



WEST OXFORDSHIRE
DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	EXECUTIVE - 17 DECEMBER 2025
Subject	FINANCIAL PERFORMANCE REPORT 2025/26 QUARTER TWO
Wards affected	All
Accountable member	Cllr Alaric Smith Executive Member for Finance Email: alaric.smith@westoxon.gov.uk
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Annexes	Annex A – Detailed Revenue Budget Comparison Annex B – Capital Spend against Budget
Purpose	To detail the Council's financial performance for Quarter Two 2025-2026
Recommendation	That the Executive resolves to: I. Note the Council's Financial Performance for Quarter Two 2025-2026
Corporate Priority	Working Together for West Oxfordshire
Key Decision	No
Exempt	No
Consultees	None

I. BACKGROUND

- 1.1. The purpose of this report is to provide an update on the financial performance of the council's activities for the second quarter of the 2025/26 financial year from 1 April 2025 to 30th September 2025.
- 1.2. The report considers the significant variances in revenue income and expenditure against the approved revenue budget set by Full Council on 26th February 2025 which anticipated a contribution of £91,280 to General Fund reserves.
- 1.3. The report also includes progress in delivering the approved Capital Programme and a forecast revenue position at year end. This forecast should be viewed as indicative only at this stage of the financial year.

2. MAIN POINTS

Financial Performance Revenue Budget Monitoring - Summary

- 2.1. At quarter 2 (Q2) there is an overall cost of service underspend of **£272,063** against the profiled budget for the period. The key factors driving this revenue position are additional income from Trade Waste and Development Management, both of which have been exceptional in the first half of the year. Development Management income is 75% up on the same period last year due to the receipt of major applications and Trade Waste is up 52.7%.
- 2.2. There are no significant overspends to report for Q2, but any variance to the profiled budget that is over £10,000 has been included in this report.
- 2.3. Investment income through our Treasury Management activity is again performing significantly above budget, due in the main to interest rates falling more slowly over the last year than anticipated at the time of setting the 2025/26 budget. Our Treasury Management Advisors believe that there is likely to be one more interest rate cut of 0.25% this financial year. The year end forecast of an additional £375,000 of Investment interest above budget is prudent.
- 2.4. The table below sets out the summary revenue monitoring position for the 30th September 2025 against profiled budget by service area.

WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

Revenue Budget Monitoring 2025/26 - Quarter 2, 1st April to 30th September 2025

	Quarter 2				
	Original Budget 2025/26	Current Budget	Actual Exp	Variance (under) / over spend	Forecast to Year End
	£	£	£	£	£
Service Area					
Democratic and Committee Services	1,412,297	810,189	822,529	12,340	13,108
Environmental & Regulatory Services	784,557	381,658	400,714	19,056	36,188
Environmental Services	8,285,567	3,118,182	3,046,027	(72,156)	(166,458)
Finance, Human Resources & Procurement	1,062,851	1,436,435	1,442,628	6,193	6,193
ICT, Change & Customer Services	2,230,097	2,093,081	2,101,259	8,178	8,178
Land, Legal & Property	841,492	549,903	539,421	(10,481)	962
Leisure & Communities	555,410	(776,530)	(757,252)	19,277	(40,455)
Planning & Strategic Housing	1,383,153	669,016	372,382	(296,633)	(329,819)
Revenues & Housing Support	1,592,014	414,429	446,315	31,885	28,169
Investment Property and Retained Services	682,434	669,073	679,352	10,279	(14,888)
Total cost of services	18,829,872	9,365,437	9,093,374	(272,063)	(458,823)
<u>Plus:</u>					
Investment income receipts	(1,156,228)	(578,114)	(811,060)	(232,946)	(375,000)
Cost of services before financing:	17,673,644	8,787,323	8,282,314	(505,009)	(833,823)

Significant Variances

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:

Environment & Regulatory Services

2.5. Markets

A commercial operator now manages the markets in Witney & Chipping Norton. The outsourcing is designed to revitalise the markets with income to the Council increasing over time. At the point of transfer, income was at 50% of the budgeted target, a £17,000 overspend. The income target will be reviewed as part of the 2026/27 budget setting process to take account of the new operating model.

Environmental Services

2.6. Green Waste

Green Waste licence income has achieved £1.655m at the end of Q2, which represents 95.8% of the target for the year. Work is ongoing with Ubico to make sure that the contract sum is split accurately across Waste, Recycling and Cleansing so that the Council can have assurance that commercial elements of waste collection and recycling are, at the very minimum, covering their costs.

2.7 Trade Waste

Trade Waste is invoiced in April & September with payment taken by Direct Debit. In Q2 income is £197,000 above target. This is partially offset by expenditure of £29,000 on bins and boxes and an additional £13,000 for tipping the increased volume of waste from the growth in customer base. The forecast year end position is an underspend of £250,000. The budget for 2026/27 will be adjusted to consider the positive performance of the Trade Waste service and the contribution to service delivery. The exceptional performance of the Trade Waste service can be attributed to very active management of the customer base, invoicing and income collection by the Publica Trade Waste team in consultation with the Council's Waste team and Ubico.

2.8. Household Waste

There is an overspend from the external consultant work procured for an options appraisal of the Waste and Environmental Strategic Partnership (WESP). The intention was this should be funded through the Projects Reserve, but as there is a significant underspend in Environmental Services, it is prudent to retain this overspend in revenue.

Leisure and Communities

2.9. Communities Revenue Grant

There is an error in the base budget, which is causing an overspend of £8,510 at Q2 and forecast to increase to a £17,020 overspend at year end. This error will be corrected in the 2026/27 budget.

2.10. Recreational Facilities Development

There is a £16,000 overspend relating to the repayment of an unused portion of grant funding from Sports England. This was not known until after the 2024/25 year end and therefore it was not accrued for. The remainder of the expenditure is within the existing base budget.

2.11. Contract Management

The budget includes £50,000 for legal advice relating to the negotiations of the new leisure contract for 2027. This advice is more likely to be incurred in the second half of the year and is an underspend of £14,000 in Q2. Unbudgeted for spending includes £9,975 for the installation of energy saving showers at Carterton Leisure Centre. There are also a number of minor overspends for the appraisal of the Carterton Leisure Centre roof repairs and professional advice on the specification of the Solar PV installed. The annual contract sum is increased by CPI inflation mid year and could bring the year end contract sum to £100,000 more than budget.

Planning & Strategic Housing

2.12. Development Management

Planning Application income is £321,000 above target at Q2 due to the receipt of two major applications, offset by £63,000 of expenditure on agency staff. This income is an increase of £404,000 on the same period last year, an indication of the volatility of application income and

the difficulty in setting an appropriate budget. The income budget will be revised upwards for 2026/27 in line with advice from the Development Manager and the Head of Planning.

2.13. Development Management Appeals

It is difficult to predict when planning appeals will be lodged, or to forecast whether the full budget will be exhausted by the end of the year. The budget for 2026/27 will be reviewed based on the information available at the end of January 2026 and may be revised accordingly.

Retained Services

2.14. External Audit Fees

The fees for the audit of the 2025/26 financial year will not be published until the end of November. The base budget includes £158,000 for the audit of the Statement of Accounts and a further £50,000 for the audit of the Housing Benefit system, both of which are statutory requirements. There will also be an additional cost for the increased audit assurance requirements after the adoption of a new Accounting Standard IFRS 16 Leases.

2.15. Investment Property

As a whole, Investment Property and Industrial Estates are £38,575 underspent at the end of Q2. Within the portfolio there are individual properties that are performing well above or below targets i.e. Talisman income is £64,500 better than budget due to the base budget not taking into account the end of a rent-free period in the first quarter of the financial year. This underspend is expected to increase to around £118,000 by year end.

At the other end of the scale, Carterton Industrial Estate is £34,000 overspent due to costs to keep Units 1 – 3 secure and for preparations in advance of the construction of the new roof, including repairs to the rolling shutters, electricity supply works, surveys and inspections. The forecast for year-end assumes a continuation of security measures until the construction phase has been completed.

2.16 Marriotts Walk

This was purchased by the Council in January 2023 when it was showing the effects of an institutional landlord who was not motivated to invest in the site to make it a vibrant shopping destination. This was evident in the number of long-term vacant units and tenants who felt unsupported.

In only the third year of Council ownership the situation of the shopping centre has completely turned around and is nearing full occupancy, with only 1.62% of space empty as at the end of October 2025, compared to 4.74% at the end of Q1. New tenants have moved in and existing tenants, who had expressed their intention to either vacate at the end of their lease or exercise their break clause, have instead renewed.

In spring 2026, significant and creative improvements to the public areas are scheduled, to improve seating and planting and make the space more flexible for uses such as the annual markets. Combining this with a calendar of events at Christmas, the half term holidays, Easter and the summer holidays the Council is demonstrating its commitment to making Witney an attractive destination.

We are actively developing strategies to ensure Marriotts, Woolgate, Witney High Street, and Witney Market work together as a unified destination to attract more visitors, enhance the

visitor experience, and deliver a sustainable boost to the local economy. As a Council asset, Marriotts is not only key to the strategic plans for the economy of Witney but is also budgeted to contribute £464,582 towards the provision of front-line services in this financial year.

Budget Setting 2026/27

- 2.16. Meetings with budget holders have been running throughout September and October to discuss any budgetary implications from their Service Plans for 2026/27, staffing, inflationary increases in existing contracts and growth requests. Growth requests will, in the first instance go through SLT before being included in the budget working papers going forward to Executive for approval.
- 2.17. The first draft of the budget for 2026/27, the updated MTFS and Capital Programme will go to Executive on 17th December 2025 and to Overview & Scrutiny on 7th January 2026.
- 2.18. The second draft of the budget will go to Executive on 14th January for approval of the Fees & Charges Schedule, Council Taxbase for 2026/27 and permission to submit the NNDR I form by the 31st January statutory deadline.
- 2.19. Council Taxbase must be approved by 31st January under the Local Government Finance Act 1992. Fees & Charges across all Council services are reviewed every year and it is necessary that all fee earning services at least break even, with commercial services expected to make a surplus to help fund core services.
- 2.20. The final version of the budget, MTFS, Capital Programme and Strategy Papers for Investments, Capital and Treasury Management will go to full Council on 25th February.
- 2.21. It was expected that details of the Local Government finance settlement would be available earlier than normal this year but the delay of the Chancellor's Budget Announcement until the end of November has delayed the Local Government settlement announcement to just before Christmas. As reported in the Q1 budget monitoring report, modelling based on the provisional funding formula changes indicates a £943,000 loss of income over the three year period from 2026/27 to 2028/29.

Capital Programme

- 2.22. At the end of Q2 capital expenditure is £1,965,568 against an approved Capital Programme for the year of £16.165m, which includes slippage from 2024/25 of £4.9m related to the decarbonisation of Witney Leisure Centre, Waste Vehicle replacement and repairs to our buildings.

Capital Programme 2025/26

Scheme	Funded By	2025/26 Total Budget	Q2 Actual
Asset Repairs	Borrowing	1,500,000	192,381
Ubico Fleet - Replace Vehicle Hire Costs	Borrowing	4,721,266	
Replacement Sweepers	Borrowing	850,000	
In Cab Technology	Borrowing	100,000	
Witney ATP Refurbishment	Revenue Contribution	200,000	
Purchase of Temporary Accommodation	Capital Receipts	3,000,000	
CCTV - Upgrading	Capital Receipts	255,635	142,180
Improvement Grants (DFG)	Grant	880,000	549,254
UK Rural Prosperity Fund	Grant	0	33,378
Witney Leisure Centre PSDS	Grant/Borrowing	1,584,841	
Carterton Leisure Centre Solar PV Installation	Grant	0	256,800
Chipping Norton Leisure Centre PSDS	Grant/Borrowing	2,643,926	
IT Provision - Systems & Strategy	Revenue Contribution	100,000	15,261
Council Buildings Maintenance Programme	Revenue Contribution	250,000	110,968
IT Equipment - PCs, Copiers etc	Revenue Contribution	40,000	
Chipping Norton Creative	S106	0	21,805
Windrust Place Public Art	S106		2,976
Carterton Connects Creative (Swinbrook s106)	S106	39,500	984
Developer Capital Contributions	S106	0	639,581
		16,165,168	1,965,568

- 2.23. The Witney PSDS project is now in the construction phase with an estimated completion date of the end of February 2026. The Leisure, Assets, Finance and Climate teams are working together to deliver the project and are working in conjunction with GLL to mitigate any operational issues caused by the construction works. The Council has received grant funding of £1.649m towards the cost of this project, with an estimated contribution from the Council of £565,549.
- 2.24. The Council contribution includes a contingency against any additional costs that may arise during the construction phase that were not anticipated as part of the Investment Grade Proposal. The project must be completed by 31st March 2026 or under the terms of the funding, the grant will be forfeited and the Council will have to fund the entire £2.2m cost of the project.
- 2.25. The Council is set to complete on the purchase of a property in Witney in the first week of November which will provide 5 temporary emergency accommodation beds, the first property completion in a programme providing 30 additional emergency accommodation beds before the end of the financial year.
- 2.26. The programme is on track to deliver all 30 beds, with legal work currently in progress to complete on a further 6 properties by the end of Q3 and a final property in Q4. The properties will provide accommodation for both single people and families. Most of the properties will require modest to moderate refurbishment and re-configuration works which will take a little time to procure and therefore at this stage an estimated date for occupation is difficult to determine. Progress will be reported in the Q3 budget monitoring report.
- 2.27. Due diligence work is underway regarding a number of properties suitable for temporary emergency accommodation for both single people and families.

3. CONCLUSIONS

- 3.1. There are some key areas of optimism at the end of Q2 and these have been highlighted in the body of this report. There are no significant overspends in the first half of the year with the forecast for year-end a significant cost of service underspend, combined with Investment income from Treasury Management activity of around 32% above budget.
- 3.2. The forecast is extremely encouraging, but we must look ahead and prepare to fund the cost of the next stage of Local Government Reorganisation (LGR) and Devolution. There is currently no indication that there will be any funding from central government to help with these costs which are likely to be significant. Whilst the outcome of LGR for Oxfordshire will not be known until Q1 of 2026/27, it would be prudent to set aside funds as part of the 2026/27 budget setting process.
- 3.3. 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.