

# **Cherwell District Council**

## **Budget Planning Committee**

**25 July 2023**

### **Monthly Finance Performance Report**

#### **Report of Assistant Director of Finance**

This report is public

#### **Purpose of report**

This report summarises Cherwell District Council's (CDC's) Outturn position for revenue and capital for 2022/2023 and gives the Committee the opportunity to consider the financial aspects of the report.

The council has been successful in delivering a revenue outturn position for 2022/23 with an overall minor underspend of (£0.001m). This is a significant achievement under the current economic circumstances.

The Council has an in-year capital underspend of (£14.958m) against a budget of £24.413m, of which £14.273m is requested to be reprofiled in future years. This represents an overall decrease in the total cost of schemes of (£0.685m) due to a number of schemes no longer going ahead.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of this report.

#### **2.0 Introduction**

- 2.1 This report provides with financial insight on our overall delivery against the council's business plan priorities from April 2022 to March 2023.

##### **Revenue Budget**

- 2.2 The council has been successful in delivering an outturn position for 2022/23 with an overall minor underspend of (£0.001m). This is a significant achievement under the current economic circumstances.

##### **Capital Budget**

- 2.4 The Council has an in-year underspend of (£14.958m), of which £14.273m is requested to be reprofiled in future years. This represents an overall decrease in

the total cost of schemes of (£0.685m) due to a number of schemes no longer going ahead.

- 2.5 There is a total capital project spend for the council of £33.703m resulting in an underspend of (£0.685m).

### 3.0 Report Details

- 3.1 The council has been successful in delivering an outturn position for 2022/23 with an overall minor underspend of (£0.001m). This is a significant achievement under the current economic circumstances. In addition to being able to come in under budget, the Council has been able to address a number of items within the outturn to benefit the Council:

- £1.145m has been identified to be set aside to contribute to reserves. This will be used to mitigate a deficit in the business rates collection fund in 2024/25.
- The Council was able to identify underspends across the organisation to address an underachievement of S31 grant income in 2022/23 of £0.871m due to business rates reliefs funded by S31 grant being lower than budgeted.
- Addressing these two issues now have the dual benefit of
  - not increasing the pressure on the 2024/25 budget, and
  - relieves pressure on the 2022/23 budget which had assumed that it would need to make contributions to reserves to address these issues.
- The Council had also budgeted to use £1.200m of reserves from capital fund, none of which was required due to underspends elsewhere in the budget and has all been returned to reserves.
- In addition the Council was still able to make a contribution of £0.200m to the General Fund, compared to a budgeted commitment of £0.500m.

### Report Details

**Table 1: Year End Position**

Service	Original Budget £m	Current Budget £m	Year End Position at March £m	March Variance (Under) / Over £m	% Variance to current budget %	January Variance (Under) / Over £m	Change since Previous (better) / worse £m	
HR & OD	0.822	0.852	0.809	(0.043)	-5.0%	0.000	(0.043)	Green
Wellbeing & Housing	3.339	3.780	3.776	(0.004)	-0.1%	0.170	(0.174)	Green
Customer Focus	1.606	1.848	2.021	0.173	9.4%	0.185	(0.012)	Red
<b>Chief Executive</b>	<b>5.767</b>	<b>6.480</b>	<b>6.606</b>	<b>0.126</b>	<b>1.9%</b>	<b>0.355</b>	<b>(0.229)</b>	Red
Finance	2.850	3.134	3.292	0.158	5.0%	(0.024)	0.182	Red
Legal & Democratic	1.709	1.904	2.111	0.207	10.9%	0.169	0.038	Red
ICT	1.235	1.251	1.380	0.129	10.3%	0.175	(0.046)	Red
Property	(3.196)	(1.483)	(1.539)	(0.056)	3.8%	(0.097)	0.041	Green
<b>Resources</b>	<b>2.598</b>	<b>4.806</b>	<b>5.244</b>	<b>0.438</b>	<b>9.1%</b>	<b>0.223</b>	<b>0.215</b>	Red
Planning & Development	1.752	1.814	0.923	(0.891)	-49.1%	(0.663)	(0.228)	Green

Growth & Economy	0.336	0.779	0.724	(0.055)	-7.1%	(0.040)	(0.015)	
Environmental	4.057	4.664	5.736	1.072	23.0%	0.933	0.139	
Regulatory	1.112	1.123	1.126	0.003	0.3%	0.000	0.003	
<b>Communities</b>	<b>7.257</b>	<b>8.380</b>	<b>8.509</b>	<b>0.129</b>	<b>1.5%</b>	<b>0.230</b>	<b>(0.101)</b>	
<b>Subtotal for Directorates</b>	<b>15.622</b>	<b>19.666</b>	<b>20.359</b>	<b>0.693</b>	<b>3.5%</b>	<b>0.808</b>	<b>(0.115)</b>	
Executive Matters	4.315	3.076	2.240	(0.836)	-27.2%	(0.515)	(0.321)	
Policy Contingency	3.555	0.750	0.021	(0.729)	-97.2%	(0.332)	(0.397)	
<b>Total</b>	<b>23.492</b>	<b>23.492</b>	<b>22.620</b>	<b>(0.872)</b>	<b>-3.7%</b>	<b>(0.039)</b>	<b>(0.833)</b>	

<b>FUNDING</b>	<b>(23.492)</b>	<b>(23.492)</b>	<b>(22.621)</b>	<b>0.871</b>	<b>-3.7%</b>	<b>0.000</b>	<b>0.871</b>	
<b>(Surplus)/Deficit</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.001)</b>	<b>(0.001)</b>		<b>(0.039)</b>	<b>0.038</b>	

**Note:** A positive variance is an overspend or a reduction in predicted income and a negative is an underspend or extra income received. Green represents an underspend and red represents a overspend for the current month's forecast.

## Funding - Business Rates Income

Table 1.2 provides a breakdown of the business rates outturn position for 2022/23.

The variance of £0.871m has been met from underspends identified at year end across the organisation and is explained in detail in Appendix 2.

**Table 1.2: Business Rates Outturn 2022/23**

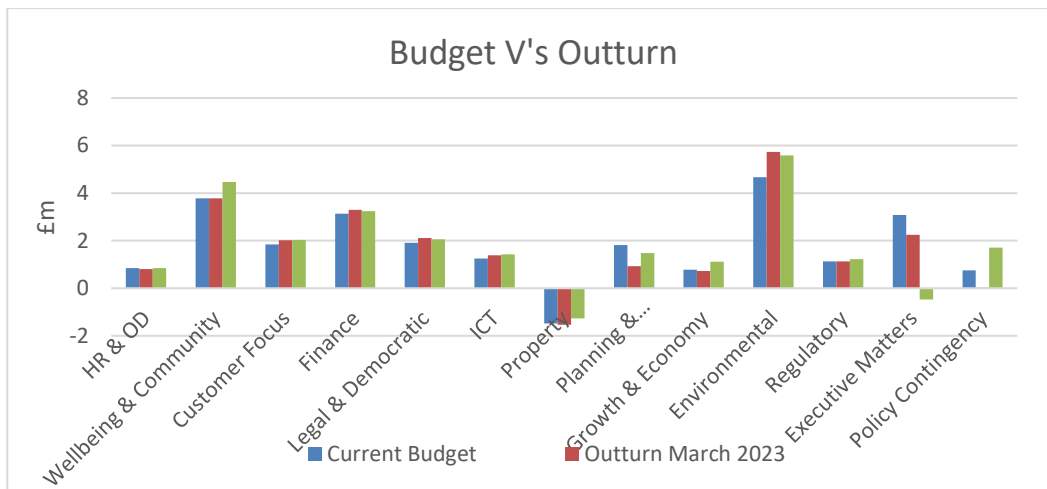
<b>Business Rates Breakdown</b>	<b>Original Budget £m</b>	<b>Year End £m</b>	<b>Variance £m</b>
Business Rates Share	(34.474)	(34.474)	0.000
Business Rates Tariff	29.072	29.072	0.000
Business Rates Levy	4.467	5.294	0.827
Business Rates Pooling Gain	(2.210)	(2.442)	(0.232)
Section 31 grants	(8.406)	(8.130)	0.276
Previous Year Collection Fund Deficit	10.479	10.479	0.000
Use of Section 31 Reserve	(10.324)	(10.324)	0.00
<b>Grand Total</b>	<b>(11.397)</b>	<b>(10.526)</b>	<b>0.871</b>

**Table 2: Analysis of Forecast Variance – December 2022**

Breakdown of current month forecast	Outturn £m	Base Budget Over/ (Under) £m	Savings Non-Delivery £m
Chief Executive	0.126	(0.097)	0.223
Resources	0.438	0.213	0.225
Communities	0.129	(0.249)	0.378
<b>Subtotal Directorates</b>	<b>0.693</b>	<b>(0.133)</b>	<b>0.826</b>
Executive Matters	(0.836)	(0.836)	0.000
Policy Contingency	(0.729)	(0.729)	0.000
<b>Total</b>	<b>(0.872)</b>	<b>(1.698)</b>	<b>0.826</b>
<b>FUNDING</b>	<b>0.871</b>	<b>0.871</b>	<b>0.000</b>
<b>(Surplus)/Deficit</b>	<b>(0.001)</b>	<b>(0.827)</b>	<b>0.826</b>

**Table 3 – Budget compared with Outturn**

The graph below shows the change from January's forecast to March's outturn position for the financial year.



**Table 4: Top Five Major Variances:**

Portfolio	Current Budget	Variance	% Variance
Development Management	(0.024)	(0.850)	3541.7%
Policy Contingency	0.750	(0.729)	-97.2%
Interest	(2.375)	(0.593)	25.0%
Car Parks	(0.950)	0.347	-36.5%
Waste & Recycling	2.933	0.597	20.4%
<b>Total</b>	<b>0.334</b>	<b>(1.228)</b>	

The top 5 services differ slightly from last month although there is an overall improvement of (£1.136m)

**Development Management Variance (£0.850m) [January Variance (£0.742m)]: -**

Development Management income exceeded expectations (£2.702m) compared to a budget of (£2.249m) and a further (£0.118m) was received from monitoring fees owing. This represents an additional (£0.571m) over that expected.

**Policy Contingency**

The movement in policy contingency is shown in the table below: -

Policy Contingency	Budget	Expenditure	Notes
Original Budget	3.555		
Inflation Contingency	-0.334		Used to fund pay award
Affordable Housing	-0.840		For Town Centre Roof
Commercial Risk	-0.458		Car Park Income
General Contingency	0.077		£77k is relating to Saving GWR002 removed
General Contingency	0.300		Reduction in General fund contribution
General Contingency	-0.010		Utility cost review
General Contingency	-0.010		Elections budget realignment
General Contingency	-0.047		Pension Strain
Separation Costs	-0.399		Decoupling pressure
General Contingency	0.061		NI reduction returned from services to Policy Contingency
General Contingency	-1.145		Contribution to S31 Reserve
		0.021	Minor corporate costs funded from general contingency
	<b>0.750</b>	<b>0.021</b>	

**Interest Variance (£0.593m) [January Variance (£0.515m)]: -**

In July 2022 the Council identified that interest rates were rising and took the decision to borrow £66m to address its borrowing needs over the following two years. This has successfully insulated the Council from the increased borrowing costs that have taken place since then. The Council has been able to invest this surplus cash prior to loan repayments becoming due. As interest rates have increased, the council is anticipating higher than budgeted income of (£0.593m).

**Car Parks Variance £0.347m [January Variance £0.332m]: -**

There is a £0.347m reduction in car park income which has previously been reported mainly due to reduced volumes as a result of ongoing changes in customer behaviour. This has been addressed in the budget for 2023/24 and a review of the councils assets in the future will aim to maximise use of space.

**Waste & Recycling Variance £0.597m [January Variance £0.624m]: -**

The pressure within Waste and Recycling of £0.597m is a result of a combination factors. An increase of £0.571m in employee costs due to continued unusual amount of long-term sickness and vacancies. Gate fees have risen by £0.269m due to a decrease in the value of recycled materials and an increase of £0.081m on transport costs of which £0.109m is result of high fuel costs.

**For further details of forecast variances please see appendix 2**

**Table 5 - Earmarked Reserves and General Balances at March 2023**

The table below is a summary of the level of reserves the council holds.

Reserves	Balance 1 April 2022	Original Budgeted use/ (contribution)	Changes agreed since budget setting	Changes proposed March 2023	Balance 31 March 2023
	£m	£m	£m	£m	£m
General Balance	(5.950)	(0.500)	0.000	0.300	(6.150)
Earmarked	(23.691)	2.262	(2.067)	(4.555)	(28.051)
Ringfenced Grant	(16.215)	11.205	2.696	(2.015)	(4.329)
<b>Subtotal Revenue</b>	<b>(45.856)</b>	<b>12.967</b>	<b>0.629</b>	<b>(6.270)</b>	<b>(38.530)</b>
Capital	(8.049)	0.000	0.000	0.000	(8.049)
<b>Total</b>	<b>(53.905)</b>	<b>12.967</b>	<b>0.629</b>	<b>(6.270)</b>	<b>(46.579)</b>

For further detail on the reserves please see Appendix 5.

## 4.2 Capital

The Council has an in-year underspend of (£14.958m), of which £14.273m is requested to be reprofiled in future years. This represents an overall decrease in the total cost of schemes of (£0.685m) due to a number of schemes no longer going ahead.

**Table 6 - Capital Spend 2022/2023**

Directorate	Budget £m	Outturn 2022/23 £m	Re-profiled beyond 2022/23 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	4.602	2.305	2.297	0.001	(0.002)
Resources	14.571	6.133	7.738	(0.699)	(0.552)
Communities	5.241	1.017	4.238	0.014	0.020
<b>Total</b>	<b>24.413</b>	<b>9.455</b>	<b>14.273</b>	<b>(0.685)</b>	<b>(0.534)</b>

**Table 7 – How the Capital Programme is financed**

Financing	22/23 Budget	Future Years
Borrowing	17.230	9.312
Reserves	7.183	0
	<b>24.413</b>	<b>9.312</b>

**Table 8 – Total Capital Project Forecast**

There is a total capital project spend for the council of £33.703m resulting in an underspend of (£0.685m).

Directorate	Budget £m	Total Outturn 2022/23 £m	Variance to Budget £m	Prior Month Variance to Budget £m
Chief Executives	5.320	5.320	0.001	(0.002)
Resources	14.551	13.851	(0.700)	(0.552)
Communities	13.833	13.847	0.014	0.020
<b>Total</b>	<b>33.703</b>	<b>33.019</b>	<b>(0.685)</b>	<b>(0.534)</b>

For further detail please view appendix 1 Finance Capital December 2022.

**Table 9 - Top Five in Year Capital Variances: -**

Code	Assistant Director	Top 5 In-Year Variances	Budget Total £'000	Reprofile to 23/24 £'000
40260	Ed Potter	Land for New Bicester Depot	3,000	2,989
40144	Andrew Low	Castle Quay	3,257	2,985
40131	Nicola Riley	S106 Capital Costs	1,744	1,637
40239	Andrew Low	Bicester East Community Centre	1,450	1,371
40262	Andrew Low/Nicola Riley	Affordable Housing	1,200	1,156
			<b>4,394</b>	<b>4,164</b>

The top 5 capital projects differ to January's reporting and there has been an increase in the budget reprofiling into 2023/24 of £5.329m.

**Land for New Bicester Depot: -**

Due to rapid growth within the area the Council has identified a new site for the Bicester Depot and terms for the purchase are expected to be finalised early in 23/24. A project team has been established to develop the site under a separate capital scheme. The design is expected to maximise income opportunities in vehicle maintenance, energy cost reduction and which will greatly benefit the district and further our commitment to carbon reduction.

### **Castle Quay : -**

As part of the Castle Quay Development and the regeneration of Banbury, the Council is working closely and in partnership with Oxfordshire County Council and The Mill Arts to provide new Library and Arts Facilities in Banbury respectively. Whilst arrangements are being finalised the Council has paused developments resulting in capital slippage which will be required in 2023/24.

### **S106 Capital : -**

The budget allocation is for 16 projects funded by S106. Due to the clauses of grant agreements, the passporting of S106 funds is reliant upon timely project delivery by other bodies outside of the Council's control. Therefore, the majority of projects will be delivered in 2023/24.

### **Bicester East Community Centre: -**

Expected start date on site is Quarter 1 of 2023/24. £1.371m of capital funding from 22/23 remains allocated to deliver this bespoke community centre for local residents.

### **Affordable Housing: -**

We have engaged design professionals to prepare the specification of works which are required to effect both the repair to the roof and the reinstatement of the living accommodation, which has been affected by the invasive investigative works which we have undertaken. The tender process will be completed in early 2023/24 with the aim being to complete the required works within the next 12 months.

## **4.0 Conclusion and Reasons for Recommendations**

4.1 It is recommended that the contents of the report are noted.

## **5.0 Consultation**

None required

## **6.0 Alternative Options and Reasons for Rejection**

6.1 The report sets out CDC's revenue and capital outturn position for 2022/23. No alternative options have been considered.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 There are no direct financial considerations as a result of this report as it is reporting what has already been approved by Executive.

Comments checked by:

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[michael.furness@cherwell-dc.gov.uk](mailto:michael.furness@cherwell-dc.gov.uk)

### **7.2 Legal Implications**

There are no legal implications arising directly as a result of this report.



Comments checked by:  
Shiraz Sheikh, Assistant Director Law & Governance, 01295 221651  
[shiraz.sheikh@cherwell-dc.gov.uk](mailto:shiraz.sheikh@cherwell-dc.gov.uk)

### **Risk Implications**

- 7.3 There are no risk implications arising directly as a result of this report. Any risks will be managed as part of the operational risk register and escalated as and when necessary to the Leadership Risk Register.

Comments checked by:  
Shona Ware, Assistant Director – Customer Focus, 01295 221652  
[shona.ware@cherwell-dc.gov.uk](mailto:shona.ware@cherwell-dc.gov.uk)

### **Equalities and Inclusion Implications**

- 7.4 There are no equalities implications arising directly as a result of this report. Any service or policy review required to support any reprofiled spend will have an accompanying Equalities Impact Assessment as needed.

Comments checked by:  
Shona Ware, Assistant Director – Customer Focus, 01295 221652  
[shona.ware@cherwell-dc.gov.uk](mailto:shona.ware@cherwell-dc.gov.uk)

### **Sustainability Implications**

- 7.5 There are no direct sustainability implications as a result of this report.

Comments checked by:  
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## **8.0 Decision Information**

**Key Decision** N/A

**Financial Threshold Met:** N/A

**Community Impact Threshold Met:** N/A

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

All

## **Document Information**

### **Appendix number and title**

- Appendix 1 – Finance Capital March 2023

- Appendix 2 – Detailed Revenue Narrative on Outturn 2023
- Appendix 3 – Virements and Aged Debt Outturn 2023
- Appendix 4 – Funding Outturn 2023
- Appendix 5 – Use of Reserves and Grant Funding Outturn 2023
- Appendix 6 – Transfers to Reserves to be released in 23/24

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