

## Appendix 2 - Report Details – Additional Revenue narrative on Forecast

### Chief Executive

Chief Executives are forecasting an overspend of £0.343m against a budget of £6.884m (5.0%).

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HR & OD	HR are forecasting to remain in budget at present.
£0.000m Variance	
Variance to July's forecast £0.000m	

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Wellbeing & Community/Housing	The overspend is predominantly caused by greater than anticipated utility costs. It is expected the extensive decarbonisation works undertaken at the Leisure Centres will have a positive impact on utility costs, but it is too soon to say what the scale of that impact will be over the remainder of the year. The forecast overspend also includes a pressure from a slower than anticipated progress on a possible new 3G pitch at North Oxfordshire Academy. The overspend is being offset to some extent by increased income from joint use contributions in Leisure and also fines issued by the Housing Standards team to landlords for failure to register HMO properties.
Variation £0.300m Overspend	
Variation to July's Forecast £0.075m	

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Customer Focus	Customer Focus is projecting an overspend of £0.043m as a result of decoupling the service delivery from OCC. The service is going through a process of transformation, in order that is resourced correctly to continue to provide an excellent customer experience.
Variation £0.043m overspend	
Variation to July's Forecast (£0.018m)	Comms Strategy & Insight are reporting on target.

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## Resources

Resources are reporting an overspend of £0.146m against a budget of £3.339m (4.4%).

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Finance	Small overspend due to minor variances across the service.
Variation £0.011m Overspend	
Variation to July's Forecast (£0.011m)	
Legal & Democratic	Legal & Democratic are reporting a £0.079m overspend. £0.037m is within legal/information governance (extra staff costs as a result of decoupling plus minor overspends of £0.012m. These are partially offset by an anticipated over recovery of income of (£0.041m) and a budget of £0.023m for Information Governance.
Variation £0.079m overspend	
Variation to July's Forecast £0.028m	The remaining £0.042m relates to overspends in Governance, largely due to increased staff costs within democratic process
ICT	ICT are report a £0.186m overspend. The projected overspend within IT is made up of £0.124m (consisting of £0.020m 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 £0.186m overspend	
Variation to July's forecast (£0.037m)	
Property	Property are reporting a (£0.130m) underspend. This is a result of (£0.240m) of additional rent which is predicted as being achieved ahead of forecast, despite tricky economic conditions, we are predicting spending -£0.160m less on consultancy fees than anticipated during the year. However, this is offset by an overspend of £0.065m on utilities due to rising energy prices, £0.160m on staff costs (partly as a result of interim staff being required due to decoupling) and £0.045m increased costs of operational costs (including repairs & maintenance and security combined).
Variation (£0.130m) underspend	
Variation to July's forecast (£0.022m)	

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## Communities

Communities are forecasting an overspend of £0.508m against a budget of £8.018m, (6.3%).

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Planning & Development	The current budget of £2.1m includes an in-year uplift for the Development Management service to support staffing levels and improvement work in the context of high workloads.
Variation (£0.031m) underspend	Agency staff are being used to support service delivery with the additional cost being largely offset by higher-than-expected fee income and the budget uplift. An underspend of circa £0.022m is presently forecast for Development Management for the end of the financial year.
Variance to July's forecast £0.005m	The Planning Policy and Conservation service is presently expecting to be just within budget at the yearend (£0.002m). However, the situation in both services is presently fluid due to persistent recruitment challenges.
	Development Management income will also fluctuate. The Building Control, Dangerous Structures, Street-naming and Land Drainage services are presently forecast to be within budget at year end circa (£0.010m), with additional fee income offsetting some agency costs. Overall, the current forecast of being within budget by –(£0.031m) is comparable to last month's forecast (£0.036m).

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Growth & Economy	The Growth and Economy department is forecasting, for August 2022, an overall underspend of £0.080m which consists of £0.120m overspend on the Build team and an underspend of (£0.200m) on staff savings. 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 undertaken within the organisation.
Variation (£0.080) Underspend	
Variance to July's forecast (£0.030m)	

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Environmental	The forecast variance for Environmental Services for August is £0.619m.
Variation £0.619m Overspend	This is largely due to the continued pressure within Car Parks. There is a £0.458m reduction in anticipated car park income largely due to reduced demand. 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 is not anticipated to increase income by 10%.
Variance to July's forecast (£0.004m)	<p>The forecasted pressure of £0.127m within Waste and Recycling is as a result of multiple factors. This is largely due to a pressure of £0.094m in employee costs due to agency staff for backfilling vacant posts and several long-term sick. An increase of £0.066m in additional transports costs largely fuel is offset by savings on vehicle maintenance and mileage.</p> <p>An increase of £0.081m on gate fees for glass recycling &amp; food waste being a higher rate per tonne.</p> <p>However additional income due to the higher than anticipated take up of garden waste subscriptions offsets under recovery on credits, sale of materials, bulky waste collections and sale of trade sacks by (£0.175m)</p> <p>This forecast is all made up of other minor variances across the service totalling £0.034m.</p>
Regulatory	Regulatory Services is on target with a small overspend due to reduced income in Licensing offset by savings from vacant posts.
Variation £0.000m	
Variance to July's forecast £0.000m	

## **Executive Matters**

Executive Matters is forecasting an overspend of £0.305m against the budget of £2.186m, (14.0%).

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Interest	Interest rates have continued to rise and the cost to carry (difference between what it costs to lend the money and what we can earn by investing the surplus funds) has reduced because of this.
Variation £0.305m overspend	
Variance to July's forecast (£0.088m)	<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> <p>Since the Council locked in fixed rates, interest rates have increased by a further 1% meaning the interest costs being paid are lower than they otherwise would be.</p>

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## **Policy Contingency**

Policy Contingency is forecasting an underspend of (£0.790m) against a budget of £3.065m, (25.8%).

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Policy Contingency	Policy Contingency is planned to meet affordable housing, commercial pressures, separation costs and inflation. There is a currently projected release of (£0.790m) for inflation to partially mitigate some of the inflationary costs that the Council is experiencing and car parking income challenges.
Variation (£0.790m) underspend	
Variance to July's forecast (£0.458m)	

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