

Finance and Property Portfolio - Summary

Performance Summary

1. Performance highlights this quarter include:

- The **County Council's Budget and Council Plan for 2025/26** was agreed by County Council on the 14th February and will see spending of £2.2bn next year on the day to day running of local services to deliver the priorities which are set out in the Council Plan.
- The County Council's Regulation, Audit and Accounts Committee signed off the **2022/23 County Council and West Sussex Pension Fund financial accounts** at their November meeting following delays to the auditing process. These accounts, like so many other councils, could not be fully audited due to national resource shortages during the Covid-19 pandemic and therefore been given a "disclaimer" opinion. It should be noted that the County Council's Finance Team had completed and presented the draft financial statements on the County Council website by the set mandatory deadline.
- **The Property and Assets Service** supports a wide range of Council initiatives, however, there have been a number of additional projects recently undertaken including:
 - **Facilities Management** have initiated a new corporate grounds maintenance contract procurement in Q3. This is in addition to the new Hard FM contract with Bellrock which commenced on 1st October 2024, delivering a broad scope and volume of services than the previous contract.
 - **The Estates Team** continue to work on a number of projects and programmes, including Academy Conversions, the delivery of Capital Receipts and the Schemes launched to deliver expansion in the wraparound, pre-school and nursery provision in schools. The wraparound expansion is putting pressure on resources to agree terms with private, voluntary or independent providers. To date, 45 schools have been identified, that may require new legal agreements, all within exceptionally short timescales driven by the grant funding conditions.
 - In addition to supporting the capital programme, **the Capital Delivery Team** have been leading on the ISG administration and planning to enable the completion of the Woodland Mead College project with a contractor being appointed to carry out the enabling works for Phase 2. In relation to the Bedelands school project, a contractor was mobilised in December 2024 to undertake a value engineering exercise in order to achieve greater financial certainty prior to entering into contract. This is along with progressing the land transfer with Homes England.

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		2024/25 Target	Performance Over The Last 3 Periods			DoT	Year End Forecast
16	<p>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</p> <p>Reporting Frequency: Year-to-date annual average, updated each quarter.</p> <p>Aim High Measure</p>	80.0%	Jun-24	Sep-24	Dec-24	▶	G
			G	G	G		
		<p>Performance Analysis: Dec-24: There were four eligible tenders over the value of £0.5m that required a Key Decision in the third quarter of 2024/25.</p> <p>All of these tenders (100%) included a social value consideration with 10% or less.</p> <p>Actions: 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>Measure: Square metres of operational property (e.g., offices, libraries, fire stations etc) that are in use</p> <p>Reporting Frequency: Quarterly</p> <p>Aim Low Measure</p>	106,000m ²	Jun-24	Sep-24	Dec-24	▼	A
			A	A	A		
		<p>Performance Analysis: Dec-24: There has been a small increase in Gross Internal Area (GIA) as a result of floor plan amendments. During this quarter, non-operational out-buildings at Chichester Fire Station have been decommissioned, however there has been no other significant rationalisation achieved across the estate.</p> <p>Actions: Operational Services are being encouraged to consider assets for rationalisation through the annual Service Asset Management Plan process. Work on rationalising the office estate continues.</p>					
52	<p>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</p> <p>Reporting Frequency: Year-to-date annual average, updated each quarter.</p> <p>Reporting Frequency: Quarterly</p>	80.0%	Jun-24	Sep-24	Dec-24	▼	G
			G	G	G		
		<p>Performance Analysis: Dec-24: There were four eligible tenders over the value of £0.5m that required a Key Decision in the third quarter of 2024/25.</p> <p>Half of these tenders (50%) included market research and collaboration with other LAs/peers to challenge and inform the route to market and sourcing strategy. This has resulted in the accumulative total at Q3 standing at 83%.</p> <p>Actions: 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)	Projected Year End Budget Variation (£m)
Capital and Infrastructure – Additional holding costs at Woodlands Meed following contractor administration	£0.100m	Capital and Infrastructure – National Non-Domestic Rates (NNDR) Rebates	(£0.100m)	
Facilities Management – Additional work associated with reactive maintenance and repairs	£1.010m	Facilities Management – Cleaning and Operational Budgets	(£0.150m)	
Facilities Management – Income shortfall on Service Level Agreement's	£0.300m	Finance – Continued Review of Vacancy Management and Agency - ELT Agreed In Year Savings -	(£0.040m)	
Facilities Management – New contract mobilisation	£0.220m	Finance – Additional Income Generated by FAS Team - ELT Agreed In Year Savings -	(£0.040m)	
Facilities Management – Additional grounds maintenance and tree works	£0.130m	Law and Assurance – Staffing Vacancy Management - ELT Agreed In Year Savings	(£0.030m)	
Facilities Management – Other variations	£0.090m			
Finance – Apprenticeship Levy increase due to increase in staffing base	£0.180m			
Finance – Staffing pressure and other variations	£0.200m			
Finance and Property Portfolio - Total	£2.230m		(£0.360m)	£1.870m

Financial Narrative on the Portfolio's Position

- As at the end of December, the forecast for the Finance and Property Portfolio is a projected overspend of £1.870m, an increase in the projection of £0.070m when compared to September.
- A pressure of £0.1m has been added this quarter in relation to **holding costs at Woodlands Meed College** as a direct result of the contractor entering administration. The County Council will seek to recover costs from the administrator; however, the likelihood of success remains unclear.
- The **Reactive Maintenance and Repairs** budget for the operational estate continues to project a £1.010m overspend. This pressure is due to higher volumes of reactive maintenance works across the corporate estate, along with rising costs of construction materials (increased by between 20%-25%) and construction inflation (average 10.7%). This pressure has increased further due to a significant backlog of historic works and invoicing from the current contractor. In addition, there has been an increase in precautionary works in response to positive legionella testing on buildings across the corporate estate.
- A projected **income shortfall** relating to the buy-back from schools for facility management services has slightly decreased from £0.340m in September to £0.3m in December. This shortfall is due to the continuing reduced up-take of services, which is largely due to the academisation of schools who are more likely to source a different solution.

7. Facilities Management entered into a new **Hard Facilities Management contract** on the 1st October 2024. Expenditure of around £0.220m relating to the mobilisation of the new main building contract continues to be forecast.
8. **Grounds Maintenance and Tree Works** continues to project a £0.130m overspend. The overspend position is largely due to an increase to the core maintenance contract charge as well as a significant increase in the number of tree safety works which have been identified following safety inspections.
9. As reported at Outturn, the **Apprenticeship Levy** budget continues to be under pressure in 2024/25 with a projected overspend of £0.180m currently forecast, an increase of £0.065m when compared to September. As part of the 2024/25 budget setting process, £0.170m was added in recognition of the insourcing of services from Capita and active recruitment strategies, however the latest information suggests that the charges will be higher than the budget allocated this year.
10. A year-end surplus of £0.1m is currently projected within the Capital and Infrastructure Service following the receipt of **National Non-Domestic Rates rebates**.

Savings Delivery Update

11. There are £0.840m of savings to be delivered within the portfolio in 2024/25. Details on each saving are reported in the table below:

Saving Activity	Year	Savings to be Delivered in 2024/25	December 2024		Narrative
Property Joint Venture - Staff Costs	2023/24	£0.200m	£0.200m	G	Saving on track.
Review of Operational Estate – Early Help	2024/25	£0.100m	£0.100m	G	Saving on track.
Review of Operational Estate – Corporate Estate	2024/25	£0.240m	£0.240m	G	Saving on track.
Review of Support Services	2024/25	£0.300m	£0.300m	B	Saving delivered.

Savings Key:

R Significant Risk
 A At Risk
 G On Track
 B Delivered

Capital Programme

Performance Summary - Capital

12. The Finance and Property Capital Programme; as approved by County Council in February 2024, agreed a programme totalling £8.266m for 2024/25. Budget

of £0.142m, originally profiled to be spent in 2024/25, was accelerated into 2023/24, revising the year's capital programme to £8.124m.

13. Since this time, the profiled spend has decreased overall by £2.803m, to give a current year end projection for 2024/25 of £5.321m.

14. The portfolio's capital programme contains 13 projects. 12 of the projects are in delivery and one is complete. 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 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
1	Project: Accessibility Audit	G	G	G	£2.190m	£0.493m	£0.047m	£1.650m
	Latest Estimated Completion Date: 2025			Project Phase: In Delivery		Direction of Travel: ►		
	Narrative: Programme on track.							
2	Project: Broadbridge Heath Park	A	G	A	£19.207m	£1.199m	£0.118m	£17.890m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ►		
	Narrative: The programme is dependent on Planning Permission being granted. The procurement process is currently paused until planning permission is obtained.							
3	Project: Facilities Management Structural Maintenance Programme – Block Allocation	A	G	G	£4.386m	N/A	£1.363m	£3.023m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ►		
	Narrative: Overall programme is on track; however some schemes are progressing slower than planned due to delays and affordability.							
4	Project: Gypsy and Travellers Improvements Programme	G	G	G	£0.675m	£-	£-	£0.675m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ►		
	Narrative: Technical advisory support reviewing site improvement projects currently in development.							
5	Project: Horsham Enterprise Park	A	G	G	£5.092m	£4.475m	£-	£0.617m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ►		
	Narrative: The team is working with Horsham District Council's Planning Team on how to progress in relation to water neutrality.							
6	Project: Latent Defects Programme	G	A	G	£0.217m	£0.034m	£0.080m	£0.103m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ►		

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
	Narrative: Generally, defect projects are working to agreed programme.							
7	Project: Targeted Minor Asset Improvement Plan (CLOG) - Block	G	G	G	£0.735m	£0.687m	£-	£0.048m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ▶		
	Narrative: Programme of minor works is progressing to plan.							
8	Project: Staff Capitalisation - Property	G	G	G	£0.958m	N/A	£-	£0.958m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ▶		
	Narrative: Eligible staffing costs associated with capital projects have been charged based on actual expenditure incurred.							
9	Project: Orchard Street Development	B	B	G	£1.950m	£1.848m	£-	£0.102m
	Latest Estimated Completion Date: N/A			Project Phase: Complete		Direction of Travel: ▶		
	Narrative: Project complete. Once final invoices have been settled, any remaining funds will be returned to the Invest to Save – Future Economic Development Budget							
10	Project: Halnaker Windmill – Heritage Asset Improvements	R	G	G	£0.228m	£-	£0.019m	£0.209m
	Latest Estimated Completion Date: TBC			Project Phase: In Delivery		Direction of Travel: ▼		
	Narrative: Phase 1 of this project was scheduled to take place in October, unfortunately this work had to be aborted for a number of reasons including poor ground conditions, adverse weather and the presence of two long-eared bats. The earliest this work could now be undertaken is Spring 2025.							
11	Project: Centenary House - Durrington	A	G	A	£0.890m	£0.012m	£0.059m	£0.819m
	Latest Estimated Completion Date: TBC			Project Phase: In Delivery		Direction of Travel: ▶		
	Narrative: Project is on hold whilst wider strategy for the development of the site is reviewed.							
12	Project: Crawley County Buildings – Remedial Work - Demolition Project)	A	G	G	£0.166m	£0.012m	£0.093m	£0.061m
	Latest Estimated Completion Date: On-going			Project Phase: In Delivery		Direction of Travel: ▶		
	Narrative: Remedial works are underway.							
13	Project: Smarter Working – County Hall Refurbishment	A	G	G	£0.396m	£-	£0.042m	£0.354m
	Latest Estimated Completion Date: TBC			Project Phase: In Delivery		Direction of Travel: ▶		

	Finance and Property Capital Projects	Performance RAG Status			Total Project Budget	Previous Years Expenditure To 2023/24	2024/25 Expenditure	In Flight Remaining Project Budget
		Time	Quality	Cost				
	Narrative: Project is going through Governance process.							

Key:

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

15. 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 2024.

Risk

16. 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 the lack of new funding from central government, the impact of economic conditions (mainly inflation and interest rates) and the growing services pressures, particularly around social care, home to school transport and SEND.	25	25

17. 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.