



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>CABINET – 21 SEPTEMBER 2022</b>
Report Number	<b>AGENDA ITEM NO 10</b>
Subject	<b>FINANCIAL PERFORMANCE REPORT 2022/23 QUARTER ONE</b>
Wards affected	All
Accountable member	Cllr Dan Levy Cabinet Member for Finance Email: dan.levy@westoxon.gov.uk
Accountable officer	Elizabeth Griffiths, Chief Finance Officer and Deputy Chief Executive Tel: (01993) 861188 Email: Elizabeth.Griffith@westoxon.gov.uk
Annexes	Annex A – Detailed Revenue budget comparison Annex B – Capital spend against budget
Corporate priorities	Council approved its Council Plan 2020-24 in January 2020. 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: <ol style="list-style-type: none"><li>1. Climate Action</li><li>2. Healthy Towns and Villages</li><li>3. A Vibrant District Economy</li><li>4. Strong Local Communities</li><li>5. Meeting the Housing Needs of our Changing Population</li><li>6. Modern Council Services and Sustainable Finance</li></ol> A new Council Plan is currently in consultation
Key Decision	No
Exempt	No

## FINANCIAL PERFORMANCE SUMMARY

### WEST OXFORDSHIRE DISTRICT COUNCIL - Revenue Budget Monitoring

1st April 2022 - 30th June 2022

Service Area	Quarter 1			
	Original Budget 2022/23	Profiled Budget	Actual Exp	Variance (under) / over spend
	£	£	£	£
Democratic and Committee Services	1,058,971	367,418	377,390	9,972
Environmental & Regulatory Services	507,109	118,452	112,162	(6,290)
Environmental Services	7,106,814	632,353	809,456	177,103
Finance, Human Resources & Procurement	922,288	248,889	234,495	(14,393)
ICT, Change & Customer Services	1,924,570	761,781	753,246	(8,535)
Land, Legal & Property	903,130	344,447	366,458	22,011
Leisure & Communities	661,071	324,226	311,696	(12,530)
Planning & Strategic Housing	1,528,061	222,125	249,603	27,478
Revenues & Housing Support	1,049,459	146,011	148,621	2,609
Investment Property and Retained Services	(2,218,585)	(2,037,605)	(1,967,175)	70,430
<b>Total cost of services</b>	<b>13,442,888</b>	<b>1,128,096</b>	<b>1,395,950</b>	<b>267,854</b>
<b>Plus:</b>				
Investment income receipts	(1,139,501)	(119,301)	(122,723)	(3,422)
<b>Cost of services before financing:</b>	<b>12,303,387</b>	<b>1,008,795</b>	<b>1,273,227</b>	<b>264,432</b>

Q1 results show an overall overspend compared to budget. Performance in some areas is a continuation of that seen in 2021/22 i.e. Car Parking, Bank Charges and Land Charges, but other areas such as Green Waste and Development Management have experienced unexpected difficulties. While timing is expected to bring Development Management back above target in the year, Green Waste is forecast to be overspent at year end and other areas are expected to worsen.

As part of the budgeting process, the MTFs will be reforecast in October to incorporate inflationary increases in salaries and contract costs and revised expectations on income from not only fees and charges but some of our contractual counterparties. This is expected to show a significantly worsened position than the forecast done in February so while, as always, West Oxfordshire District Council has sufficient reserves to see it through the short to medium term, great care must be taken now more than ever to avoid unnecessary spending and ensure that long term stability is maintained.

The overspend in Q1 is not due to general inflation which, in accounting terms, has not yet impacted the majority of our overhead costs. Our own utility bills form a very small percentage of our budget, (in our leisure centres the risk and substantially increased costs sit with our leisure partner

GLL) and we expect Ubico to need to bill additional amounts this year to cover increased fuel costs. The current shortfall is driven by a reduction in income as users of services reduce their expenditure. This is expected to continue but to be compounded by a rise in overheads later in the year and beyond as the inflationary impacts catch up to our budget in salary increases and contract renewals.

## SIGNIFICANT VARIANCES

A full list of variances by cost centre is included in Annex A

### 1.1. Car Parking

The Q1 shortfall against budget in parking income of £43k is an average monthly income of £6,900. This is a 90% improvement compared to the same period last year but clearly still very short compared to expectation. A paper will be going forward to Members to discuss the transfer of On Street parking enforcement back to the County Council from 1<sup>st</sup> April 2023 and the implications for the Parking Service at West Oxfordshire.

### 1.2. Land Charges

The service was heavily impacted in 2021/22 by the huge rise in free unofficial Personal Searches which made up 70% of searches in the year. This trend has continued and the current financial year has started with an £18k under achievement of income in the first quarter. Current economic uncertainty with the predicted recession in Q4 and the rise in interest rates are likely to result in a gradual cooling of the Housing Market as people delay moving on as inflation and the cost of living crisis heightens. Budgets for 2023/24 will be reviewed against this backdrop.

### 1.3. Development Management

Planning Fee income is £34k below target at the end of the quarter with the average income per month falling 5% on the equivalent period last year. The income budget for 2022/23 was increased by £100k on the basis that we are expecting large scale applications to be received in the year - which the Head of Development Management is still confident are likely to come through in Q2 & Q3.

### 1.4. Trade Waste

Income is £32k below target, a £10k improvement on the same period last year. Some of this is offset by an underspend of £16k in tipping charges payable to the County Council. The Trade Waste service continues to be under pressure post Covid where we have been unable to increase our customer base to pre pandemic levels. The service is under review as part of the ESIP project.

### 1.5. Green Waste

The Green Waste service is £80k below target. Historically the cost of printing and sending out Green Waste licences has been covered by oversubscription, but this year, as uptake is below target the £34k cost of license production and distribution contributes to the general shortfall against budget. In previous years 98% of annual income has been collected by the end of August and on this basis the forecast for the year is that income will be around £45k below target and the total shortfall against budget is likely to be around £70k. The loss appears to have been caused by a reduction in the uptake of licenses.

## 1.6. Recycling

An additional £300k was added into the base budget 2022/23 for the increase in recycling handling charges from our supplier Suez. At the end of the quarter this budget is £17k overspent with monthly costs rising from £80k in April to £95k in June. If this handling charge continues at the June level with no further increase, there is forecast to be an overspend of £195k on this contract for the year, an expectation confirmed by the Service Manager. There is a lot of volatility in the recycling market in terms of material prices, fuel & labour costs. Our current contract with Suez expires in 2024 to tie in with the Waste Review.

## 1.7. Bank Charges

Bank Charges have been a cause for concern for some time and are £32k overspent at the end of the quarter. Last year we negotiated a better contract with Lloyds and will save around £39k over the course of the year. We are now looking at a tender for our card transaction processing with the potential of saving a further £50k per annum. The tender is currently at an early stage, but details will be reported to Members when they are more advanced.

## 1.8. Investment Property

Our Investment Property income is currently impacted by the vacant units at Talisman and Des Roches Square. Unit 1 Talisman was vacated in 2021/22 by Warburtons who paid £160k in dilapidations. This amount was based on expert assessment at the time and was based on the work required to bring the property back to the condition it was in when Warburtons took possession. The refurbishment work to ready it for a new tenant has been through a tender process and the dilapidations and additional refurbishment works necessary to re-let the unit in the current market have been costed at £285k. The Estates Team have found a tenant for Unit 1 who are willing to commit to a 10 year lease. A paper will be forthcoming for approval of the lease and the tenant.

Unit 1 Des Roches Square will also require some refurbishment before it can be re-let but at a much lower cost than Talisman. There are currently two tenants interested in moving in and the Estates Team are getting quotes for the works with the intention of getting the building re-let as soon as possible.

## 1.9. Proposed additional spend on Cyber Security

There is an increasing awareness of the threat posed by potentially debilitating cyber attacks in the wake of, not only neighbouring Councils being targeted, but recent attacks on NHS trusts. These attacks can cripple their targets for months with recovery a long and drawn out process and some data potentially lost forever. The financial cost of this is huge along with immeasurable reputational damage. These threats are being managed and countered successfully by our ICT team within Publica but the Councils have requested that they review their current resourcing and processes and ensure that any additional measures or resources that could be added are. This exercise has been carried out and additional funding has been requested for increased staff, training and solutions.

The ongoing cost of these measures is likely to be around £100k per annum and will be brought forward as a growth request within the budget proposals. The cost for this current year has been estimated at a maximum of £70k but this is likely to reduce if recruitment takes several months. This can be funded from earmarked reserves without requiring the current budget to be altered. If it is approved as a growth item later in the year as part of the budget process, it will be incorporated into the base budget for 2023/24.

Costs for this increased capacity are being shared across the Publica partner Councils and the figures above represent West Oxfordshire's share. While the cost for increasing cyber security are relatively high, the cost of not shoring up our defences could be much higher.