a year-to date annual average, commentary, however, relates only to the latest quarter performance.</p> <p>There were nine eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2023/24. Seven of these tenders (78%) included a social value consideration. For the two tenders where social value was not included, the consideration confirmed that social value outcomes would not be viable or suitable for inclusion.</p> <p><b>Actions:</b> 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.</p>							
49	<p><b>Measure:</b> Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use</p> <p>Reporting Frequency: Quarterly</p>	113,500 m <sup>2</sup>	Dec-22	Mar-23	Jun-23		G
			G	G	A		
			120,702 m <sup>2</sup>	119,534 m <sup>2</sup> (Target 2022/23: 162,000m <sup>2</sup> )	118,803 m <sup>2</sup>		

Finance and Property		2023/24 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
<p><b>Performance Analysis:</b> Jun-23: The baseline for this KPI has been changed to align the target with the actual rationalisation that has been achieved to date and to align with the data on the new asset database. The new target for the quarter has not been achieved as there has been no significant property rationalisations realised in this quarter. The reduction from last quarter is due to some small-scale property changes.</p> <p><b>Actions:</b> During the next quarter, two fire stations are expected to be vacated and the new West Sussex Fire and Rescue Service Training Centre and Horsham Fire Station will be operational. The net effect of these changes is expected to increase the square meterage of the operational estate. Other rationalisation initiatives are being explored.</p>							
50	<p><b>Measure:</b> The aggregated unit cost of our services compared to our statistical neighbours</p> <p>Reporting Frequency: Annually (March)</p>	7th - 8th highest out of 15	2020/21	2021/22	2022/23	→	A
			R	G	G		
			4 <sup>th</sup> Highest out of 15	8 <sup>th</sup> Highest out of 15	8 <sup>th</sup> Highest out of 15		
<p><b>Performance Analysis:</b> Jun-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.</p> <p><b>Actions:</b> The County Council is 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 the same across all authorities and therefore the council's relative position may vary. Going forward, there are plans to review benchmarking information and use information which provides a measure of cost effectiveness relative to outcomes achieved.</p>							
52	<p><b>Measure:</b> 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>	40.0%	Dec-22	Mar-23	Jun-23	↗	G
			G	G	G		
			100.0%	83.0%	100.0%		
<p><b>Performance Analysis:</b> Jun-23: There were nine eligible tenders over the value of £500,000 that required a Key Decision in the first quarter of 2023/24. All nine tenders (100%) considered Partnership working within the business appraisal options process.</p> <p><b>Actions:</b> 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)
Assets and Estates – Reduction in income from property rental	£0.800m	Assets and Estates – Projected underspend including non-domestic rates appeals rebate	(£0.100m)	
Assets and Estates – Projected property holding costs	£0.200m	Other minor variations	(£0.019m)	
<b>Finance and Property Portfolio - Total</b>	<b>£1.000m</b>		<b>(£0.119m)</b>	<b>£0.881m</b>

## Financial Narrative on the Portfolio's Position

3. As at the end of June, the forecast for the Finance and Property Portfolio is a projected overspend of £0.881m. The main variations are described below.
4. There will be a **shortfall on the property rental income** during the year as a result of the current tenant vacating the City Park site in Hove from September 2023. The estimated impact is around £0.8m which includes rental loss, holding costs and non-domestic rates liability.
5. With a number of the County Council's buildings now vacant, including Centenary House Durrington and the old Horsham and Horley Fire Stations, there is an estimated £0.2m of additional pressure currently projected in relation to **holding these buildings** in the short-term.
6. These pressures are partly offset by a projected one-off income of £0.1m relating to **rebates** following successful non-domestic rates appeals.

## Savings Delivery Update

7. There are £0.586m of savings to be delivered within the portfolio. Details are shown in the table below:

Saving Activity	Year	Savings to be Delivered in 2023/24 £000	June 2023		Narrative
Reduction in the operational estate costs of the Early Help Service	2023/24	100	100	<b>G</b>	Delivery of savings from the cost of properties vacated as part of the Early Help Project.
Property Joint Venture - Staff Costs	2023/24	200	200	<b>G</b>	Staff supporting the Joint Venture and Edes Estates in 2023/24 will be recharged accordingly and therefore reducing costs to the General Fund.
Rationalisation of the Operational Office Estate	2023/24	80	80	<b>G</b>	The review completed to date of the operational estate has identified properties that can be released as part of known changes in service delivery.
Future Smarter Working Arrangements	2023/24	50	50	<b>G</b>	Reduced estate running costs as a result of the move to hybrid working post-pandemic.
Staffing vacancy increase in vacancy factor from 5% to 6%	2023/24	156	156	<b>G</b>	Staffing budgets currently assume a vacancy factor of 5% but over the last few years, this has averaged 6% across the organisation. Therefore, the budget for 2023/24 has been reduced accordingly.

### Savings Key:

R Significant Risk  
 A At Risk  
 G On Track  
 B Delivered

# Capital Programme

## Performance Summary - Capital

8. The Finance and Property capital programme; as approved by County Council in February 2023, agreed a programme totalling £7.427m for 2023/24.
9. The portfolio's capital programme contains 10 schemes. Eight of the schemes 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 2022/23	2023/24 Expenditure to Date	In Flight Remaining Project Budget
		Time	Quality	Cost				
1	<b>Project:</b> Accessibility Audit	G	G	G	£2.190m	£0.416m	£0.022m	£1.752m
	<b>Latest Estimated Completion Date:</b> March 2024			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Works are continuing on this project on various sites including Crawley library, County Hall, Parkside and Durban House.							
2	<b>Project:</b> Broadbridge Heath Park	A	G	R	£15.845m	£0.788m	£0.037m	£15.020m
	<b>Latest Estimated Completion Date:</b> TBC			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> The project is due to go out to tender towards the end of August. When proposed costs are returned it is likely that a value management exercise will be undertaken to ensure that these are full and representative. If they fail to generate an acceptable return for the County Council, then the scheme will not go ahead.							
3	<b>Project:</b> Facilities Management Structural Maintenance Programme - Block	G	G	G	£3.436m	N/A	£0.157m	£3.279m
	<b>Latest Estimated Completion Date:</b> On-Going			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Block programme - Some schemes being managed by consultants are delayed as extended timeframe required to establish the full scope of works and draw up documentation, but overall projects are on track.							
4	<b>Project:</b> Gypsy and Travellers Improvements Programme	G	G	G	£0.675m	£-	£-	£0.675m
	<b>Latest Estimated Completion Date:</b> On-going			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Site improvement projects are currently being developed.							
5	<b>Project:</b> Horsham Enterprise Park	A	G	G	£5.092m	£4.368m	£0.002m	£0.722m
	<b>Latest Estimated Completion Date:</b> TBC			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Issues of water neutrality cannot be resolved as Horsham District Council have paused the development and publication of their Local Plan.							

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2022/23	2023/24 Expenditure to Date	In Flight Remaining Project Budget
		Time	Quality	Cost				
6	<b>Project:</b> Latent Defects Programme	G	G	G	£0.200m	£0.003m	£0.009m	£0.188m
	<b>Latest Estimated Completion Date:</b> On-going			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Project on track.							
7	<b>Project:</b> Targeted Minor Asset Improvement Plan (CLOG) - Block	G	G	G	£0.735m	£0.677m	£-	£0.058m
	<b>Latest Estimated Completion Date:</b> On-going			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Programme of minor works - progressing to plan.							
8	<b>Project:</b> Staff Capitalisation - Property	G	G	G	£0.940m	N/A	£-	£0.940m
	<b>Latest Estimated Completion Date:</b> On-going			<b>Project Phase:</b> In Delivery				
	<b>Narrative:</b> Eligible costs associated with capital projects will be charged in Q4.							
9	<b>Project:</b> Chichester High School Demolition	G	G	G	£0.591m	£0.554m	£0.011m	£0.026m
	<b>Latest Estimated Completion Date:</b> 2022			<b>Project Phase:</b> Practically Completed - In Retention				
	<b>Narrative:</b> Project complete.							
10	<b>Project:</b> Orchard Street Development	G	G	G	£1.950m	£1.848m	£-	£0.102m
	<b>Latest Estimated Completion Date:</b> 2022			<b>Project Phase:</b> Practically Completed - In Retention				
	<b>Narrative:</b> Project complete.							

10. 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 2023

## Risk

11. 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 <b>financial sustainability of council services</b> 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

12. 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.