



WEST OXFORDSHIRE
DISTRICT COUNCIL

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| Name and date of Committee | Cabinet: Wednesday 15 September 2021 |
| Report Number | Agenda Item No. 9 |
| Subject | Finance Performance Report 2021-22 Quarter One |
| Wards affected | All |
| Accountable member | Cllr Suzi Coul, Cabinet Member for Finance Email: suzi.coul@westoxon.gov.uk |
| Accountable officer | Elizabeth Griffiths, Section 151 Officer Tel: (01993) 861188 Email: elizabeth.griffiths@westoxon.gov.uk |
| Summary/Purpose | This report provides details of the Council's financial performance at the end of 2021-22 Quarter One (Q1). |
| Annexes | Annex A – Detailed revenue budget comparison Annex B – Q1 Capital spend against budget |
| Recommendation | That the 2021/22 Q1 finance performance be noted |
| Corporate priorities | Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council |
| Key Decision | No |
| Exempt | No |

I. FINANCIAL PERFORMANCE – Q1 2021/22

- I.1. Significant variances and those of note are explored in the body of this report. A full list of variances by cost centre is included in Annex A.
- I.2. Q1 results overall are as expected with a few notable outliers. In several budget lines we have received grants which have created surpluses in Q1 but will be spent over the year. Green waste is significantly exceeding budget but this is due to an error where the increase in fees was not reflected in the budget. Car parking penalty charges is the one area which is significantly worse than expected. Income was hugely down in 2020/21 but while the budget expected this to bounce back in 2021/22 this has yet to be seen. Restrictions were still in place in Q1 however so we may yet see some recovery.
- I.3. One of the issues exacerbated by Covid is the Council's level of aged debt but WODC have successfully engaged a credit controller on a fixed term contract and this is being addressed.
- I.4. Overall Q1 is encouragingly on track.
- I.5.

Revenue Budget Monitoring 2021/22 - Quarter 1, 1st April 2021 to 30th June 2021

| Original Budget 2021/22 £ | Q1 position | | |
|------------------------------|----------------------|-----------------|------------------------------------|
| | Profiled Budget £ | Actual Exp £ | Variance (under) / over spend £ |

Service Area

| | | | | |
|---|-------------------|------------------|------------------|------------------|
| Democratic and Committee Services | 952,702 | 296,755 | 322,080 | 25,324 |
| Environmental & Regulatory Services | 478,583 | 80,083 | 97,311 | 17,228 |
| Environmental Services | 7,088,145 | 778,804 | 659,039 | (119,765) |
| Finance, Human Resources & Procurement | 889,592 | 257,121 | 254,277 | (2,845) |
| ICT, Change & Customer Services | 1,801,649 | 671,097 | 685,412 | 14,315 |
| Land, Legal & Property | 863,453 | 298,855 | 270,637 | (28,218) |
| Leisure & Communities | 2,057,791 | 234,937 | 167,602 | (67,335) |
| Planning & Strategic Housing | 712,370 | 170,703 | 155,128 | (15,574) |
| Revenues & Housing Support | 894,923 | 323,911 | 144,477 | (179,434) |
| Investment Property and Retained Services | (1,870,756) | (1,439,929) | (1,353,906) | 86,023 |
| Total cost of services | 13,868,452 | 1,672,338 | 1,402,057 | (270,281) |

Plus:

| | | | | |
|----------------------------|-----------|----------|----------|--------|
| Investment income receipts | (787,778) | (95,264) | (43,850) | 51,413 |
|----------------------------|-----------|----------|----------|--------|

Cost of services before financing:

| | | | |
|-------------------|------------------|------------------|------------------|
| 13,080,674 | 1,577,074 | 1,358,206 | (218,868) |
|-------------------|------------------|------------------|------------------|

- I.6. While the Business Support grant schemes are now closed with only some ARG left to pay before the end of September, the requirement for post assurance work from MHCLG is significant and resource intensive. It has been agreed that the Counter Fraud Unit, based in Cotswold District Council and charged to the Internal Audit cost centre will require

additional resource to undertake this additional work well into Q4. The underspend that is currently showing in the cost centre therefore is expected to diminish over the course of the year and be fully spent by the end of Q4. This cost will however be offset with the use of “New Burdens Funding” which was given by the Govt to help local authorities cover the vastly increased administrative burdens that came with Covid initiatives such as grants.

- 1.7. An agreement has been reached with our Leisure Supplier, GLL, to waive the Contract Management fee for 2021/22 as we did in 2020/21. This was reflected in the budget that was approved in February. GLL will use all surpluses generated to repay their outstanding debt to the Council and the expectation is that this could be cleared in the current financial year. Management fees will be due again in full from April 2022.
- 1.8. Income from car parking penalty charge notices was significantly impacted by Covid with the final 2020/21 result being only 22% of budget for the year. In Q1 this trend has continued with performance to budget sitting at 17.5%, dropping to 15% to the end of July. The hope is that as High Street shopping recovers, so will this income stream but we cannot expect it to achieve the budget as set.
- 1.9. Over the course of 2020/21 we lost a significant proportion of our Trade Waste customers when lockdown closed their businesses meaning waste removal was no longer required. Invoices are raised twice a year and the Q1 income has proved to be £45,000 below target. It must also be remembered that this income represents what has been invoiced, not what has been paid. The current level of overdue debt is £123,000. £95,000 of this relates to 2020/21. A Credit Controller has just started on a fixed term contract to collect outstanding debt for the Council across this and all service areas.
- 1.10. During 2020/21 the Council entered into payment plans with many of our tenants to spread the cost of their rent across the 2020/21 financial year and beyond. These payment plans continue in place and monies relating to last year are being recouped. The Estates team are proactively managing each tenant to ensure that payment plans are effective.
- 1.11. Despite our accounting outturn position on Council Tax in 2020/21 being a surplus, the payment arrears for the year were significantly higher than normal. This was a direct result of the increase in Local Council Tax Support and the closure of the Magistrates Court resulting in no Liability Orders being raised in the year. As at 31st March 2021 the arrears relating to 2020/21 were £2,654,906. The Recovery Team have excelled in Q1 in reducing these arrears by £524,660.
- 1.12. The Extended Retail Discount scheme introduced by the Government for 2020/21 has been modified for this year with a total of £12 million of additional reliefs being awarded to businesses. As with last year, this impacts on the Council’s cashflow as we are unable to collect this income but we are still required to pay out the Government and County shares of Business Rates income based on the NNDR I estimated figure calculated in January of this year. The Government is therefore providing the Council with S31 compensation grant to offset 100% of the loss. In the same way as last year the Council will be required to pay back 60% of this compensation grant in Q4 of the following financial year – representative of the Government (50%) & County (10%) shares. In Q4 of this year we will pay back £9.4 million of S31 grant relating to last year which we are holding in Earmarked Reserves.
- 1.13. Similar to Council Tax, Business Rates arrears relating to 2020/21 were much higher than usual. As at 31st March 2021 the arrears relating to 2020/21 were £1,871,523 with £509,885 being recovered year to date.

- 1.14. The shortfall in Treasury income of £51k is understood to be timing differences but will be closely monitored.
- 1.15. Capital spend against budget is noted in Annex B.
- 1.16. A good level of further progress has been made with the S106 project with a webinar for Town, Parish and District Councillors being planned for the end of September. We have already seen an increased number of projects and claims and expect this welcome distribution of support to the district to continue to escalate.

2. LEGAL IMPLICATIONS

- 2.1. None

3. RISK ASSESSMENT

- 3.1. None

4. ALTERNATIVE OPTIONS

- 4.1. None

5. BACKGROUND PAPERS

- 5.1. None