



WEST OXFORDSHIRE
DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

Name and Date of Committee	EXECUTIVE – 11 SEPTEMBER 2024
Subject	FINANCIAL PERFORMANCE REPORT 2024/25 QUARTER ONE
Wards Affected	All
Accountable Member	Councillor Alaric Smith – Executive Member for Finance Email: alaric.smith@westoxon.gov.uk
Accountable Officer	Madhu Richards – Director of Finance Email: madhu.richards@westoxon.gov.uk
Report Author	Georgina Dyer – Chief Accountant Email: georgina.dyer@westoxon.gov.uk
Annexes	Annex A – Detailed Revenue Budget Comparison Annex B – Capital Spend Against Budget
Purpose	To detail the Council's financial performance for Quarter One 2024-2025.
Recommendations	That the Executive resolves to: <ol style="list-style-type: none">1. Note the Council's Financial Performance for Quarter One 2024-2025;2. Recommend to Council that an additional £750,000 should be included in the revised Capital Budget for 2024/25, as set out in 2.25 in the report.
Corporate Priority	<ul style="list-style-type: none">• Working Together for West Oxfordshire
Key Decision	YES
Exempt	NO
Consultees	Nil

1. BACKGROUND

- 1.1. The purpose of this report is to provide an update on the financial performance of the council's activities for the first quarter of the 2024/25 financial year from 1 April 2024 to 30th June 2024.
- 1.2. The report considers the significant variances in revenue income and expenditure against the approved revenue budget set by Full Council on 28th February 2024 which anticipated a contribution of £5,107 to General Fund reserves.
- 1.3. The report also includes progress in delivering the approved Capital Programme and a request for the Executive and Council to approve additional funding for urgent works.
- 1.4. At this stage of the year a year-end forecast is not included. It will be part of subsequent quarterly budget monitoring reports as data becomes easier to extrapolate.

2. MAIN POINTS

Financial Performance Revenue Budget Monitoring - Summary

- 2.1. At quarter 1 (Q1) there is an overall overspend **£257,013** against the profiled budget for the period. The key factors driving this revenue position are income shortfalls in garden waste and development management, the delayed Elmfield office letting and increased expenditure in respect of the materials recycling contract.
- 2.2. Garden waste income may struggle to recover but development management income may do so if we receive a major application. The recycling contract with Suez expires at the end of September 2024 with the new contract, if approved at the Executive meeting on 11th September 2024, delivering a budget saving of £300,000 from 2025/26 (£62,000 in 2024/25).
- 2.3. The Elmfield offices have been empty since August 2023 and require capital investment before the new tenant occupies the building. Work is ongoing to finalise the schedule of capital works and set a realistic timeframe for occupation.
- 2.4. The table below sets out the summary revenue monitoring position for the 30th June 2024 against profiled budget by service area.

WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

Revenue Budget Monitoring 2024/25 - Quarter 1, 1st April to 30th June 2024

Service Area	Quarter 1			
	Original Budget 2024/25	Current Budget	Actual Exp	Variance (under) / over spend
	£	£	£	£
Democratic and Committee Services	1,233,712	382,978	403,531	20,554
Environmental & Regulatory Services	941,117	177,757	172,009	(5,748)
Environmental Services	8,545,309	542,942	808,623	265,680
Finance, Human Resources & Procurement	1,089,330	1,022,924	1,017,910	(5,014)
ICT, Change & Customer Services	2,309,350	1,609,978	1,580,294	(29,684)
Land, Legal & Property	396,355	67,431	164,212	96,781
Leisure & Communities	227,208	(1,158,033)	(1,189,865)	(31,832)
Planning & Strategic Housing	1,061,472	313,220	345,806	32,587
Revenues & Housing Support	1,345,917	465,328	443,505	(21,823)
Investment Property and Retained Services	(318,880)	(65,661)	(80,162)	(14,500)
Total cost of services	16,830,890	3,358,864	3,665,865	307,000
Plus:				
Investment income receipts	(1,156,230)	(289,058)	(339,045)	(49,987)
Cost of services before financing:	15,674,660	3,069,807	3,326,820	257,013

Significant Variances

- 2.5. A full list of variances by cost centre is included in Annex A. The most significant variances, listed by Service Area (as set out in the table above), are as follows:

Environmental Services

Recycling

- 2.6. At the end of Q1 the Suez contract is £30,000 overspent, likely to rise to £50,000 by the end of the contract at the end of September 2024. Savings anticipated to be achieved through the new recycling contract, once approved, should offset the year to date overspends.

Green Waste

- 2.7. Income is £95,000 below budget. The Waste team have launched a targeted marketing campaign on 2,000 new properties in developments in Witney and Carterton and we should have a clearer picture of the final income at the end of Q2 when green licences normally finish.

Trade Waste

- 2.8. Trade Waste is invoiced in April & September, income is £25,000 behind target for the first half of the year and there has been £29,000 of unbudgeted expenditure on bins & boxes.

Land, Legal & Property

Elmfield

- 2.9. When the 2024/25 budget was set, it was anticipated that Elmfield would be tenanted from Q2 2024. Unfortunately, this timeframe has slipped due to ongoing discussions around the capital works required to bring the building up to a letting standard. As an empty building, the Council bears the liability for Business Rates and therefore has incurred the full annual charge in April 2024. Once this liability has transferred to the tenants, once they are in occupation, the Council will receive a refund of any overpayment. As mentioned above, officers are working diligently to finalise the schedule of capital works and set a realistic timeframe for occupation.

Downs Road Depot

- 2.10. Reactive maintenance costs of £26,000 have been incurred for a number of small projects which, because the cost of each is less than £10,000, is not categorised as capital expenditure and therefore sits as a revenue cost. Projects include HGV charging points, a new electric shutter and external repairs to the building.

Planning & Strategic Housing

Development Management

- 2.11. Income from Planning applications is difficult to forecast as it is not consistent throughout the year and there is no discernible pattern over the longer term. At Q1 income is £76,000 below target, a 23% drop from the same period last year. The government increased Planning Application fees by 25% in December 2023, but we are yet to see any positive impact from this increase.
- 2.12. It could be that some projects may have been put on hold pending the outcome of the General Election and again we will have a clearer picture of this in future reports.
- 2.13. Major applications have a significant impact on our overall fee income but have an extended timeline and it is difficult to predict when exactly applications will be submitted. General economic conditions like interest rates, which have slowly started to fall, may increase planning application volumes as both individuals and developers are able to estimate their costs more confidently.

Development Management Appeals

- 2.14. External legal spend for Planning appeals has been a source of concern over the last year with an overspend in 2023/24 of £184,000. In response an additional £90,000 was included in the budget for the current financial year and at Q1 there is an underspend of £33,000. There are two appeals waiting to be heard, the costs for which will be reported in future budget monitoring reports.

- 2.15. A single Planning Inquiry can cost the Council up to £55,000 for significant sites and an average of £20,000-£30,000 for more standard sites as well as the requirement to pay the opponent's court costs for certain matters.

Investment Property

- 2.16. In response to challenging and volatile market conditions for our Investment Property portfolio in 2023/24 the 2024/25 budget setting process revised the base budget to reflect the current rate of voids and based on a detailed cashflow and taking account of service charges and business rates liability.
- 2.17. In Q1 Investment Property is £10,000 ahead of budget and a number of existing and new leases are under negotiation. Net income from Investment Property is budgeted to be £2.45m in 2024/25 with Marriotts, which is not an Investment Property, estimated to return a further £0.8m to the Council. The focus for Marriotts is on upgrading the landscaping and seating to encourage increased footfall and a local community feel. Marriotts is key to the economic development of the whole town, but it will take time to achieve full occupancy and for the total benefits to be seen.

Publica Review

- 2.18. Phase I of the transition of staff from Publica back to the Council was approved by full Council on 24 July 2024. A detailed transition cost model has forecast the additional employee costs to West Oxfordshire at £185,000 a year, with one off costs of between £207,000 and £301,000. This is in line with the estimates included in the 2024/25 budget and reserves set aside to meet one off costs.

Capital Programme Budget Monitoring

- 2.19. At the end of Q1 capital expenditure is £1.77m against an approved Capital Programme for the year of £11.28m, which includes slippage from 2023/24 of £4m for the decarbonisation of Carterton Leisure Centre, Agile Working, Electric Vehicle charging points and Waste Vehicle replacement.
- 2.20. The Agile Working programme is complete at Woodgreen and is now focussed on Elmfield. It is likely that the Programme as a whole will be underspent by the time it concludes, confirmation of which will be provided in future budget monitoring reports. Discussions are ongoing with tenants who wish to take over Elmfield in relation to the level of refit works necessary before the building can be handed over.
- 2.21. A lot of work has been undertaken by Officers to establish the viability of installing Solar PV on Council owned buildings, this includes establishing the financial viability of potential schemes and discussions with our tenants. Due to the pausing of the Carterton PSDS project, Officers are investigating the installation of additional solar PV and battery storage at Carterton Leisure Centre. A report will be taken to Executive later in the year with findings and recommendations.
- 2.22. The decarbonisation of Witney Leisure Centre is still at an exploratory stage, a business case will go forward to Executive once the viability of the scheme has been established.

- 2.23. Involved discussions have taken place between the Waste team, Finance and the Portfolio holders for the Environment, Climate and Finance regarding the best option for the Waste Vehicle replacement programme. A report will be going to the Executive in the Autumn with a proposal for the phase one replacement of the fleet taking into account the Council's climate aspirations and the financial viability of the proposal.
- 2.24. The Council were successful in their bid for funding from the Local Authority Housing Fund. Collaborating with Cottsway Housing Association and Miller Homes, the Council has facilitated the construction of 23 affordable home within the District.
- 2.25. Work is underway to develop an Asset Management Strategy for the Council's buildings, a portfolio valued at £69.8m at 31 March 2024. Integral to this strategy are building condition surveys which are currently work in progress. In advance of the condition surveys being completed, it has become apparent that there are urgent works which will need to be carried out in this financial year which are not included in the current approved Capital Programme. For example, Carterton Industrial Estate, empty due to the tenant going into liquidation, needs a replacement roof to prevent degradation to the fabric of the building and put it into a marketable condition to attract new tenants. Similarly, there are works required at Windrush Leisure Centre, Chawley Park and The Old Court. This work is estimated to cost circa £750,000 and a recommendation is included to seek Council approval for this addition to the capital programme.
- 2.26. An Asset Management Strategy will provide a rolling programme of planned maintenance which will be included in the ongoing Capital Programme through the annual budget setting process. This maintenance will keep our assets in a good state of repair and tenantable condition. Failure to maintain our buildings in a timely manner could result in a significant financial impact. If buildings are allowed to degrade pending repair, they will become less commercially viable. The Asset Management Strategy and Building Condition Survey will be brought to the 9 October 2024 Executive meeting.

3. CONCLUSIONS

- 3.1. Whilst it is early in the financial year there are some key areas of concern at the end of Q1 and these have been highlighted in the body of this report. That said, there are also some grounds for cautious optimism given the actions that have already been taken to mitigate some of these overspends.
- 3.2. All areas will be closely monitored and reported on in future quarterly Financial Performance Reports.

4. FINANCIAL IMPLICATIONS

These are set out within section 2 of the paper.

5. LEGAL IMPLICATIONS

There are no legal implications arising from this paper.

6. RISK ASSESSMENT

- 6.1. Officers will continue to monitor budgets closely throughout the year to identify mitigating actions which will enable the overall budgetary position to be brought back in line with budget where possible.

7. EQUALITIES IMPACT

No direct equalities impact with regards to the content of this report.

8. CLIMATE CHANGE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

None arising from this report.

(END)