

Appendix 2 - Report Details – Additional Revenue narrative

Chief Executive

Chief Executives are forecasting an overspend of £0.286m against a budget of £6.809m (4.2%).

HR & OD	HR are forecasting to remain in budget at present. Due to decoupling, the team currently have some interim staffing arrangements in place, and this could cause some pressure as we progress through the year.
£0.000m Variance	
Variance to June's forecast	
£0.000m	
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Wellbeing Community	& Having had the opportunity to re-evaluate joint use income and operational income from Leisure sites it has been possible to reduce the overspend in Wellbeing to £0.225m mitigating the increased utility costs which currently stand at a projected overspend of £0.385m. This betterment is sustainable throughout the year but should not be relied upon beyond that.
Variation	
£0.225m	
Overspend	
	Housing is forecasting on track.
Variation to June's Forecast	
£0.000	
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Customer Focus	Customer Focus service is projecting an overspend. This is due to decoupling from OCC requiring short term interim cover while the service is refocused.
Variation	
£0.061m overspend	Land charges are projecting a £0.006m under recovery due to the impact of the "cost of living" challenges and the knock-on consequences in the housing market
Variation to June's Forecast	
(£0.002m)	Comms Strategy & Insight are reporting on target.

Resources

Resources are reporting an overspend of £0.166m against a budget of £4.159m (4.0%).

Finance	Finance is showing as on Target.
Variation £0.000m Overspend	
Variation to June's Forecast (£0.005m)	

Legal & Democratic	Law and Governance are reporting an overspend of £0.051m. £0.038m relates to additional staff costs, plus minor overspends of £0.010m. This is partially offset by an anticipated over recovery of income of (£0.040m) and a budget of £0.023m for Information Governance. The remaining £0.013m relates to minor overspends in Governance.
Variation £0.051m overspend	
Variation to June's Forecast £0.024m	

ICT	The overspend within IT is made up of £0.161m (consisting of £0.057m under recovery of income and £0.104m consultant fees) attributable to the decoupling of the IT service and establishing a stand-alone IT service and a new Digital Strategy for Cherwell, £0.047m attributable to increased supplier costs and £0.015m minor overspends.
Variation £0.223m overspend	
Variation to June's forecast £0.104	

Property	There is a favourable variance of (£0.108m) in July's budget compared to June that is as a result of (£0.030m) reduction on utility costs, (£0.055m) reduction in consultants fees and finally (£0.023m) reduction in security costs.
Variation (£0.108m) underspend	
Variation to June's forecast (£0.418m)	Within the overall forecast this month for Property the overall position has improved by (£0.418m), Castle Quay shows a net decline for 2022/23 of £0.615m.
	In general, the tough global economic conditions and inflationary operational costs is having a direct impact on the tenant uptake of units and this is resulting in vacant units remaining vacant longer and therefore an increase

in the vacant unit costs.

Currently we are undertaking a strategic review of the asset to ensure our plans for the centre remain aligned to the rapidly changing retail environment and this means that while the review is being undertaken we are not progressing some of the projects which were previously planned. In addition, other alternative use projects which were due to commence are now being reconsidered by the potential tenants due to their financial challenges and therefore, potential occupation has been delayed and these delays have now been taken into account in our latest forecast predictions.

£3.5m of previously received revenue had been set aside to fund additional capital projects within Castle Quay. The capital budget has been reviewed and this funding is not needed for capital projects currently planned. These funds have therefore been released to offset the fall in revenue predicted in this financial year. So far this year £0.927m has been transferred which means that currently Castle Quay is showing for budgeting purposes as being on track. The balance of this reserve will be held to help mitigate future financial impacts.

Communities

Communities are forecasting an overspend of £0.537m against a budget of £7.576m, (7.1%).

Planning Development	&	No significant change in forecasting since the last monitoring period. Presently more Development Management income is being received than expected due to receipts for strategic developments.
Variation (£0.036m) underspend		
Variance to forecast £0.007m	to	June's forecast

<p>Growth & Economy Variation (£0.050) Underspend</p>	<p>The Growth and Economy department is forecasting, for July 2022, an overall underspend of (£0.050m) which consists of £0.110m overspend on the Build team and an underspend of (£0.160m) on staff savings.</p>
<p>Variance to June's forecast (£0.010m)</p>	<p>Within these numbers are some 'savings non-deliverables' which amount to a total of £0.129m consisting of Dovecote £0.031m, Bicester recharges £0.028m and £0.070m for overspend in Build. The first two will be mitigated by absorbing the costs within this year's budget whilst the Build overspend will be addressed as part of a short transitional period which is currently being developed within the organisation.</p>
<p>Environmental Variation £0.623m Overspend</p>	<p>The forecast variance for Environmental Services for July is £0.623m. This is largely due to the continued pressure within Car Parks. There is a £0.458m reduction anticipated in car park income largely due to reduced demand. The service continue to review on a regular basis, including the impact of changes to charges made in 2021 and 2022. The forecast pressure within Waste and Recycling is as a result of an increase of fuel prices £0.129m. The service continually monitors driver and route efficiency to minimise fuel usage and vehicle emissions however the recent surge in fuel prices due to global events is very difficult to mitigate.</p>
<p>Variance to June's forecast £0.058m</p>	<p>There is a pressure of £0.011m within Increase charges for using public conveniences, a review is underway of the usage at each site, which includes a gradual move away from use of cash to contactless at all sites.</p> <p>There is a continued pressure within the Car Parking Charges. Footfall has yet to return to pre pandemic levels. The charges increase of 25% last year, produced an increase in income of 16-18%. A further 10% rise in July 2022 may not increase income by 10%. Further parts of Castle Quay opened in June so this may help car parking income.</p> <p>Car Parking will continue to be reviewed on a regular basis but is too early to predict the pressure at this point in the financial year. There is a new pressure of £0.015m within Reduce waste processing facility charges due to rates being higher than anticipated due to the current climate. Commodity prices are constantly reviewed so that forecasting can take place in advance of the next quarters rate being agreed.</p> <p>All these pressures are continually being reviewed for improvement by the Assistant Director of Environmental Services and the service managers.</p>

Regulatory	Regulatory Services is forecasting on target.
Variation £0.000m	
Variance to June's forecast (£0.020m)	

Executive Matters

Executive Matters is forecasting an overspend of £0.393m against the budget of £1.448m, (27.1%).

Interest	Due to the rapidly changing economic circumstances and external factors such as the ongoing war in the Ukraine, interest rates are increasing significantly above the levels assumed in the Council's budget.
Variation £0.393m overspend	
Variance to June's forecast £0.328m	<p>The Council had held a significant amount of its borrowing as short-term loans due to interest rates being very low. However, given the instability and uncertainty surrounding interest rates the Council has worked closely with its external treasury management advisers to understand forecasts of where the Bank of England base rate and hence short-term borrowing rates could lead to.</p> <p>Therefore, the Council has taken out long-term borrowing, over periods ranging between five and ten years, at rates lower than the forecast interest rates. This means that borrowing costs are now both certain and less than they would be if they were secured when loans need to be renewed as interest rates are forecast to be at their peak then.</p> <p>Taking out this fixed borrowing at higher than budgeted interest rates creates a budget pressure. The Council is mitigating this by taking the additional cash it now holds and investing this in line with its Investment Strategy. A strategy is being implemented to allow the Council to take advantage of increasing interest rates by investing the surplus cash it holds to reduce the impact in 2022/23.</p>

Policy Contingency

Policy Contingency is forecasting an underspend of (£0.332m) against a budget of £3.500m, (8.0%).

Policy Contingency	Policy Contingency is planned to meet affordable housing, commercial pressures, separation costs and inflation. There is a currently projected release of (£0.332) for inflation to partially mitigate some of the inflationary costs that the Council is experiencing.
Variation (£0.332m) underspend	
Variance to June's forecast (£0.052m)	
