



WEST OXFORDSHIRE
DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	EXECUTIVE – 11 MARCH 2026.
Subject	FINANCIAL PERFORMANCE REPORT 2025/26 QUARTER THREE
Wards affected	All
Accountable member	Cllr 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, Head of Finance 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 Three 2025-2026
Recommendation	That the Executive resolves to: 1. Note the Council's Financial Performance for Quarter Three 2025-2026 2. Delegate authority to the Director of Finance, in consultation with the Executive Member for Finance, to review earmarked reserves to mitigate against the financial risks identified in this report. See Sections 2.21 – 2.24.
Corporate Priority	Working Together for West Oxfordshire
Key Decision	Yes
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 first three quarters of the 2025/26 financial year from 1 April 2025 to 31st December 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 3 (Q3) there is an overall cost of service underspend of **£630,078** against the profiled budget for the period. The key factors driving this revenue position are additional income from Trade Waste, Development Management and the leisure contract. Development Management income is 70.7% up on the same period last year due to the receipt of major applications, Trade Waste is up 21.4% and the leisure contract has returned an additional £101,609.
- 2.2. There are no significant overspends to report for Q3, 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 is an additional £596,000 of Investment interest above budget.
- 2.4. The table below sets out the summary revenue monitoring position for the 31 December 2025 against profiled budget by service area.

WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

Revenue Budget Monitoring 2025/26 - Quarter 3, 1st April to 31st December 2025

Service Area	Quarter 3				
	Original Budget 2025/26	Current Budget	Actual Exp	Variance (under) / over spend	Forecast to Year End
	£	£	£	£	£
Democratic and Committee Services	1,412,297	1,185,917	1,179,781	(6,136)	(5,631)
Environmental & Regulatory Services	784,557	434,003	468,300	34,297	43,297
Environmental Services	8,285,567	5,655,041	5,511,323	(143,718)	(134,494)
Finance, Human Resources & Procurement	1,062,851	969,667	950,512	(19,155)	4,231
ICT, Change & Customer Services	2,230,097	2,792,731	2,799,479	6,747	8,000
Land, Legal & Property	841,492	970,108	965,510	(4,598)	9,500
Leisure & Communities	555,410	(596,517)	(686,592)	(90,075)	(106,104)
Planning & Strategic Housing	1,383,153	986,815	601,176	(385,638)	(341,974)
Revenues & Housing Support	1,592,014	528,162	518,350	(9,812)	(2,120)
Investment Property and Retained Services	682,434	105,168	93,177	(11,991)	826
Total cost of services	18,829,872	13,031,095	12,401,017	(630,078)	(524,469)
<u>Plus:</u>					
Investment income receipts	(1,156,228)	(867,171)	(1,249,389)	(382,218)	(596,000)
Cost of services before financing:	17,673,644	12,163,924	11,151,628	(1,012,295)	(1,120,469)

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. Building Control

Building Control has met the income target for the first three quarters of the year but is overspent by £9,415 in staff overtime and £5,998 in mileage that were not budgeted for in 2025/26, following the TUPE of staff from Publica back to the Council. This issue has been addressed in the 2026/27 budget.

2.6. 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 at Q2. At the end of Q3 the overspend has risen to £22,407, an improvement over the Q2 trajectory of 14.5%.

Land, Legal & Property

2.7. Corporate Buildings

The overspend of £22,162 is driven mainly by £11,000 Standby pay. Standby charges are incurred to lock/unlock Council buildings for example after evening committee meetings and for call outs to attend Council premises if the fire or security alarms are activated. Until the end of June 2025 this out of hours work was undertaken by Ubico but since the TUPE of the Property & Assets team back to the Council in July 2025, members of Council staff have taken on the responsibility.

Environmental Services

2.8. Green Waste

Green Waste licence income has achieved £1.655m at the end of Q3, 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. Licences for the 2026/27 year were made available online at the beginning of February and have so far returned £427,875.

2.9. Trade Waste

Trade Waste is invoiced in April & September with payment taken by Direct Debit. In Q3 income is £223,000 above target and tipping charges are £10,000 underspent. This is partially offset by expenditure of £30,000 on bins and boxes which is expected to remain at the same level to year end.

The forecast year end position is an underspend of £220,000 which considers additional income generated in the last quarter of the year. The budget for 2026/27 has been adjusted to reflect the positive performance of the Trade Waste service and the contribution to service delivery. The performance of the Trade Waste service can be attributed to the active management of the customer base, invoicing and income collection by the Publica Trade Waste team in conjunction with the Council's Waste team and Ubico.

2.10. Downs Road Depot

Repairs and maintenance costs for the Depot now sit with the Council rather than being recharged to Ubico. The result is the Ubico contract sum is reduced and therefore attracts a lower central overhead. The costs are now in the Environmental Services budget with the year-to-date expenditure at £41,000. The 2026/27 budget includes an allocation for depot repairs and maintenance as part of the Council Buildings maintenance programme.

2.11. Bulky Waste

The service has achieved income of £15,000 over and above the budget up to Q3 and is forecast to achieve an additional £5,000 by the end of the year.

2.12. Household Waste

There is an overspend of £30,000 for replacement bins and expenditure of £22,000 on the Alloy Environmental Services Management system, used to streamline waste collection, street cleaning, and maintenance operations. It is designed to manage waste, recycling, and environmental services through real-time data, in-cab technology, and mobile applications. The renewal of the software licence has been included in the budget for 2026/27.

2.13. Dog Warden

The costs against this cost centre are for kennelling stray dogs. At Q3 there is an underspend of £24,000, a 58% reduction in demand compared to the same period last year. By its nature, this service is subject to demand volatility.

2.14. Car Parking

The budget for the year includes £30,000 for car park maintenance, identified as part of the updated Car Parking Strategy. So far, the majority of this budget has not been spent, creating a £25,000 underspend in Q3.

Leisure and Communities

2.15. Recreational Facilities Development

There is a £16,000 overspend relating to the repayment of an unused portion of grant funding from Sports England as the project came in under budget. 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.

2.16. Contract Management

The budget includes £50,000 for external legal advice related to the negotiation of the extension to the leisure contract from 2027. This legal advice is likely to be taken in Q4 and the first part of 2026/27. Unbudgeted spend includes £9,975 for the installation of energy saving showers at Carterton LC. There are also a number of minor overspends for the appraisal of Carterton LC roof repairs and professional advice on the specification of Solar PV installed. The annual contract income is increased by CPI inflation mid-year and could bring the year end contract sum to a forecast of £110,000 above budget.

Planning & Strategic Housing

2.17. Development Management

Planning Application income is £449,000 above target at Q3 due to the receipt of major applications, offset by £90,000 of expenditure on agency staff. This income is an increase of £585,000 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 has been revised upwards for 2026/27 in line with advice from the Development Manager and the Head of Planning.

2.18. Development Management Appeals

The underspend relating to appeals is £59,145 year to date. 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 has been reviewed and has been reduced by £50,000.

Retained Services

2.19. External Audit Fees

The fees for the audit of the 2025/26 financial year were published at 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 likely also be additional costs for the increased audit assurance requirements relating to the adoption of Accounting Standard IFRS 16, Leases, related to the 2024/25 Statement of Accounts that will be charged in 2025/26 producing an estimated overspend at year end of £40,000.

2.20. Investment Property

Investment Property and Industrial Estates combined are £10,159 underspent at the end of Q3. Within the portfolio there are individual properties that are performing either well above or below targets i.e. Talisman income is £80,000 above 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 £77,732 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.

Earmarked Reserves

2.21. The Capital Programme proposes the use of £1m of earmarked reserves to fund Investment Property repairs in 2026/27 and 2027/28 instead of relying on internal borrowing. Capital expenditure funded through internal or external borrowing requires the Council to charge the revenue budget for Minimum Revenue Provision (MRP) to “pay back” the borrowing, as defined in the Treasury Management Strategy 2026/27. The use of earmarked reserves therefore removes the burden of additional MRP on the revenue budget.

2.22. The statutory override for Financial Instruments (pooled funds), which requires fair value gains and losses to be taken to an unusable reserve unless the fund is sold, was set to end in 2025/26. It was therefore recommended by our Treasury advisors Arlingclose, that it would be prudent to create an earmarked reserve to smooth out the impact of any unrealised gains or losses to protect our revenue position and our ability to fund front line services. This was approved by the Executive in February 2024.

The government subsequently announced that the statutory override would remain in place until the end of the 2027/28 financial year. In September 2024 one of our Pooled Funds,

operated by UBS, was closed, resulting in a capital loss of £497,000. The £200,280 balance in this reserve is no longer required.

- 2.23. The acquisition of 8 additional temporary accommodation properties by the end of this financial year, as outlined in the budget report 2026/27, will require funding for refurbishment works and ongoing maintenance.
- 2.24. It is requested that authority is given to the Director of Finance, in consultation with the Executive Member for Finance, to review existing earmarked reserves to better align them with Council Priorities, to set up the specific risk reserve for Local Government Reorganisation as per the 2026/27 budget report, to top up the existing Investment Property reserve by £1m, to close the Financial Instrument Revaluation reserve and to allocate £500,000 for the refurbishment and ongoing maintenance of Council owned properties.

Capital Programme

- 2.25. At the end of Q3 capital expenditure is £4,024,078 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. (See Annex B).
- 2.26. The Witney PSDS project is now in the construction phase with an estimated completion date of March 2026. The Leisure, Assets 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.
- 2.27. The Council completed the acquisition 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. The purchase of a second property in North Leigh was completed at the beginning of January and will provide emergency accommodation for 4 families.
- 2.28. This 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 Q4. These properties have been surveyed and roof replacement in 3 of the properties will be required. This gives the Council the opportunity to upgrade the insulation in the properties which concurs with advice provided by the Climate Manager and supports climate emergency goals for WODC.
- 2.29. Expenditure on Council owned assets relates to the works on the roof of The Old Court, dilapidations at Chawley Park and fuel bunkering at the Down's Road depot. The replacement roofing works at Units 1-3 Carterton Industrial Estate and Station Lane moved

to the construction phase in November for completion in Spring 2026. These works will fully exhaust the £1,500,000 in the capital programme by the end of the financial year.

3. CONCLUSIONS

- 3.1. There are some key areas of optimism at the end of Q3, and these have been highlighted in the body of this report. There are no significant overspends in the first three quarters of the year with the forecast for year-end as a significant cost of service underspend, combined with an estimated Investment income from Treasury Management activity of around £596,000 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). 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 or Q2 of 2026/27, it is deemed prudent to set aside earmarked reserve funds in 2026/27 to fund a Project Office in the first instance.
- 3.3. All areas will be closely monitored and reported on in the final quarterly Financial Performance Report of 2025/26.

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.