



Supplement for

**FINANCE AND MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE - WEDNESDAY,  
14TH JUNE, 2023**

<b>Agenda No</b>	<b>Item</b>
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- |     |   |
|-----|---|
| 10. | <b><u>Service Performance Report 2022/23 Quarter Four</u></b> (Pages 3 - 8) |
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Additional service dashboards are included in this pack.

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| 11. | <b><u>Financial Performance Report 2022/23 Quarter 4</u></b> (Pages 9 - 38) |
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The report and all annexes are included in this pack.



## WODC FINANCIAL PERFORMANCE SUMMARY

VARIANCE TO BUDGET		£k		
Service Area	Original Budget	Profiled Budget	Actual Exp.	Variance (under) / over
Democratic and Committee Services	1,058	1,083	1,151	68
Environmental & Regulatory Services	507	490	570	80
Environmental Services	7,106	7,077	8,031	954
Finance, Human Resources & Procurement	922	977	981	4
ICT, Change & Customer Services	1,924	1,953	1,893	(60)
Land, Legal & Property	903	865	1,089	224
Leisure & Communities	661	637	1,435	798
Planning & Strategic Housing	1,528	953	918	(35)
Revenues & Housing Support	1,049	910	1,041	131
Investment Property and Retained Services	(2,218)	(2,096)	(1,494)	602
Covid Related costs	284	404	431	27
<b>Total cost of services</b>	<b>13,724</b>	<b>13,253</b>	<b>16,046</b>	<b>2,793</b>
<b>Plus:</b>				
Investment income receipts	(1,139)	(1,139)	(1,364)	(225)
<b>Cost of services before financing:</b>	<b>12,585</b>	<b>12,114</b>	<b>14,682</b>	<b>2,568</b>

### AGED DEBT SUMMARY

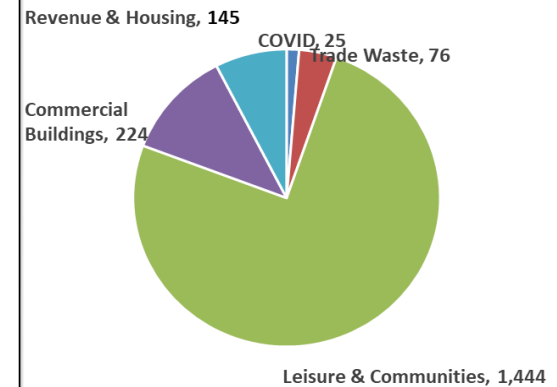
	Mar-23	Dec-22	Sep-22	Movement vs. prior period		
Invoices	1,233	1,297	1,180	-64	-5%	↓
£k	1,913	613	609	1,300	68%	↑

#### Aged Debt Summary:

The biggest contributor to the increase in aged debt this quarter is GLL as their outstanding management fees are under discussion but are technically overdue. This has increased the balance of aged debt by £1.4m which means that outside of that specific issue, the remainder of debt has reduced by £100k in the quarter.

This is partly driven by write offs where, after investigation, it was judged that the balance was irrecoverable, commercial properties where recovery has improved and the resolution of outstanding commercial debt where invoices had been incorrectly raised. The management of Trade Waste debt going forward will be much easier as any rejected Direct Debits can be followed up on a monthly basis.

### AGED DEBT BY BUSINESS SERVICE

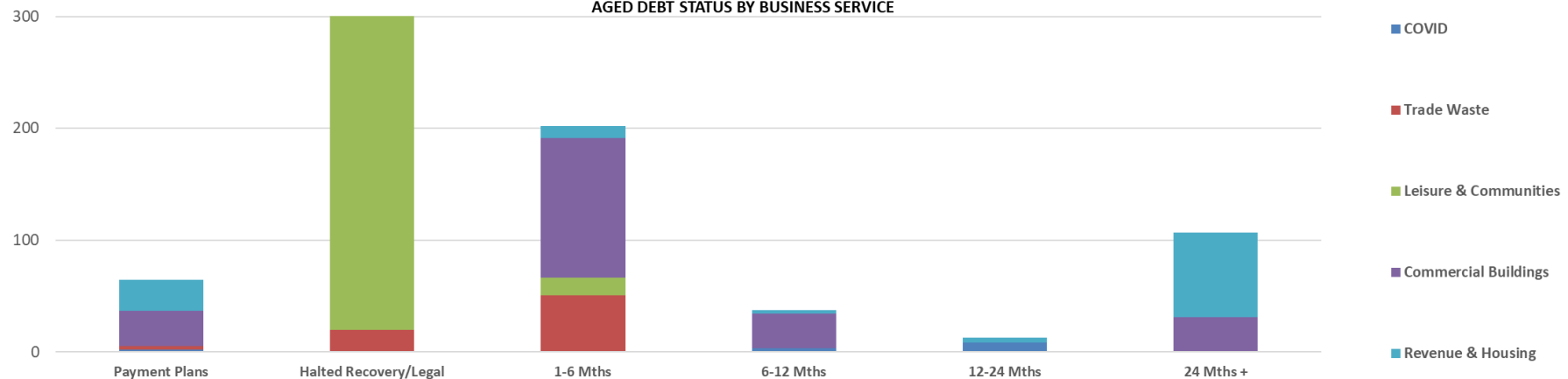


#### Overall Summary:

The 2022/23 financial year has been very challenging for the Council with the impact of high inflation and wages growth contributing to a £2.5m overspend in our Cost of Services budget. This is combined with continued pressure on income generating services like Land Charges & Building Control where we have seen market share erode over the last few years. There have been additional losses from our Investment Property portfolio due to void units, but negotiations are at an advanced stage with new tenants for these properties. The purchase of Marriotts Walk as a regeneration project for central Witney increases our rental income and is recognised in the 23/24 budget. Electricity and gas overspends amount to £210k in the year with additional growth included in the 23/24 budget assuming a similar cost to 22/23.

A realistic budget was set for 22/23 that due to the continuation of Government funding, especially New Homes Bonus, resulted in an expected surplus of £1.6m. Inflation in supplies & services and wages created unavoidable budget pressures that have turned overall outturn into an overspend of £573k. This is consistent with the reporting for Q2 & Q3 and also with our budget expectations for 2023/24

### AGED DEBT STATUS BY BUSINESS SERVICE



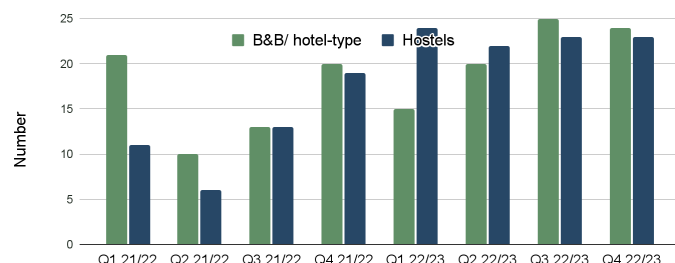
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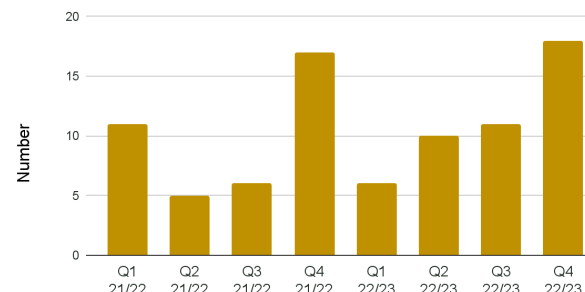
## Housing Quarter 4

The Number of households in Emergency Accommodation (B&B/hotel type; and hostels owned and managed by the Council) at the end of each quarter

\*\* 22 bed spaces available in hostels

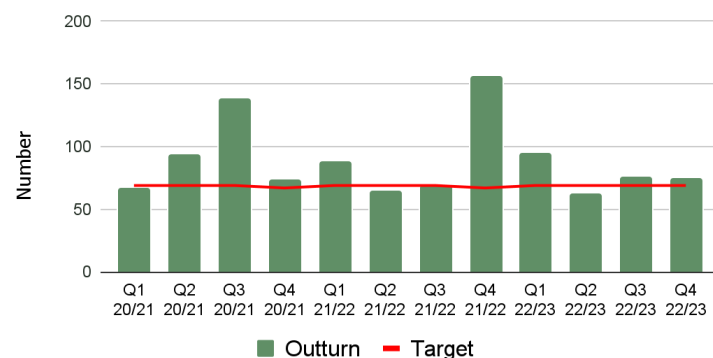


The number of successful 'move ons' from Emergency Accommodation to long term accommodation

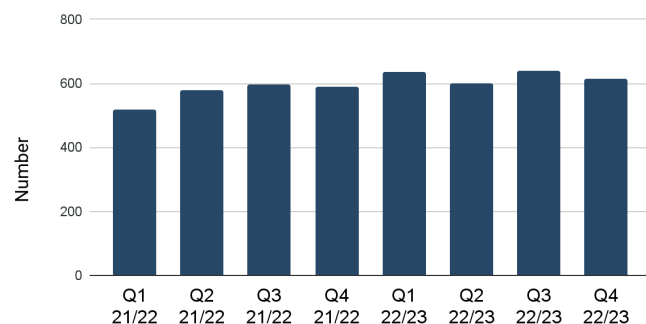


The number of affordable homes reaching practical completion

\*practical completion is when the property is ready for occupation; Target is from Local Plan



The number of Long Term Empty Properties (6 months plus) in the District



The pressures on Housing services, systems and pathways remain high. The numbers of people contacting the Housing team continues to rise due to the cost of living crisis and the evolving Refugee schemes, specifically Homes for Ukraine and Afghan Resettlement. The continuing cost of living crisis has resulted in some people who would normally be staying between family and friends becoming homeless which has required greater use of hotel placements. The use of this type of placement impacts on the Council's budget as not all of the costs can be recovered by claiming Housing Benefit. The Council's owned and managed hostels are operating at capacity however the use of specialist Temporary Accommodation officers are able to offer dedicated support and bespoke solutions for helping clients move on successfully from emergency accommodation..

The Housing Team have been successful in addressing some complex issues surrounding accommodation for 4 entrenched rough sleepers during the winter months and have now brought them into longer term accommodation. Although West Oxfordshire's entrenched rough sleeping population of 6 to 7 people sleeping out at any one time has been traditionally low compared to neighbouring areas, thanks to the dedicated work of our Rough Sleeping Specialist and our county Outreach partners, West Oxfordshire is now reporting one entrenched rough sleeper. Any one new to the streets are contacted swiftly and accommodation solutions offered at the earliest opportunity. The aim is to end rough sleeping for all however, where it does unfortunately occur, this is rare and short lived.

Our three grant funded Housing Specialist Officers, including our Ukraine Specialist Officer are also working with families and to prevent homelessness wherever possible and assist families to secure their own accommodation in the private sector. The successful recruitment of a further Complex Needs specialist will complete the Team by offering bespoke and early interventions to our most vulnerable clients to further prevent homelessness from occurring.

Seventy-five affordable homes (50 affordable rent, 2 first homes and 21 shared ownership) reached practical completion in Q4.. Overall, a total of 309 for the year has been completed against a target of 274.

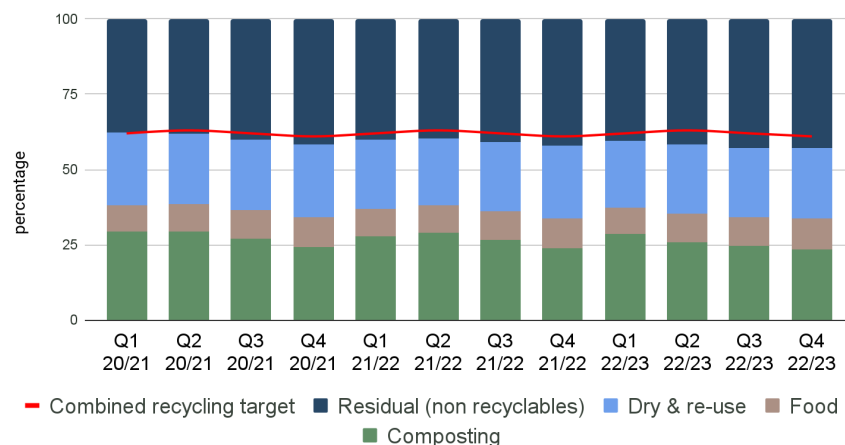
Proactive work continues with individual property owners to reduce the number of LTE properties in the District - During Q4, 238 properties were removed from the LTE list, but 215 were added.

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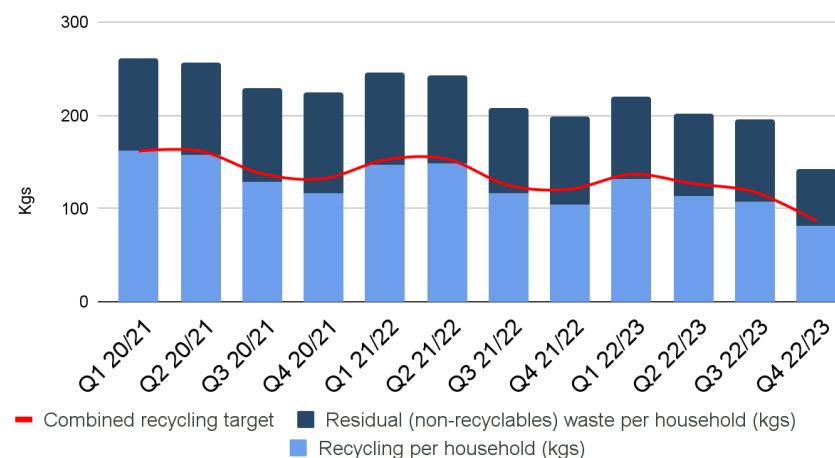


## Waste and Environment Quarter 4

(Cumulative) Household waste collected composition



Household waste collected per household



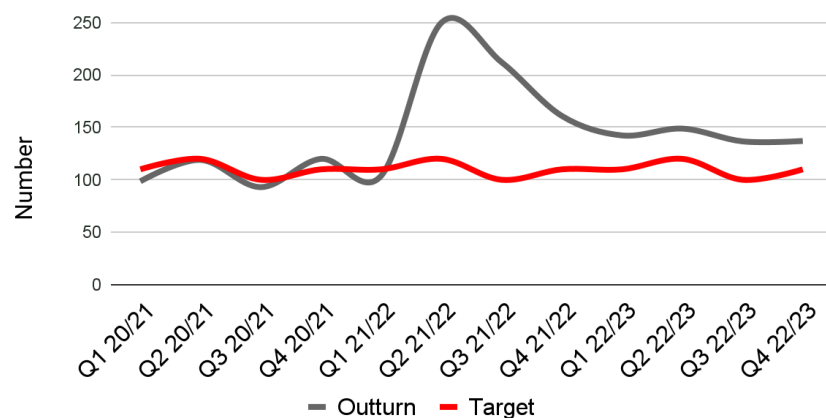
The combined recycling rate for January to March 2023 was 55.95% compared to 57.74% in 2022. The lower rates have been mostly attributed to the cost of living crisis in line with national trends. Since emerging from the pandemic, total household waste (tonnages) have fallen. Taking into account the growth in households, the District produced over 17 kg less residual waste per household than last year.

Missed bins are investigated by the Contract Monitoring team daily. A new Operations Manager at Ubico started at the end of the quarter with an urgent action of decreasing missed bin numbers and rectifying any long-standing issues. He will ensure that all operatives are using the technology provided and recording areas or bins that cannot be collected until the next working day due to operational issues such as vehicle breakdowns, or any bins that have not been presented correctly.

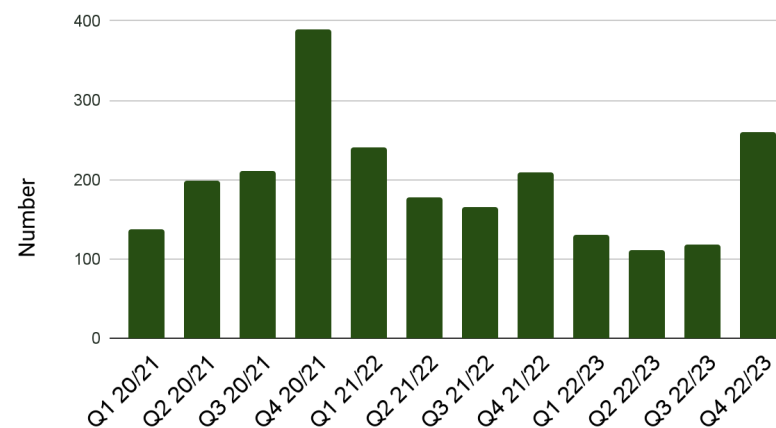
The contract with the Council's Waste Environmental Services Partner, Ubico, has been extended to March 2026

The additional Environmental Services Officer that started in Q3 has had an impact on the number of FPNs issued for fly tipping offences and is developing good relations with the police and other agencies such as the EA dealing with fly tipping and rural crime. 389 fly tips were reported in the quarter and 11 FPNs, 1 warning letter and 14 formal cautions were issued.


Missed bins per 100,000 scheduled collections



Number of flytips collected



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 <p><b>WEST OXFORDSHIRE DISTRICT COUNCIL</b></p>	<p><b>WEST OXFORDSHIRE DISTRICT COUNCIL</b></p>
<p>Name and date of Committee</p>	<p><b>FMOS: Wednesday 14<sup>th</sup> June 2023</b></p>
<p>Report Number</p>	<p><b>Agenda Item No. 11</b></p>
<p>Subject</p>	<p><b>Financial Performance Report 2022/23 Year End</b></p>
<p>Wards affected</p>	<p>All</p>
<p>Accountable member</p>	<p>Cllr Dan Levy Cabinet Member for Finance Email: dan.levy@westoxon.gov.uk</p>
<p>Accountable officer</p>	<p>Elizabeth Griffiths, Chief Finance Officer and Deputy Chief Executive Tel: (01993) 861188 Email: Elizabeth.Griffith@westoxon.gov.uk</p>
<p>Annexes</p>	<p>Annex A – Revenue Outturn Annex B – Capital Programme including slippage Annex C – Update on Aged Debt</p>
<p>Recommendations</p>	<p>(a) That the 2022/23 end of year financial performance be noted.</p>
<p>Corporate priorities</p>	<p>Council approved its Council Plan 2023-27 in January 2023. The Plan sets out a Council vision that is “to support West Oxfordshire to be fit for the future through action across a set of priority themes:</p> <ol style="list-style-type: none"> <li>1. Putting Residents First</li> <li>2. A Good Quality of Life for All</li> <li>3. A Better Environment for People and Wildlife</li> <li>4. Responding to the Ecological and Climate Crisis</li> <li>5. Working Together for West Oxfordshire</li> </ol>
<p>Key Decision</p>	<p>Yes</p>
<p>Exempt</p>	<p>No</p>

## **I. FINANCIAL POSITION AT YEAR END**

2022/23 was financially a very difficult one for the Council, driven by high inflation across the board and the continued pressure on income generating services such as Building Control, Land Charges and Car Parking in addition to void units in our Investment Property Portfolio. A realistic budget was approved in February 2022 which provided for a £1.6m surplus for the year but the final position is a deficit of £573,004.

While the position is significantly worse than budgeted, it is relatively in line with reporting through the year as it has developed and also with our budget for 2023/24. While this provides some confirmation that our projections of a deficit budget position and deteriorating financial stability are not overstated, it also reconfirms the need to address it.

Our largest controllable risks continue to be the Leisure contract which has not delivered the expected management fee income, the Waste contract whose costs continue to rise rapidly, and an emerging risk around homelessness. This was an area which saw elevated costs through Covid but the level of these has not reduced to pre pandemic levels.

While the outturn report typically focuses on the revenue budget, this report also touches on our balance sheet. This is something of an anomaly between private sector and public sector reporting and a greater increase in focus on the balance sheet is required. The concern around aged debt has been known for some time and WODC brought in a credit control specialist in order to recover as much as possible of the outstanding monies and to investigate current procedures to determine why such a backlog exists. Good progress has been made and an update on that is appended in Annex C. This increased focus on debt is now being extended to Housing Benefit, Council Tax and Business Rates – the aged debt of which do not appear in the Finance system but are very much of concern to the Council. Housing Benefit in particular is an area where unresolved overpayments impact our finances.

The Revenue Outturn for all Council Services at 31<sup>st</sup> March 2023 is shown in Annex A.

There are a number of budget variances identified in the report across a range of service areas, commentary for the most significant of these is set out below. These figures are subject to External Audit review, however no material change is expected from what is being reported here.

## 2. FINANCIAL REPORTING

### WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

#### Revenue Budget Monitoring Outturn 2022/23

Service Area	Quarter 4			
	Original Budget 2022/23	Current Budget	Actual Exp	Variance (under) / over spend
	£	£	£	£
Democratic and Committee Services	1,058,971	1,082,956	1,151,784	68,828
Environmental & Regulatory Services	507,109	489,940	570,529	80,589
Environmental Services	7,106,814	7,076,617	8,031,375	954,758
Finance, Human Resources & Procurement	922,288	977,832	981,286	3,454
ICT, Change & Customer Services	1,924,570	1,953,156	1,893,647	(59,509)
Land, Legal & Property	903,130	864,539	1,089,038	224,499
Leisure & Communities	661,071	637,421	1,435,217	797,796
Planning & Strategic Housing	1,528,061	953,786	917,854	(35,932)
Revenues & Housing Support	1,049,459	910,673	1,041,053	130,380
Investment Property and Retained Services	(2,218,585)	(2,095,710)	(1,494,324)	601,386
COVID-19 specific costs	284,525	404,715	431,874	27,159
<b>Total cost of services</b>	<b>13,727,413</b>	<b>13,255,925</b>	<b>16,049,334</b>	<b>2,793,409</b>

Plus:

Investment income receipts	(1,139,501)	(1,139,501)	(1,364,483)	(224,982)
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<b>Cost of services before financing:</b>	<b>12,587,912</b>	<b>12,116,424</b>	<b>14,684,850</b>	<b>2,568,426</b>
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Retained Business Rates	(4,373,420)	(1,855,594)	(2,166,459)	(310,865)
Interest Payable	102,857	102,857	13,217	(89,640)
General Government Grants	(2,834,598)	(3,083,048)	(3,087,910)	(4,862)
Budgeted contribution to GF	1,609,731	1,609,731	0	(1,609,731)
MRP & Capital financing underspend	995,002	995,002	828,473	(166,529)
Earmarked Reserves	(826,239)	848,227	1,065,102	216,875
Capital Charges	(1,769,650)	(1,724,178)	(1,724,178)	0

<b>Contribution (to)/from General Fund</b>	<b>7,261,245</b>	<b>9,885,372</b>	<b>9,443,698</b>	<b>573,004</b>
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## 2.1. Car Parking

The combined overspend across On and Off street parking is £178,000, 90% of which relates to the underachievement of income. The remaining 10% is for the annual cost of the Chipside parking system and the increase in electricity costs. The Parking budget for 2023/24 has increased by £142,000 due to the transfer of On Street parking back to Oxfordshire County Council from 1<sup>st</sup> April 2023 and the loss of £169,000 of budgeted income. In addition a vacant Civil Parking Enforcement Officer post, supposed to be funded through excess income, has been disestablished. A report from the Business Manager – Support and Advice, to whom responsibility for the Parking Service transferred in 2022/23 will be submitting a report to the Executive on the future of the Parking Service subsequent to the transfer of On Street Parking out of West Oxfordshire's remit.

## 2.2. Democratic Services

Consistent with reporting throughout the year, Members Allowances are £55,000 overspent at year end with additional overspends of £16,000 for the printing and posting of Committee Papers and £4,000 for the Council's contribution to the Oxford to Cambridge Pan Regional Partnership which champions the region as a world leader in innovation and business in a sustainable way. The 2023/24 budget has been increased for Members Allowances in line with the agreed Independent Remuneration Panel recommendations, Committee Paper printing and an additional amount for Member Training.

## 2.3. Land Charges

As reported in the 2021/22 outturn and the quarterly budget monitoring reports in 2022/23 Land Charges income has fallen significantly below budgeted levels, with a further fall of 8% in 2022/23 compared with the previous year. The volume of free Personal Searches remains very high at over 70% of total Land Charge searches in the year. The Council will also be impacted by the transfer of the statutory LLC1 searches to HM Land Registry in 2023/24 which will result in an estimated loss of £14,000 per annum. The government has provided grant income to support the loss of the LLC 1 searches for 2 years, so the impact of this income loss will manifest in the 2025/26 budget.

## 2.4. Leisure Contract

At the beginning of the financial year GLL confirmed their expectation to pay the contracted management fee to the Council of £1.4m and therefore no income contingency was included in the 2022/23 budget. The terms of the contract allow for an increase in management fee income based on CPI which has increased significantly in the last 12 months. The invoiced management fee for 2022/23 was £1.9m of which £504,000 has been paid for the period November 2022 – January 2023. The continued high cost of utilities and lower level of footfall into the District's leisure centres has impacted on the financial stability of the leisure contract and put GLL's ability to meet the contracted obligations in doubt. For this reason a specific Bad Debt provision has been made in the amount of £1.18m in order to recognise this substantial risk in our Financial Statements as it would be misleading to recognise all of the invoiced income when we have no reasonable expectation of it being paid at this point.

## 2.5. Ubico Contract

The Ubico contract is £424,000 overspent, the majority of which relates to the pay award being 3.5% higher than initially budgeted for, the significantly higher cost of diesel throughout the year which has only started to drop in the last few weeks and vehicle hire & repairs. The impact of this overspend has been allocated against each part of Environmental Services, more details of which can be seen in Annex A. The budget for the Ubico contract in 2023/24 is £8.1m, an increase of £745,000 but this may not be sufficient if the pay award for the current financial year is more than the 4% included in the base contract sum.

## 2.6. Building Control

The service has ended the year £77,000 overspent due to underachievement of income, a 14% drop on the previous financial year. The service has struggled against competition from the Private sector and the general state of the economy. With the sharp rise in interest rates since Autumn 2022, mortgage and borrowing costs have impacted on the volume of house renovations and moves which shrinks the market for Building Control commercial services. The latest estimates for the Bank of England base rate is that it will peak this year at 5.25% and will fall gradually. The Building Control service is therefore unlikely to be unable to reach their budgeted income target in 2023/24 and it may not be realistic to expect it in 2024/25. This will be assessed as part of the 2024/25 budget setting process.

## 2.7. Environmental Services - Waste Contract

The Waste Contract as a whole is £713,000 overspent, but this figure includes the Ubico contract overspend of £424,000.

Recycling – the Suez contract is £138,000 overspent at £1.052m. The 2023/24 budget was increased to £1m for this contract but this figure now looks insufficient in the light of the month on month increase in costs. The average monthly charge was £86,000 in Q1 rising to an average of £104,000 a month during Q4. There has also been a £109,000 overspend on recycling bins and boxes plus £25,000 on an options appraisal for the service.

Green Waste – the service achieved 99% of its income target but the costs for printing and posting out of Green Waste licences, of £20,000, formerly funded through licence income in excess of budget are a revenue overspend in 2022/23. The licence fee was increased by £5 for 2023/24 and in the first 2 months of 2023/24 income is at 89% of the budget for the year.

Trade Waste – this service has shown a significant turnaround in the last 2 years with the 2022/23 position showing a £106,000 underspend overall driven by a £59,000 underspend in Tipping Charges paid to the County Council, a £35,000 of additional income for Schedule 2 collections (which are collections from domestic premises that incur a fee) and a £30,000 reduction in bad debt provision due to a mixture of recovery and write offs. Progress has been made, most notably with the introduction of payment via direct debit but there is still work to do to ensure all processes are robust and that ongoing bin collections are closely tied to customer payments for the service and that ceasing one results in suspension of the other.

Household Waste – there has been a £22,000 overspend on bins which together with recycling bins and boxes puts the total overspend for the year at £134,000.

Downs Road Depot – there has been a requirement to undertake major drainage works costing £30,000 and additional repairs and maintenance costs of £31,000 to both the site and building fixtures and fittings.

## 2.8. Admin Buildings

Across the Council's Admin Buildings there is an overspend of £168,000 of which £147,000 relates to electricity and gas. Growth has been included in the 2023/24 budget for an increase in utility expenditure of £253,000. With changes to the energy cap in July and October 2023, this budget is likely to be underspent in the 2023/24 financial year with any significant variances included in the quarterly budget monitoring reports.

In addition to utility costs, there has been £25,000 of costs related to Agile Working which are ineligible to be recognised as capital expenditure and have therefore been recognised as a revenue overspend.

## 2.9. Publica Contract

In spite of the pay award for 2022/23 being 3.5% above the base budget, the Publica contract has returned a surplus to the Council of £80,000. This includes a refund for the proposed change to National Insurance contributions that was included in the base contract sum but subsequently scrapped by the Government in the year plus a reimbursement for vacant posts. The base budget for 2023/24 includes a pay award of 4% but it is as yet unknown what the award will be as the final offer from the National Employers has been rejected by all 3 Unions.

## 2.10. Homelessness

The average number of clients in temporary accommodation has risen and stayed consistently around 60 during the second half of the year, which is an unprecedented level for West Oxfordshire, much higher than during the Pandemic.

The purchase of The Old Court in 2020/21 was supposed to meet our emergency housing needs without reliance on Bed & Breakfast and Travelodge but the capacity in Council owned temporary accommodation for single people is 22 between Horsefair in Chipping Norton and The Old Courthouse in Witney. Both of these properties have had a low level of voids in 2022/23 with significantly lower costs for repairs and maintenance, resulting in a surplus of £54,000 for the year.

The reliance on Bed & Breakfast and Travelodge to house the remaining average of 38 clients has cost the Council £153,000 in Housing Benefit and £280,000 in Housing Benefit Subsidy a total of £433,000.

Pressure on the Homelessness Team has been unrelenting since the start of the Pandemic in 2020. During a time of material increase to the number of clients being supported, housed and then moved on into more secure tenancies, there has been no increase in the number of permanent posts in the team. Additional FTC posts have been provided, but there has been an understandable churn in these posts as people move on into permanent posts elsewhere.

It would be appropriate to undertake a review of the Homelessness service to determine if additional resource could reduce the losses of Housing Benefit and Subsidy.

#### 2.11. Investment Property

We have seen a mixed year for the Council's Investment Property with an overall overspend of £369,000. This is mostly made up of a reduction in rental income either due to vacant units i.e. Des Roches & Talisman or periods of reduced rent for new tenants i.e. Carterton Ind Estate. It is now a market standard to offer rent free or rent reduced periods for new tenants in return for the stability of a 10 year lease. When considered over the life of the lease the rent free period is on average is 5% – 7.5% of the total rental income.

Marriotts Walk – in January 2023 the Council completed the purchase of Marriotts Walk Shopping Centre. This purchase allows the Council to protect the sustainability of Witney Town Centre by proactively seeking tenants who compliment rather than detract from the existing traders in the High Street, encourage increased footfall into Witney due to the nature/stature of our Marriotts offering and the regeneration of the central square.

#### 2.12. Housing Benefit Subsidy

There is a £280,000 subsidy loss related to the use of B&Bs and Travelodge as emergency accommodation as the Council is able to recover only a small percentage of the costs through Subsidy. This loss is offset in the most part by £186,000 Admin Subsidy and one off grants of £51,000. Admin Subsidy is allocated to the Council to help fund the running of the Housing Benefit service i.e. to pay for staff, but in recent years this grant has filled the gap between Benefits paid out and the Subsidy we receive in compensation.

#### 2.13. Investment Income

The bond and equity markets have had a dynamic year meaning that our Pooled Funds have returned £225,000 more in interest than was budgeted for, but are still subject to a capital loss of £1.6m. Under Cipfa guidance the Council must crystallise any capital loss from the Pooled Funds and recognise this loss in the Statement of Accounts for 2024/25. In the last year this capital loss has increased by £1.2m.

#### 2.14. Council Tax and Business Rates Arrears

Since 2020/21 reporting has shown a significant increase in both Council Tax and Business Rates arrears. Initially due to the Pandemic and latterly to the Cost of Living Crisis. The table shows the arrears specific to 2020/21 to 2022/23 and the amounts recovered to date. The effect of the suspension of raising liability orders through the Magistrates Court during the Pandemic can be clearly seen in the significant rise in arrears between 20/21 & 21/22 and it is taking longer to recover outstanding amounts than it has in the past, due to the accumulated volume of the last 3 years. It is encouraging that the arrears specific to 2022/23 are significantly lower than the previous year.

Council Tax	20/21	21/22	22/23
Arrears at 31.03	2,654,907	3,805,222	2,993,806
Balance after 1 year	1,661,311	2,209,117	
Balance after 2 years	1,282,456		
% collected	52%	58%	
NNDR	20/21	21/22	22/23
Arrears at 31.03	1,871,523	2,727,554	1,319,753
Balance after 1 year	708,449	749,187	
Balance after 2 years	400,670		
% collected	78%	72%	

### 3. FUNDING

#### 3.1. Retained Business Rates and Pooling

The accounting arrangements for Business Rates are complex and statute requires recognition of items charged in one financial year to be resolved in the following year i.e. the deficit arising in 2022/23 (the shortfall in collectable rates vs expected due to the Govt's reliefs) will be repaid to the Collection Fund in 2023/24. This deficit has therefore been budgeted for in 2023/24 and will be funded by the Business Rates deficit earmarked reserve set up specifically for this repayment. The deficit at the end of 2022/23 is £1.273m, higher than the £991,000 estimated in the submission of NNDR 1 for 2022/23, the difference between the estimate and the actual deficit will be repaid in 2024/25 and will be taken account of in the budget setting process.

In the 2022/23 budget Retained Business Rates income accounted for 34% of funding for Council services but our ability to collect it was impacted by the CARF (Covid Additional Relief Fund) scheme announced by the Government to give Covid support to businesses ineligible for any of the other available schemes. The scheme provided Business Rate relief against 2021/22 billing but the scheme was not implemented until the beginning of 2022/23 due to the timing of the announcement & funding arrangements. As a result the amount of Business Rate income we collected this year fell to £34,366,635 against an original budget of £36,451,916.

As the Billing Authority we collect 100% of the 'payable' income but distribute 50% of the 'budgeted' income (regardless of whether the actual cash collected has reduced significantly due to Govt reliefs) to Central Government & 10% to the County Council on a monthly basis.

The table below shows the calculation of the budgeted / expected Business Rate income for the Council vs the Actual. You can also see the funding of the deficit payable in the year through earmarked reserves, as discussed in the 2021/22 outturn report. We have an identical situation in 2022/23, where we must repay £4.578m of deficit in 2022/23 and therefore needed to move that amount out of the earmarked reserve.

	<b>Budget 2022/23 £m</b>	<b>Actual 2022/23 £m</b>	
Total Business Rate Income	36.451	34.366	Expected vs Collectable
WODC Business Rates Income (40%)	14.580	14.580	WODC receive 40%. 50% goes to Govt with 10% going to the County, fixed through NNDR 1 at Budget Setting. Uncollectable income compensated by exceptional S31 Grant.
Less Tariff	-12.035	-12.035	This is a Govt specified adjustment to reduce our collected rates to the baseline funding level they determine.
NDR Deficit Payable from the Collection Fund	-4.578	-4.578	Fixed at Budget Setting
S31 Grant	4.278	4.432	Grant received to compensate for lost business rates income due to Central Gov policy
Renewable Energy	0.211	0.209	Income retained by WODC for renewable energy schemes
Business Rates Income	<b>2.456</b>	<b>2.454</b>	
Less Levy	-2.037	-0.896	This represents 50% of excess funding over baseline net of Pool Gain
Net Business Rates	<b>0.419</b>	<b>1.576</b>	
Levy Surplus	0	0.018	One off redistribution of grant income to each billing authority
Excess S31	0	0.154	S31 grant due over and above the budgeted figure
Movement from reserves	3.955	3.955	To fund the deficit paid out in the year relating to 2021/22
Movement to reserves		-1.000	To fund the deficit paid out in 2023/24 relating to 2022/23
Retained Business Rates	<b>4.374</b>	<b>4.703</b>	

#### 4. TRANSFERS TO EARMARKED RESERVES

The table below shows the proposed movements to earmarked reserves.

After the proposed movements to earmarked reserves, the final outturn position will be £573,004 deficit which will be funded from the General Fund balance.

	<b>Transfers To Reserves</b>	
<b>Reserve</b>	<b>£</b>	
Business Rates Deficit	1,000,000	S31 grant to fund Business Rates deficit relating to 2022/23 to be repaid to the Collection Fund in 2023/24
New Burdens Funding	197,590	Grant funding for the admin of Council Tax rebate and energy schemes
Redmond Review	18,860	Grant funding for the increase in external Audit requirements
Homelessness Prevention	184,862	Specific grant allocation for Domestic Abuse Safe Accommodation county wide scheme and funding agreed in 2022/23 to fund a Domestic Abuse & Rough Sleeping Specialist post and a Flexible Homelessness Prevention Fund to reduce reliance on Bed & Breakfast accommodation.
<b>Total Proposed Movement to Reserves</b>	<b>1,401,312</b>	

## 5. GRANTS DISTRIBUTED

There has continued to be a significant amount of Post Payment Assurance work during 2022/23 which we are obligated to carry out and New Burdens grant funding has been provided by the Government to offset the cost of the resource employed by the Counter Fraud Unit to deliver this work.

£191k of COMF (Contain Outbreak Management Fund) grant in Earmarked Reserves has been used to fund the ICT improvements to the Committee Rooms and Council Chamber to allow the spaces to be used to live stream meetings and to enable their use by members of the Community as a flexible meeting space.

## **6. FINANCIAL REPORTING - CAPITAL**

- 6.1. The capital programme approved by Council as part of the budget for 2022/23 totalled £30,596,188. At year end £15,291,292 had been spent against this budget.
- 6.2. The majority of the expenditure was the purchase of Marriotts Walk shopping centre in Witney to hold as an opportunity to regenerate Witney's central shopping area
- 6.3. The majority of the underspend is £15.3m related to the Recovery Investment strategy due to the difficulty in finding investment opportunities that comply with the restrictive borrowing requirements of the PWLB and offer the level of return required in the Council's approved Investment Strategy. Work is ongoing to identify and investigate further investment opportunities.
- 6.4. A full breakdown of the schemes for the year and expenditure at 31<sup>st</sup> March is attached at Annex B.

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Democratic Services</b>			
DRM001-Democratic Representation and Mgmt	139,440	140,416	976
DRM002-Support To Elected Bodies	395,746	471,070	75,324
ELE* - Elections	161,452	160,850	(602)
SUP001-Administration	386,318	379,447	(6,871)
<b>Total - Democratic Services</b>	<b>1,082,956</b>	<b>1,151,784</b>	<b>68,828</b>

DRM002 - Members Allowances are £55k overspent, consistent with reporting in Q2 & Q3, with a further £16k overspend for the printing of Committee papers, Catering and conference expenses plus £4k for the Oxford to Cambridge Pan Regional Membership. The Budget has been increased in 23/24 to fund the additional cost of Allowances, Committee Papers and Member Training.

Q4 position		
Profiled Budget	Actual Exp	Variance (under) / over
£	£	£

#### Environmental & Regulatory Services

BUC001-Building Control - Fee Earning Work	(85,897)	(8,630)	77,267
BUC002-Building Control - Non Fee Earning Work	3,131	3,227	96
EMP001-Emergency Planning	13,609	7,452	(6,157)
ESM001-Environment - Service Mgmt & Supp Serv	95,748	95,815	67
PSH002-Private Sector Housing-Condition	3,000	0	(3,000)
REG002-Licensing	20,478	19,239	(1,239)
REG009-Environmental Protection	175,008	168,101	(6,907)
REG011-Authorised Process	(11,900)	(9,097)	2,803
REG013-Pollution Control	134,223	134,224	1
REG016-Food Safety	135,240	135,200	(40)
REG021-Statutory Burials	5,000	8,477	3,477
TAC309-Other Trading Services - Markets	1,900	15,586	13,686

<b>Total - Environmental &amp; Regulatory Services</b>	<b>489,940</b>	<b>570,529</b>	<b>80,589</b>
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BUC001 - income is £74k below target at 81% of the budget for the year, a drop of 14% year on year plus there has been £3k expenditure to employ external Building Inspectors.

EMP001 -there is no expenditure against a legacy budget of £5k for professional fees and a £1k underspend against equipment i.e. the purchase of sandbags. The legacy budget was not removed in 23/24 due to the unpredictable nature of emergencies like flooding and heavy snow.

TAC309 - Markets are £15k below target at 78% of the budget for the year, a drop of 7% from 21/22. There are £3k additional Ubico contract costs, and a £2k underspend in professional fees - a legacy budget removed in 23/24, plus a £3k reduction in Bad Debt provision.

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Finance, Human Resources &amp; Procurement</b>			
SUP003-Human Resources	161,773	177,242	15,469
HLD302-Miscellaneous Cash	0	0	0
HLD313-Lease Cars	0	0	0
SUP009-Accountancy	385,928	386,164	236
SUP010-Internal Audit	172,404	157,260	(15,144)
SUP011-Creditors	40,755	40,045	(710)
SUP012-Debtors	56,766	56,573	(193)
SUP013-Payroll	54,586	54,766	180
SUP019-Health & Safety	32,022	34,373	2,351
SUP020-Training & Development	27,822	28,800	978
SUP033-Central Purchasing	36,432	36,432	0
SUP035-Insurances	9,344	9,631	287
<b>Total- Finance, Human Resources &amp; Procurement</b>	<b>977,832</b>	<b>981,286</b>	<b>3,454</b>

SUP003 - the Council incurred unbudgeted advertising costs of £16k for the Director of Governance post

SUP010 - SWAP Internal Audit services are on budget at £100k and there is a £15k underspend for the Counter Fraud Unit who have taken on all Business Support Grant post payment assurance work as required by the Government over and above the agreed Counter Fraud work undertaken on behalf of the Council.

Q4 position		
Profiled Budget	Actual Exp	Variance (under) / over
£	£	£

#### ICT, Change & Customer Services

SUP002-Consultation, Policy & Research	153,069	152,652	(417)
HLD301-ICT Purchases	0	0	0
SUP005-ICT	1,205,108	1,155,024	(50,084)
SUP006-Telephones	10,000	13,215	3,215
SUP008-Reception/Customer Services	473,036	473,265	229
SUP014-Cashiers	100	(164)	(264)
SUP041-Business Solutions	11,268	11,614	346
TMR002-Street Furniture & Equipment	(14,685)	(21,294)	(6,609)
TOU002-Tourist/Visitor Information Centre	115,260	109,907	(5,353)

#### Total - ICT, Change & Customer Services

<b>1,953,156</b>	<b>1,894,218</b>	<b>(58,938)</b>
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SUP005 - the underspend of £50k is a combination of £45k in Telephone costs, £40k in external consultancy, £14k in cabling and overspends of £41k for licences and £8k costs for cyber security training. The 23/24 budget removes legacy budgets for Telephones and External Consultancy and moves budget into licences to fund the shortfall in 22/23 and the inflationary growth in renewal contracts.

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Land, Legal &amp; Property</b>			
ADB301-3 Welch Way (Town Centre Shop)	29,390	43,840	14,450
ADB302-Guildhall	13,153	17,134	3,981
ADB303-Woodgreen	209,040	338,095	129,055
ADB304-Elmfield	179,650	210,686	31,036
ADB305-Corporate Buildings	423,737	449,565	25,828
ADB306-Depot	(32,159)	(68,144)	(35,985)
LLC001-Local Land Charges	(176,029)	(85,890)	90,139
SUP004-Legal	250,292	215,036	(35,256)
TAC303-Swain Court & Newman Court Ind Est Witney	(32,535)	(31,285)	1,250
<b>Total - Land, Legal &amp; Property</b>	<b>864,539</b>	<b>1,089,038</b>	<b>224,499</b>

ADB301 - as the Council have taken over the whole of Welch Way as an operational building in 22/23, there is an underachievement of rental income for the first floor of £6k, a £2k overspend on electricity and gas, a £2k overspend of Business Rates and £4k of expenditure on layout design

ADB303 - in 22/23 there have been costs of £25k relating to the Agile Working programme that cannot be treated as capital expenditure and therefore are represented in this cost centre as a revenue overspend. In addition there is a £77k overspend on electricity, £15k overspend on Gas and £10k for the Woodgreen Boiler replacement design, £2k overspend skip hire and contractor fees

ADB304 - there is an overspend of £19k for electricity, £7k for Gas, £2k for replacement lights and £3k underachievement of income. The 23/24 budget includes additional budget to cover the ongoing higher cost of utilities

ADB305 - £13k overspend Standby Pay for the unlocking and locking up of the Council buildings and responding to out of hours emergencies plus a £13k overspend Electricity.

ADB306 - £73k of invoices have been raised to Ubico relating to compliance for 19/20, 20/21 & 21/22, £9k overachievement of rental income and £11k of backdated service charges, £3k underspend Insurance and waste collection. £14k overspend on Electricity & Gas, £36k for repairs, £13k EVCP fitted in year.

LLC001 - £85k underachievement of income, in line with in year reporting and representing an 8% drop since 21/22. Additionally there is a £5k overspend for Idox support & maintenance

SUP004 - £11k overspend employee costs due to regrading in the year, £14k overspend on external advice, £39k underspend Partnership Fees, £5k overachievement of income, £9k underspend on books, £4k underspend IT licences, £2k underspend conference expenses & printing.

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Leisure &amp; Communities</b>			
CCR001-Community Safety (Crime Reduction)	120,447	91,509	(28,938)
CCR002-Building Safer Communities	(3,386)	2,559	5,945
CCR301 - Communities Revenue Grant	218,820	202,528	(16,292)
CCT001-CCTV	94,335	100,382	6,047
CSM001-Cultural Strategy	83,003	82,072	(931)
CUL001-Arts Development	54,922	49,235	(5,687)
ECD001-Economic Development	65,842	63,057	(2,785)
ECD010 - SPF Community & Spaces	0	0	0
REC001-Sports Development	56,008	56,456	448
REC002-Recreational Facilities Development	52,562	90,547	37,985
REC003-Play	82,058	81,446	(612)
REC301-Village Halls	13,958	14,517	559
REC302-Contract Management	(473,669)	327,808	801,477
SUP016-Finance - Performance Review	103,927	104,506	579
TOU001-Tourism Strategy and Promotion	168,594	168,596	2
<b>Total - Leisure &amp; Communities</b>	<b>637,421</b>	<b>1,435,217</b>	<b>797,796</b>

CCR001 - £37k underspend Professional Fees, £10k overspend Household Support Fund and small variances making up an underspend of £2k

CCR301 - there were fewer grants paid out than budgeted for

REC002 - £38k Kier options report for Carterton Decarbonisation

REC302 - £7k overspend professional fees for advice on roof at Carterton Leisure Centre, £5k overspend Insurance, £13k backdated Solar income, £465k more management fee income than in budget due to indexing for inflation and a £1.2m contribution to Bad Debt provision against the contract sum outstanding for 22/23. A provision of £75k has been charged for a disputed invoice that is currently with Legal. If the challenge is successful and the invoice is not due, the provision will be reversed in 23/24.

Q4 position		
Profiled Budget	Actual Exp	Variance (under) / over
£	£	£

#### Environmental Services

CCC001-Climate Change	112,786	126,069	13,283
COR301-Policy Initiatives - Shopmobility	21,629	19,688	(1,941)
CPK001-Car Parks - Off Street	260,858	347,858	87,000
CPK011-On Street Civil Parking Enforcement	4,360	95,550	91,190
ENI002-Grounds Maintenance	379,870	465,545	85,675
ENI303-Landscape Maintenance	2,373	4,045	1,672
FLD001-Flood Defence and Land Drainage	136,731	131,346	(5,385)
REG004-Dog Warden	105,212	126,087	20,875
REG005-Public Health Sewerage	(25)	(26)	(1)
REG018-Pest Control	224	2,702	2,478
REG019-Public Conveniences	136,323	175,714	39,391
REG023-Environmental Strategy	79,860	76,498	(3,362)
RYC001-Recycling	2,952,980	3,336,919	383,939
RYC002-Green Waste	(143,886)	(57,569)	86,317
STC001 - Street Cleansing	34,723	36,744	2,021
STC004-Environmental Cleansing	1,043,641	1,115,346	71,705
STC011 - Abandoned Vehicles	0	(3,192)	(3,192)
TRW001-Trade Waste	57,636	(48,729)	(106,365)
TRW002-Clinical Waste	(1,100)	(398)	702
WST001-Household Waste	1,831,404	1,956,974	125,570
WST004-Bulky Household Waste	30,649	33,355	2,706
WST301-Env. Services Depot, Downs Rd, Witney	30,369	90,848	60,479

#### Total - Environmental Services

**7,076,617      8,031,375      954,758**

CCC001 - £7k difference between PSDS consultancy costs and £22k Salix income received for the Carterton Leisure Centre PSDS design work, £6k expenditure on Woodgreen Thermal Remodelling

CPK001 - £62k underachievement of income in line with in year reporting, £7k overspend electricity, £14k annual charges for Chipside not in budget, £2k overspend Postage and £2k underspend Business Rates

CPK011 - £97k underachievement of income in line with in year reporting, £5k underspend professional fees. The service transfers to the County Council on 1st April with the fixed salary costs transferring to Off Street Parking in the 23/24 budget

ENI002 - £57k underachievement of income - put in the 22/23 budget as recharges to Parish Councils plus £29k additional Ubico contract costs

REG004 - £16k underachievement of income - when a dog is not claimed we send them to a rescue centre. In previous years, if we found and informed a dog owner that we had found their dog and they did not immediately come and collect them, we were entitled to charge them for kennelling fees for each day we had the dog in our custody. Due to the change in process it is now not possible to collect income for the Stray Dog service, plus £4k additional Ubico contract costs.

REG019 - £19k underachievement of income, £18k overspend electricity and £2k cash collection contract

RYC001 - £109k overspend recycling bins and boxes, £138k overspend Suez contract, £143k additional Ubico contract costs, £3k additional income from recycling credits, £25k unbudgeted spend on options appraisal offset by £29k underspend in marketing and IT licences

RYC002 - £11k underachievement of income for Garden Waste licences and £20k cost to print annual licence stickers, usually funded through excess income, £7k overspend Garden Waste bins and £48k additional Ubico contract costs.

STC004 - £2k underachievement of income, £3k new bin installation across district and £63k additional Ubico contract costs.

TRW001 - £35k income achieved for Schedule 2 waste collections which is not budgeted for, £23k additional Ubico contract costs, £5k overachievement of income, £59k underspend Tipping charges plus a £30k reduction in Bad Debt provision due to the successful collection of aged debt throughout the year.

WST001 -£22k overspend on bins, £5k revenue costs for In Cab and £99k additional Ubico contract costs

WST301 -£61k expenditure on general and reactive repairs

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Planning &amp; Strategic Housing</b>			
DEV001-Development Control - Applications	(342,540)	(377,294)	(34,754)
DEV002-Development Control - Appeals	79,670	80,636	966
DEV003-Development Control - Enforcement	162,703	163,108	405
ECD301-WOSP - West Oxon Strategic Partnership	9,000	0	(9,000)
ENA001-Housing Enabling	112,967	104,334	(8,633)
ENI301-Landscape Initiatives	53,911	58,132	4,221
HLD315-Growth Board Project (Planning)	140,633	139,185	(1,448)
PLP001-Planning Policy	504,571	505,553	982
PLP003-Implementation	(959)	(988)	(29)
PLP004-Conservation	101,460	97,645	(3,815)
PSM001-Planning Service Mgmt & Support Serv	132,370	147,545	15,175
<b>Total - Planning &amp; Strategic Housing</b>	<b>953,786</b>	<b>917,854</b>	<b>(35,932)</b>

DEV001 - £22k overachievement of Pre Planning advice income, £77k overachievement of Planning Application income £40k legal fees relating to the West Eynsham Masterplan and Barns Lane Burford, £20k overspend on external consultants and £5k Agency Staff, equipment purchase and subscriptions.

ECD301 - £9k underspend professional fees, cost centre closed in 23/24

ENA001 - £9k underspend against legacy budget for Professional Fees, removed in 23/24

PSM001 - £29k overspend for professional fees - Barristers relating to Wroslyn Rd Freeland, offset by £14k underspend for printing & subscriptions

Q4 position		
Profiled Budget	Actual Exp	Variance (under) / over
£	£	£

#### Retained Services

COR002-Chief Executive	339,694	330,272	(9,422)
COR003-Corporate Policy Making	70,160	69,767	(393)
COR004-Public Relations	12,089	12,747	658
COR005-Corporate Finance	529,473	713,442	183,969
COR006-Treasury Management	26,700	18,535	(8,165)
COR007-External Audit Fees	57,000	76,357	19,357
COR008-Bank Charges	78,500	58,140	(20,360)
COR302-Publica Group	32,815	(68,447)	(101,262)
FIE341-Town Centre Properties	(603,256)	(643,652)	(40,396)
FIE342-Miscellaneous Properties	(831,820)	(820,320)	11,500
FIE343-Talisman	(1,186,200)	(1,081,572)	104,628
FIE344-Des Roches Square	(497,600)	(305,322)	192,278
FIE345-Gables at Elmfield	(40,865)	(41,164)	(299)
NDC001-Non Distributed Costs	599,100	766,916	167,816
TAC304-Witney Industrial Estate	(166,320)	(168,935)	(2,615)
TAC305-Carterton Industrial Estate	(501,950)	(397,430)	104,520
TAC306-Greystones Industrial Estate	(10,355)	(12,213)	(1,858)
TAC308-Other Trading Services - Fairs	(2,875)	(1,443)	1,432

#### Total - Retained Services

(2,095,710) (1,494,324) 601,386

COR002 -£12k underspend Professional fees (LEP), £3k overspend conference expenses

COR005 - £253k compensation claim relating to a period prior to 1980, £3k overspend employee costs, £32k underspend for legal costs & professional fees plus a £38k reduction in Bad Debt provision relating to Sundry debts

COR006 - £8k underspend for Treasury Advisory service from Arlingclose

COR007 - there have been additional costs relating to the 2021/22 Audit for Housing Benefits and the Statement of Accounts due to additional testing required by enhanced Audit Standards

COR008 -underspend due to backdated refund against bank charges received in Q4

COR302 - the underspend represents the refund against the 22/23 contract sum due to the Council for posts that were vacant in the year

FIE341 - £43k Business Rates for the Q4 relating to the void units in Marriotts Walk, £225k rent for Q4 Marriotts Walk not in the budget, £5k legal costs ref Marriotts purchase, £6k underspend professional fees, £9k additional insurance for Marriotts, £36k credit note relating to Freebights who had half of their rent arrears for the Pandemic period credited on the understanding they paid the remaining 50% within 12 months. £85k underachievement of income Woolgate as the head rent is variable and based on income received by our subtenant, £24k credit note issued to Rreef for rent Q4 22/23 plus a £10k reduction in Bad Debt provision

FIE342 - £54k underachievement of rental income due to change in tenant mid way through the year, £7k expenditure on Options Appraisals for Chawley Park and Between Towns Road, £5k expenditure on Energy Performance Certificates, £4k clearance of Unit F Range Road, £5k overspend professional fees and £1k overspend Insurance. Plus a £65k reduction in Bad Debt provision.

FIE343 - £136k underachievement of income due to void units, £23k underspend professional fees, £8k underspend repairs & maintenance

FIE344 - £112k underachievement of rental income due to void unit, £70k Business Rates for void unit, £10k overspend electricity & gas

NDC001 -the costs relate to the cash element of the Council's pension contribution to the LGPS to maintain the employers contribution at 17.6%, based on actuarial information available at budget setting time. The actual cash element ended up being higher than anticipated during 22/23 budget setting, additional budget has been put in in 23/24

TAC305 - £96k underachievement of rental income due to the budget including the full year income for Plot 1 which we purchased in 21/22 but the lease terms included a period of reduced rent in 22/23. Plus an £8k contribution to the Bad Debt Provision.

	Q4 position		
	Profiled Budget	Actual Exp	Variance (under) / over
	£	£	£
<b>Revenues &amp; Housing Support</b>			
HBP001-Rent Allowances	447,379	443,130	(4,249)
HBP003-Local Housing Allowance	0	76	76
HBP005-Benefit Fraud Investigation	5,477	5,723	246
HOM001-Homelessness	213,806	376,359	162,553
HOM002-Homelessness Grants	10,000	5,000	(5,000)
HOM003-Rent In Advance Scheme	0	(443)	(443)
HOM004-Refugees	6,634	6,634	(1)
HOM005-Homelessness Hostel Accomodation	11,586	4,827	(6,759)
HOM006 - The Old Court	30,625	(12,666)	(47,412)
LTC001-Council Tax Collection	245,990	281,848	35,858
LTC002-Council Tax Support Administration	6,636	7,592	956
LTC011-NNDR Collection	(55,308)	(74,811)	(19,503)
PSH001-Private Sector Housing Grants	48,352	49,181	829
PSH004-Home Improvement Service	(60,504)	(47,275)	13,229
<b>Total - Revenues &amp; Housing Support</b>	<b>910,673</b>	<b>1,045,174</b>	<b>130,380</b>

HBP001 - £280k subsidy loss but this is offset against Admin Subsidy grant of £186k and one off government grants of £51k. Admin Subsidy is given to the Council to help fund the running of the Housing Benefit service but in recent years this grant has filled the gap between our Benefit Payments out and the Subsidy we receive. Additionally there is a £16k underspend for Printing, £9k underspend for Bailiffs, £6k underspend IT licences and £5k underspend on postage and a reduction in Bad Debt provision.

HOM001 - there is a difference of £153k between B&B and Travelodge expenditure and Housing Benefit received plus a £9k contribution to Bad Debt provision

HOM002 - legacy cost centre, has been merged with HOM001 in 23/24

HOM006 - set up to be self financing, occupation has been consistent throughout the year with low void periods.

Housing Benefit has been easier to administer because of longer occupancies and this income has more than offset the cost of running The Old Court in terms of maintenance & repairs.

LTC001 - Postage is £62k overspent, £4k overspend NAFN and legal costs, £30k additional income from liability orders, £5k underspend in subscriptions

LTC011 - £11k overachievement of court costs - liability orders raised in the magistrates court to repay aged debt, £9k underspend postage & printing

PSH004 - £26k overspend on contractor fees - the cost of fitting key safes and carrying out minor works, offset by a £13k overachievement of income



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## Capital Slippage - 2022/23

The annual Revenue Budget setting process requires the Council to put forward a 10 year Capital Programme of estimated future expenditure. It is only expenditure that is funded through Revenue that is approved through the budget setting process. Capital Expenditure funded through Earmarked Reserves, S106, Grants, Borrowing or External Contributions all require a business case to be submitted to Members for approval.

The table below shows the incomplete elements of capital projects still outstanding at year end but not included in the 2023/24 budget and therefore recommended to be carried forward.

Scheme	2022/23 Budget	2022/23 Actual	Funded By	Over/(Underspend)	Recommended c/f	2023/24 Original Budget	2023/24 Total Budget	
Agile Working		191,697	Borrowing	191,697		2,150,000.00	2,150,000.00	
Replacement dog and litter bins	25,000	16,258	Borrowing	-8,742	0	25,000	25,000	
Chipping Norton Roof Replacement			Borrowing	0		1,000,000	1,000,000	
Ubico Fleet - Replace Vehicle Hire Costs	1,080,000	488,327	Borrowing	-591,673	0	2,000,000	2,000,000	a
Update to Planning System (Idox)			Borrowing			150,000	150,000	
Update to Finance System (ABW)			Borrowing	0		25,000	25,000	
Town Centre Shop building renovation project	51,197	3,354	Borrowing	-47,844	0	0		b
Electric vehicle charging points	200,000		Borrowing	-200,000	200,000		200,000	c
Land Purchase at Cogges		76,054	Borrowing	76,054				
Investment Strategy for Recovery	22,599,538	9,542,112	Borrowing	-13,057,426	0	5,000,000	5,000,000	d
CCTV - Upgrading	300,000	44,365	Capital Receipts	-255,635	255,635		255,635	e
Shop Mobility - Replacement stock	10,000		Capital Receipts	-10,000	10,000		10,000	
Cottsway - Blenheim Court Growth Deal	170,500	170,500	External Contribution	0				
Cottsway - Lavender Place Growth Deal	99,000	99,000	External Contribution	0				
Affordable Housing in Witney (Heylo)	1,761,875	1,549,750	External Contribution/S106	-212,125	212,125		212,125	f
Improvement Grants (DFG)	807,750	887,981	Grant	80,231		800,000	800,000	
Carterton Leisure Centre PSDS Project	1,300,000		Grant	-1,300,000	1,300,000		1,300,000	g
Deployment of High Speed Broadband	1,230,366	1,187,041	Reserves	-43,325	0			
IT Provision - Systems & Strategy	100,000	67,260	Revenue Contribution	-32,740	0	100,000	100,000	
Council Buildings Maintenance Programme	200,000		Revenue Contribution	-200,000	0	200,000	200,000	h
IT Equipment - PCs, Copiers etc	40,000	9,069	Revenue Contribution	-30,931	0	40,000	40,000	
Community Grants Fund	200,000	171,208	Revenue Contribution	-28,792	0	200,000	200,000	
Madley Park playing Fields Project	6,165	6,742	S106	577				
Windrush Public Art		11,344	S106	11,344				
Weavers Fold			S106			378,000	378,000	
Play Parks	100,000		S106	-100,000	100,000		100,000	i
EVCP Woolgate	167,000		S106	-167,000	167,000		167,000	j
Chipping Norton Creative	28,297	20,000	S106	-8,297	8,297		8,297	
Carterton Connects Creative (Swinbrook s106)	44,500		S106	-44,500	44,500		44,500	
Raleigh Crescent Play Area (s. 106)	75,000		S106	-75,000	75,000		75,000	
Developer Capital Contributions		749,231	S106	749,231				
	<b>30,596,188</b>	<b>15,291,292</b>		<b>-15,304,896</b>	<b>2,372,557</b>	<b>12,068,000</b>	<b>14,440,557</b>	

Comments:

- a. The delivery lead times of new Ubico vehicles have remained challenging over the course of the year. At the year end there are £379k of vehicles ordered in the year that we expect will be delivered in 23/24. The long delay between order and delivery has been a constant for the last 3 years and centres around supply chain issues for a small number of key components. The vehicle replacement programme is regularly updated to mitigate these supply chain issues as much as possible. A major replacement programme of c£5m is due in 24/25 where the Waste team will work closely with Ubico to manage this as efficiently as possible.
- b. The Town Centre shop renovation project is now part of the Agile Working Programme and is therefore removed from the Capital Programme as a separate item in 23/24. The project is managed by the Agile Working Steering Group and they estimate that the Programme will be complete by the end of the 23/24 financial year.
- c. The provision of Electric Vehicle charging points in the wider District is still under discussion under the leadership of the Assistant Director of Property and Regeneration.
- d. The purchase of Marriotts Walk Shopping Centre as a regeneration project will enable the Council to protect our existing High Street retailers and stimulate a regeneration of the central Witney area through locality upgrading and the management of new tenants to compliment rather than compete with existing traders. Opportunities of this nature do not come up very often and the combination of very strict PWLB lending criteria and high interest rates make it very difficult to find investment opportunities with a sufficient level of return to comply with our adopted Investment Strategy requirements. These requirements ensure that any project invested in does not impose any additional revenue burden on the Council at a time when we are facing a significant budget gap from 24/25 onwards.
- e. The first stage of upgrading the CCTV system has been implemented in 22/23 with the installation of a new operator system. This project is expected to continue in 23/24 subject to Member approval of the business case.
- f. The affordable housing scheme in Witney delivered in partnership with Heylo completed in 22/23 with a final contract payment payable in 23/24
- g. The PSDS project to decarbonise Carterton Leisure Centre is progressing and has evolved over 22/23. It is likely that the cost will be higher than the £1.3m included in the Capital Programme and may not be covered completely by the grant funding. Any additional capital expenditure and potential ongoing revenue implications will be the subject of a business case for Member approval in 23/24 when the total ongoing impact of the project on the Council's budget is known. At that point we could choose not to proceed and apply for a future funding round instead.
- h. The Corporate Buildings Maintenance programme was partly offset by the Agile Working Programme in 22/23. This item in the Capital Programme is intended for the planned and reactive maintenance costs of the Council's operational buildings and will fluctuate year on year.
- i. Draft Heads of Terms have been drawn up to transfer the ownership of a number of play areas to Witney Town Council. Throughout the year there has been £50k of maintenance and repair works done which has been funded through growth to the revenue budget included for 22/23.
- j. It is hoped that the Council can utilise S106 monies in 23/24 to fund installation of EVCP in the Woolgate car park to encourage the switch to electric vehicles in line with the Council Priority to respond to the ecological and climate crisis.

### Aged Debt - Management and Reporting

Statistical information taken from *G3 West Ox Aged Debt 31<sup>st</sup> March 2023*

#### Introduction

The Section 151 officer at West Oxfordshire District Council identified some time ago that aged debt was a growing concern and brought a credit control specialist in to not only work on the aged balances but to review processes in an attempt to stop new balances remaining uncollected and perpetuating the problem. A root and branch review has been undertaken of the way Aged Debt is both managed and reported at West Oxfordshire District Council. This review has identified weaknesses in both internal control systems and the management reporting of debt.

This paper does not include any analysis or commentary relating to Council Tax, Business Rates or Housing Benefit overpayments as these debts are raised and managed in the OpenRevs system rather than through the Finance system and will be the subject of separate recommendations.

#### Overview

The main issue in the effective management, and therefore reduction of aged debt is a lack of accepted and widely understood accountability for the process and clear reporting visibility for procedural outliers which often attract the greatest levels of risk. Documented policies and procedures remain relevant and consistent with expected industry standards but while it was agreed several years ago that the responsibility for credit control would sit with the service areas, structural team changes have resulted in the lines of accountability becoming ambiguous over time and the policies and procedures have not been followed.

The introduction of the Agresso Business World ERP system in 2012 moved the responsibility for raising invoices and managing debt to service area managers and their teams. Previously this function was carried out by the Finance team. Over time as resources and the demands on service areas have changed, there has been a lessening of focus on the management of debt. Monthly system generated reports are sent out to Budget Managers detailing debt in their area of responsibility but these reports are not easily understood. Formatting and categorisation changes to the Agresso bad debt reporting would provide a more streamlined set of data to be sent out that would allow Budget Managers to more easily and quickly identify customers that need to be contacted regarding outstanding invoices, before those invoices move from being overdue to aged.(over 30 days past due). This would also simplify and therefore improve reporting to Senior Management and Elected Members.

Where an invoice has been raised for a legitimate charge to a customer, the intention of the Council is to collect payment for that invoice. System generated reminders are sent out after 14 and 28 days and ideally customer contact should be made at the reminder stage to discuss payment and find out if there are any issues that are preventing the invoice from being settled. All avenues, including the offer of setting up a payment plan should be made before the debt is handed to the Legal team to pursue, with a request to write off the debt being the last resort. Currently there is no obvious consistency of process or documentation when staff are submitting legal referral requests or escalating a debt to write off, making both processes inefficient and often causing the case to hang in limbo between the two services. Moving the debt to Legal recovery or raising it as a write off request can be seen as a way to move the responsibility on and while Finance report aged debt as an

organisation wide figure, there is no clear evidence that while the resolution of it sits with Service areas that this is a KPI metric that is measured and emphasised in those areas.

Accounts Receivable do not have a role within the Aged Debt and Write Off process that is either clearly defined or widely understood. This has led to a lack of clarity in both the team and the wider Council service areas about who has responsibility to manage Write Off requests resulting in some requests being submitted erroneously which have then been left unresolved as questions relating to the write off request fall between departments .

One of the biggest enablers to ensuring that all customer accounts are handled appropriately relates to the consistent updating of customer records, which is heavily reliant upon resource capacity and IT systems capability or access.

In order to maximise the likelihood of debt recovery, it is essential that all customer contact activity and records of all customer communications are updated onto our finance system, but staff resourcing challenges have contributed to customer record keeping being patchy and inconsistent. This issue prevents efficient handling of escalated case referrals.

### Aged Debt position

The total debt position at 31.03.23 is £5.7m made up of 2,145 invoice entries, where the average age of the invoice is 437 days. However, of this £5.7m, only £2.1 is overdue.

Invoice Category	Number	Days
Greater than 1 yr	260	>365
Pending write off	74	1,407
Legal Referrals >1yr	93	1,211
Legal Referrals <1yr	5	<365
Halted Recovery >1yr	33	890
Halted Recovery <1yr	16	<365
Credits	269	338
GLL	2	157
Time Barred	116	2,190+
	868	

### Credits

The aged debt position is being blurred, due to credit entries that are waiting for some form of procedural action to take place.

The average time lapsed from the original credit entry being made is 136 days which would indicate that there are general processing delays.. Invoices can be raised, without approval, by most people across the Council service areas. Credit Notes, which reduce our income by netting off against invoices, must be approved by Budget Managers who have the responsibility to assess the legitimacy of the credit note before signing it off. Raising credit notes where the invoice has been raised incorrectly is appropriate but not as a means to remove aged debt. Any authorisation of credit notes should be reviewed on that basis. It's also worth noting that where invoices are raised incorrectly,

this is recorded as income in the service area and therefore in budget reports. If it takes a considerably length of time to credit that invoice then income is overstated in one period and understated in another.

There are currently 108 customer credits linked to invoices that are on average 345 days old. Further investigation is needed to establish what proportion of these credits do need to be refunded and a resolution found for the remainder.

### **Write Offs**

Write off decisions of up to £5,000 are delegated to the S151 Officer, with amounts in excess of that needing the approval of Members. Write off approvals were largely non-existent in 21/22 because of a lack of background information being available on which to make the decision. Following investigation, the credit controller has subsequently obtained S151 Officer Write Off approval for 11 customer balances, totalling £36,191.58 since December 2022.

The process for submitting, monitoring, and obtaining Write Off approval has become blurred over time, with unclear roles and responsibilities being assumed informally on a case by case basis. Appropriate interpretation of what constitutes a 'Write Off situation' is occasionally lacking as a result, and where the request is rejected due to lack of information or because the S151 officer judges that the debt should be pursued, it's unclear whose responsibility (or capability) it is to provide that info or to pursue the debt.

Misinterpretation around some of the rules linked to statutory law and company trading status has resulted in a number of cases being incorrectly marked for Write Off, when the debt is not actually irrecoverable and although permission has not been given to write the debt off, lack of visibility in reporting and the subsequent delay in acknowledgement can mean that our ability to effectively recover the debt is then severely diminished.

Instances of customer insolvency are regularly identified within teams and act as the basis for a significant portion of Write Off requests. Lack of understanding of appropriate process can result in Proof of Debt submissions not being made consistently, so potential administrator determined dividend payments due to the Council are not being claimed.

### **Legal cases**

The legal team have recently reviewed the cases listed as "With Legal" and advised that 13 are not contained within their internal records. There seems to be no formal procedures currently in place for Business Managers to obtain regular updates and maintain visibility of legal referral cases meaning that cases can sit in limbo with no clarity around who should be resolving it.

Staff resourcing challenges within the legal team mean that their ability to progress individual case referrals are already limited due to regular, often time-sensitive, commercial and legal matters.

A lack of detailed background information being readily available to legal staff and/or provided at the initial referral stage creates additional processing delays. This also means that our legal team regularly must take on tasks and activity that would normally sit outside of their expected role responsibilities, to ensure any subsequent claim applications made meet standard court requirements.

### **Halted Recoveries ('Disputed Invoice' and 'More time to pay')**

This case status is used for various procedural reasons, mainly as it will stop system generated letters from automatically being issued. However, adopting this approach can make specific case review and accurate data interpretation difficult.

Whilst procedural exceptions ('workarounds') to manage potential commercial relationship issues are acceptable, the general lack of procedural clarity (including ongoing ownership) and the length of processing delays, mean that any balances within these categories which are unlikely to be paid and should be moved into the recovery process may be unlikely to be appropriately identified, with potential for them to become overlooked and therefore harder to recover due to their age.

### **Limitations Act 1980 ('Time-Barred debt')**

Time Barred debt is that which is 6 years past the original due date and under the Limitations Act we are prevented from taking legal enforcement action to recover our debt if no customer acknowledgement could be found.

90% of this debt relates to Homelessness support which will be covered in greater detail in a separate paper. Actions to identify an appropriate risk based approach to avoid debt becoming 6 years past due without any customer contact is already underway.

### **Recommendations**

Recent efforts to improve aged debt have been focussed on reviewing and addressing some of the Write Off and Legal referral backlogs and large balance invoices identified via the review. Progress has been restricted by a lack of knowledge and record keeping on existing cases and understanding or knowledge of the correct procedures generally across the organisation coupled with limited staff resource availability to support service areas.

Changes are required to bring the management of aged debt under robust control and there are a number of options and areas of improvement which include but are not limited to:

- Define, in consultation with Service Managers, the roles and responsibilities for all staff members involved in the Aged Debt process.
- Review and define the role of the Accounts Receivable team (AR) in the management of debt.
- Consider the inclusion of Aged Debt KPI metrics within the staff performance management framework.
- Update and circulate the approved Aged Debt procedure and publish it on the Portal with annual review dates.
- Finance and the S151 Officer to review and agree the process for the raising of Credit Notes, Legal Referrals and Write Off requests.
- Clear current processing backlogs, this may require staff training and/ or additional resource.
- Review all Legal referral cases with Service Managers, identify and act upon all requests that have not been properly executed.
- Make changes to the system generated Aged Debt report making it more user friendly and give greater prominence to areas of significant risk.
- Introduce regular reporting on company liquidations and write offs, to be monitored by the AR Team.
- Consider recruiting a permanent Credit Controller to the Finance Team to support Budget Holders in managing the Aged Debt process.