



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>Finance and Management Overview and Scrutiny Committee: Wednesday 7 December 2023</b>
Report Number	<b>Agenda Item No. 9</b>
Subject	<b>Financial Performance Report 2022/23 Quarter Two</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
Purpose	To provide details of the Council's financial and operational performance at the end of Quarter 2 2022/23
Recommendation	That the Q2 2022/23 financial performance be noted
Annexes	Annex A – Detailed Revenue budget comparison Annex B – Capital spend against budget
Corporate priorities	Climate Action: Leading the way in protecting and enhancing the environment by taking action locally on climate change and biodiversity Healthy Towns and Villages: Facilitating healthy lifestyles and better wellbeing for everyone A Vibrant District Economy: Securing future economic success through supporting existing local businesses and attracting new businesses to deliver the economic ambitions of the Local Industrial Strategy Strong Local Communities: Supporting and building prosperous and inclusive local communities Meeting the Housing Needs of our Changing Population: Securing the provision of market and affordable housing of a high quality for a wide range of householders making their home in West Oxfordshire Modern Council Services and Sustainable Finance: Delivering excellent modern services whilst ensuring the financial sustainability of the Council
Key Decision	No
Exempt	No

## FINANCIAL PERFORMANCE SUMMARY

### WEST OXFORDSHIRE DISTRICT COUNCIL - Budget Monitoring

Revenue Budget Monitoring 2022/23 - Quarter 2, 1st April 2022 to 30th September 2022

Original Budget 2022/23	Q2 position		
	Profiled Budget	Actual Exp	Variance (under) / over spend
£	£	£	£

#### Service Area

Democratic and Committee Services	1,058,971	608,062	667,738	59,676
Environmental & Regulatory Services	507,109	221,455	218,582	(2,873)
Environmental Services	7,106,814	2,374,196	2,566,918	192,722
Finance, Human Resources & Procurement	922,288	512,587	499,975	(12,612)
ICT, Change & Customer Services	1,924,570	1,710,966	1,664,857	(46,109)
Land, Legal & Property	903,130	460,660	514,300	53,640
Leisure & Communities	661,071	(308,229)	(312,129)	(3,900)
Planning & Strategic Housing	1,528,061	509,283	596,681	87,398
Revenues & Housing Support	1,049,459	580,361	635,776	55,416
Investment Property and Retained Services	(2,218,585)	(1,110,705)	(986,628)	124,076
<b>Total cost of services</b>	<b>13,442,888</b>	<b>5,930,735</b>	<b>6,403,215</b>	<b>507,433</b>
<b>Plus:</b>				
Investment income receipts	(1,139,501)	(569,751)	(579,660)	(9,909)
<b>Cost of services before financing:</b>	<b>12,303,387</b>	<b>5,360,984</b>	<b>5,823,555</b>	<b>497,524</b>

## Summary

Q2 results are consistent with the position reported in Q1, showing an overall overspend compared to budget. What is apparent is the pressure on some fee generating services i.e. Development Control, Building Control and Land Charges, where there has been a lack of demand in the first half of the year. The forecast for year end is that it is unlikely there will be any real improvement in Building Control or Land Charges, but Development Control may recover due to significant applications that were expected to come forward in Q2 being delayed until later in the year as a reaction to recent economic uncertainty, rather than being shelved.

The impact of inflation on our revenue budget is expected to increase in the second half of the year and that heavy toll on our finances is reflected in the 2023/24 budget being drafted with inflationary increases in salaries and contract costs but also revised expectations on income from not only fees and charges but some of our contractual counterparties. Even though the final position is not yet finalised due to the Local Government Funding Settlement being unknown until December, it shows a significantly worsened position than the forecast done in February. West Oxfordshire District Council has sufficient reserves to see it through the short term, but a prudent approach is more important now than ever to reduce spending and ensure that the Council is able to return to financial sustainability.

## Significant Variances

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

### 1.1. Car Parking

The Q2 income shortfall against budget in parking is £83,000 of which £53,000 relates to on street parking. On Street enforcement reverts to the County Council on 1<sup>st</sup> April 2023 and the 2023/24 budget has been updated to recognise the loss of budgeted income of £169,000. A review of the Parking Service moving forward is ongoing and the hope is that increased focus on off street parking will result in increased revenues.

### 1.2. Land Charges

As reported in Q1 the service has been heavily impacted by the huge rise in free unofficial Personal Searches which make up 70% of searches in the year. Current economic uncertainty, the rise in interest rates and inflation along with forecasts of a significant drop in house prices into 2023 are likely to lead to a reduced demand for this service. In addition, LLC 1 (statutory) searches will be transferring to HM Land Registry from 1<sup>st</sup> April with a forecast £14,000 per year loss of income to the Council. Total compensation of £40,000 will be payable to the Council which will be drawn down in equal instalments over the 23/24 - 25/26 financial years. The budget for 2023/24 has been reviewed in this context.

### 1.3. Development Management

Planning Fee income is £126,000 below target at the end of the quarter, a drop of 30% on the equivalent period last year. The income budget for 2022/23 was increased by £100,000 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 Q3.

### 1.4. Trade Waste

Income is £8,000 above target, a £58,000 improvement on the same period last year and tipping charges payable to the County Council are £20,000 underspent. Trade Waste is invoiced twice a year in April & September and our Credit Controller is working proactively to ensure that invoices

are settled as they become due. This service is under review as part of the ESIP project, outcomes for which are due to be reported in December 2022.

#### 1.5. Green Waste

The Green Waste service is £55,000 overspent at the end of Q2 which is the forecast position for year end, a £15,000 improvement on Q1 reporting. This is due to additional licence income being received during the late summer period.

##### Recycling

At the end of Q1 an overspend of £17,000 was reported against the Suez contract, this overspend has risen to £36,000 at the end of Q2. Monthly costs have not accelerated as fast as originally feared and inflationary increases have not yet substantially impacted the revenue budget. 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.

#### 1.6. Bank Charges

We have contracted with an external consultant to undertake a comprehensive review of our card transaction charges with a report expected in November likely to include a recommendation to change our current supplier in order to save at least £50,000 per annum on current costs.

#### 1.7. Building Control

Income is £27,000 below target at the end of Q2, a £15,000 decline on the same period last year. The Service has struggled to recover from Covid, competition from the Private Sector and the general state of the economy.

#### 1.8. Democratic Services

Members Allowances are currently £23,000 overspent, the budget for which is being reviewed for 2023/24.

### New Initiatives

Cabinet has been progressing priority projects around their new priorities with the following funds being committed from the £750k allocated earlier in the year and projects underway

Council Priorities initiatives	Electric Vehicles £	Env & Community £	Youth Initiatives £	Cost of Living £	Bus Develop £	Residual £	Total £
	75,000	100,000	100,000	200,000	100,000	175,000	750,000
<b>Committed:</b>							
WODC Magazine		(17,000)					(17,000)
Water Day		(5,000)					(5,000)
Christmas Market					(4,500)		(4,500)
Playing Field Strategy Delivery			(50,000)				(50,000)
2 x sweepers (ordered)	(75,000)						(75,000)
Market Town Officer					(35,358)	(35,358)	(70,716)
Climate Change Manager		(52,142)				(52,142)	(104,283)
Awareness raising comms				(1,000)			(1,000)
Additional VCS grants				(39,000)			(39,000)
Warm places project worker				(28,000)			(28,000)
Pavement license support					(1,700)		(1,700)
	0	25,858	50,000	132,000	58,442	87,500	<b>353,800</b>