

Briefing Note

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Council

Date: **Wednesday 17 February 2016**

Time: **5.00 pm**

Place: **Council Chamber, Town Hall**

For any further information please contact:

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Officer**

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This briefing note forms part of the Council agenda papers and should be read alongside these.

The Council meeting is available via a webcast. This means that people may choose to watch all or part of the meeting over the internet rather than attend in person. The webcast will be available to view on the City Council's website after the meeting.

PART 1 - PUBLIC BUSINESS

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

3 ANNOUNCEMENTS

Announcements by:

- (1) The Lord Mayor
- (2) The Sheriff
- (3) The Leader of the Council
- (4) The Chief Executive, Chief Finance Officer, Monitoring Officer

4 AGREEMENT OF PROCEDURE FOR DEBATE ON THE MEDIUM TERM FINANCIAL STRATEGY AND BUDGET

The procedure for the debate on the Medium Term Financial Strategy and the Budget is set out in the Council's Constitution.

Any amendments to the procedure above must be agreed by majority vote and will only apply to this meeting.

Recommendations: Council is recommended to agree the times permitted for each stage in the procedure as detailed in the constitution and set out below:

The total time for this item is limited to 2 hours 25 minutes not including voting or adjournment.

All speakers have 3 minutes unless otherwise stated.

(a) Proposal of the Executive Board budget by the Leader of the Council (15 minutes)

(b) Proposal of opposition group budgets (proposal and debate 30 minutes for each group including voting). The proposer may speak for 10 minutes.

Opposition groups will present their budgets for debate as amendments to the recommendations. These amendments must be received by Committee and Member Services by 1.00pm one working day before the meeting.

The proposals will be voted on as one amendment for each group.

Break

(c) Individual amendments will be presented (maximum 40 minutes in total including voting)

Individual amendments submitted in writing to the clerk in advance of the meeting or at least 15 mins before the start of this item at the meeting on the form provided. Amendments will be taken in the order submitted to the clerk in the form provided and will be "taken as read". A proposer and seconder are required. Should the proposer and seconder agree amendments can be taken in groups. Any amendments not taken within the time fall.

(d) Debate the budget (as amended) (30 minutes or the remaining time overall whichever is the longer)

(e) Recorded vote

(f) Adjournment for 10 minutes if necessary

5 PUBLIC ADDRESSES AND QUESTIONS THAT RELATE TO MATTERS FOR DECISION AT THIS MEETING

No public addresses were received by the deadline.

BUDGET AND COUNCIL TAX

6 REPORT OF THE HEAD OF FINANCIAL SERVICES ON THE BUDGET

11 - 24

Report of the Council's Chief Finance Officer on the robustness of the 2016/17 budget before Council (**attached**)

The Head of Financial Services will present the report and recommendations.

Recommendations: Council is recommended to note the report and its implications.

7 SCRUTINY BUDGET REVIEW 2016/17

Report attached to the main agenda

Main agenda

The draft minutes of the Board are circulated with this briefing note at 9c.

The Chair of the Finance Panel will present the report and recommendations.

Recommendations: Council is asked to note the report and the City Executive Board's response set out in the minutes of the meeting of 11 February.

8 LICENSING AND GAMBLING ACTS COMMITTEE AND GENERAL PURPOSES LICENSING COMMITTEE RECOMMENDATIONS ON FEES AND CHARGES

The Committee Chairs may wish to present the recommendations.

Main agenda

Recommendations: Council is recommended to:

1. note the draft minutes and agree the recommendations of the Licensing and Gambling Acts Committee; and
2. note the draft minutes and agree the recommendations of the General Purposes Licensing Committee.

9 MEDIUM TERM FINANCIAL STRATEGY 2016-17 TO 2019-20 AND 2016-17 BUDGET

The draft minutes of the Board are circulated with this briefing note at 9c.

Main agenda

Opposition amendments are attached for debate (at 9a and 9b)

Opposition amendments attached to this note

The recommendations (including an additional recommendation) agreed by the City Executive Board are to recommend Council to

1. approve the General Fund Budget Requirement of £19.853 million for 2016/17 and an increase in the Band D Council Tax of 1.99% or £5.55 per annum as set out in Table 8 and Appendices 1-4, representing Band D Council Tax of £284.52 per annum. The additional amount of £146k over the four year period to go towards the funding of the Council's General Fund Capital Programme;
2. approve the continuance of the Council's Council Tax Support scheme (formerly council tax benefit) ;
3. approve the Housing Revenue Account budget for 2016/17 of £43.487 million and a reduction of 1% (£1.06/wk) in social dwelling rents from April 2016 giving a revised weekly average social rent of £104.79 as set out in Appendix 4 for all Council dwellings other than sheltered accommodation. In respect of sheltered accommodation that a rent increase of 0.9% is applied (average £0.88 per week increase) generating an additional income originally proposed of £27,000 for one year to be used in full or in part for improvements in the provision of sheltered accommodation. Such changes will be subject to the Welfare Reform and Work Bill becoming law and no exemption being granted) but that in the event that an exemption or partial exemption is granted that the rent be increased in accordance with the terms of the exemption or partial exemption subject to notice being given to tenants of the proposed rent increase. In that event a further report will be made to CEB and Council detailing the consequential effect on the Housing Revenue Account budget;
4. approve the Capital Programme for 2016-20 as set out in Appendix 6

subject to funding availability from 2017-18 onwards;

5. approve the fees and charges schedule as set out in Appendix 8; and
6. delegate to the S151 officer on consultation with the Board Member for Finance, Asset Management and Public Health the decision to determine whether this is financially advantageous for the Council to enter into a Business Rates Distribution agreement as referred to in paragraphs 17-18 in the report.
7. delegate to the Section 151 Officer in consultation with the Executive Member for Finance, Asset Management and Public Health the decision to join the Business Rates Distribution Group once business rates estimates for 2016-17 are known for all Districts within Oxfordshire. Opposition Group alternative budgets and amendments will be circulated with the briefing note.

The procedure for this item is at Agenda Item 4.

Recommendations: Council is recommended to:

1. Consider the recommendations of the City Executive Board on 11 February, published in the draft minutes of that meeting;
2. Consider the substantive amendments proposed by the opposition groups ('opposition budgets' at 9a and 9b);
3. Consider individual amendments; and
4. Agree the recommendations from the City Executive Board for the Medium Term Financial Strategy, Budget, and additional matters (as originally proposed or as amended).

A recorded vote will be taken.

a	Alternative budget proposals - Liberal Democrat amendments Liberal Democrat Group's amendments to the budgets including explanation.	25 - 28
b	Alternative budget proposals - Green amendments Green Group's amendments to the revenue and capital budgets including explanation. The HRA is not included but is unchanged.	29 - 32
c	Minutes of meeting Thursday 11 February 2016 of City Executive Board Draft minutes of the City Executive Board meeting of 11 February.	33 - 44

The Leader will move the recommendations and the Head of Financial Services will be available to answer questions.

Recommendations: Council is asked to approve for 2016/17

1. the City Council's precept and Council Tax requirement of £12,621,173 including Parish precepts and £12,423,802 excluding Parish precepts.
2. the average Band D Council Tax figure (excluding Parish Precepts) of £284.52 a 1.99% increase on the 2015/16 figure of £278.97. Including Parish Precepts the figure is £289.04, a 2.14% increase (see paragraph 3).
3. a contribution of £10,000 to Old Marston Parish Council in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 11 and 12).
4. the amount of £538,520 to be treated as Special Expenses (see paragraph 15).
5. the Band D Council Taxes for the various areas of the City (excluding the Police and County Council's precepts) as follows:-

Littlemore	£315.17
Old Marston	£313.50
Risinghurst and Sandhills	£303.79
Blackbird Leys	£282.54
Unparished Area	£286.87

These figures include the Parish Precepts and special expensing amounts as appropriate; in addition to the City-wide Council Tax of £272.19.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 18 below.
7. the Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 19 below, and
8. the overall average Band D equivalent Council Tax of £1,737.64 including Parish Precepts (subject to confirmation of the Band D figures for the County Council – see paragraph 18 of the report).

A recorded vote will be taken.

CITY EXECUTIVE BOARD REPORTS

11 TREASURY MANAGEMENT STRATEGY

The draft minutes of the Board are circulated with this briefing note at 9a.

The Leader will move the recommendations and the Head of Financial Services will be available to answer questions.

The City Executive Board recommends that Council:

1. approve the Treasury Management Strategy 2016-17 and adopt the prudential indicators for 2016-17 – 2018-19 as set out in paragraphs 7 to 41 and Appendix 2 of the report;
2. approve the investment strategy for 2016-17 and investment criteria as set out in paragraphs 21 to 38 and Appendix 1 of the report; and
3. approve the minimum revenue provision (MRP) statement at paragraphs 11 to 20 of the report which sets out the Council's policy on debt and repayment.

Main agenda

12 CORPORATE PLAN 2016-20

The draft minutes of the Board are circulated with the briefing note at 9c.

The Leader will move the recommendations.

The City Executive Board recommends that Council approves the draft Corporate Plan 2016-20 attached to this agenda and delegates authority to the Assistant Chief Executive to make minor textual/formatting changes to this in advance of formal publication.

Main agenda

13 MATTERS EXEMPT FROM PUBLICATION AND EXCLUSION OF THE PUBLIC

If Council wishes to exclude the press and the public from the meeting during consideration of any aspects of the preceding agenda items it will be necessary for Council to pass a resolution in accordance with the provisions of Section 100A(4) of the Local Government Act 1972 specifying the grounds on which their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Part 1 of Schedule 12A of the Act if and so long as, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(The Access to Information Procedure Rules – Section 15 of the Council's Constitution – sets out the conditions under which the public can be excluded from meetings of the Council)

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Report of: Head of Financial Services

To: Council

Date: 17 February 2016

Title of Report: Report of the Council's Chief Finance Officer on the robustness of the 2016/17 budget

Summary and Recommendations

Purpose of report:

Under Section 25 of the Local Government Act 2003 there is a requirement for the Council's Chief Financial Officer to report to Council on:

- a) the robustness of the estimates made for the purposes of the calculations of the budget; and
- b) the adequacy of the proposed financial reserves.

Council in considering its Budget should have regard to this advice.

Recommendation: That Council notes this report in setting its budget for 2016/17 and the indicative budgets for 2017/18 – 2019/20.

Appendix A : Statement of Reserves and Balances

Robustness of the Budget.

Economic Outlook

- 1 On the 25th November 2015 the Chancellor delivered his Autumn Statement. The Office for Budget Responsibility forecast that public finances are set to be £27 bn better off than forecast by 2020 due to increased tax receipts. These resources allow spending to rise and Government borrowing to be £8 billion less than forecast as the Government aims for its £10.1 bn surplus by 2020.
- 2 The Final Finance Settlement for 2016/17 published on 8th February included the following key changes :

- Additional funding in the form of transitional grant, which the LGA lobbied for, of £150 million in both 16/17 and 17/18 for the councils most adversely affected by the change in revenue support grant.
 - the removal of additional tariff / top-up adjustment (negative RSG) in the first two years of the settlement period. The Government has made available £2.3 million in 17/18 and £22.8million in 18/19 to remove this adjustment.
- 3 In total, the changes gave rise to an additional £146k of resources in the Council's budget over the next four years with Revenue Support Grant reducing to zero from 1st April 2019.
 - 4 Even with the additional resources the fact is that the Council's Settlement Funding Assessment (SFA) has reduced from £8.5 million to £6.2 million over the next four years. Through prudent financial management and significant efficiency savings the Council's financial position over this period is manageable.
 - 5 There are still a number of uncertainties on which clarification is awaited from the Government around Housing, Business Rates and New Homes Bonus but given the robust scrutiny of the Council's budget setting process and the mitigations in place, including the prudent levels of reserves and balances the Council is well placed to overcome any potential financial difficulties.

Preparation of the Medium Term Financial Plan

6. The Council has undertaken a prudent and robust approach in developing its Medium Term Financial Plan, as in previous years. This has reaped rewards in terms of the delivery of significant levels of savings and provides a firm foundation on which to build.
- 7 The efficiency savings, additional income streams and service reductions have been subject to rigorous review, with Service Heads being required to review the plans they put forward in previous years and confirm delivery of the proposals. Any changes to previous proposals put forward have been reflected in the updated plan.
- 8 The Strategy of identifying and securing significant cross cutting savings has continued albeit that these get more challenging to identify year on year. They include:
 - **Review of Office Accommodation - £200k per annum from 2017/18**
A review of admin buildings at St Aldates Chambers, Horspath Depot, Cowley Marsh depot and the Town Hall to for Identification of the potential to reduce occupation to generate income.
 - **ICT Efficiencies - £220k per annum**
Applications portfolio and telephony review and scanning contract review
 - **Staff Restructuring - £200k per annum**
Proposals to streamline management team through restructuring proposals
- 9 The General Fund Medium Term Financial Plan continues to include an increased reliance on income arising from external work undertaken by the Council's Direct Services workforce with the contribution to overheads now totalling around £1.4 million per annum. Whilst this does create some additional risk for the Council this

is partially mitigated by the inclusion of a contingency to cover shortfalls in income

- 10 Scrutiny of the budget has been undertaken by
 - The Finance Team
 - Directors and Chief Executive
 - Executive Members
 - The Scrutiny Committee's Finance Panel
- 11 Monitoring of the budget through the year is undertaken by Finance in conjunction with Heads of Service and Cost Centre Managers to ensure that the budget is on target or variations are reported and acted upon at an early stage. Monthly monitoring reports are considered by the Council's Corporate Management Team and quarterly reports are tabled at City Executive Board.

General Fund Assumptions

- 12 Assumptions on which the four year Medium Term Plan are based are contained within the main budget report presented elsewhere on the agenda, however, some of the key assumptions include:
 - **Council Tax increase-** The assumed Council Tax increase is 1.99% which is below the referendum level for 2016/17 and then 1.75% thereafter in line with the Government's assumptions.
 - **Finance Settlement** – The settlement figures are in line with the Government's announcement in February 2016. This year the Government has invited local authorities to opt into a four year funding settlement subject to authorities issuing an Efficiency Plan. The decision to opt into this settlement has been delegated to Section 151 Officer in consultation with the Board Member for Finance, Asset Management and Public Health Oxford City Council and the figures have been included in Council's Medium Term Financial Plan. Revenue Support Grant reduces to zero on 1st April 2019.
 - **Retained Business Rates** – The Medium Term Plan includes estimates of the amount of Retained Business rates income for the authority, based on the Government's indication of tariffs over the next four years.
 - **New Homes Bonus** – The Medium Term Financial Plan includes indicative payments for the next four years in a change to previous assumptions which assumed that NHB would cease in 2018/19. Indicative NHB payments for 2018/19 and 2019/20 totalling around £3.7 million have been used to Finance capital spend.
 - **Inflation** – With the exception of contractual inflation e.g. Leisure contact and ICT maintenance contracts and pay budgets (1.5%) all other budgets are cash limited
 - **Contingencies and Provisions** - Contingencies have been allowed for potential shortfalls in efficiency savings, additional income and planned service reductions based on 40% of the value of high and medium risk proposals. No other contingencies are allowed for.
 - **Revenue contributions to Capital** – Revenue contributions to fund the

capital programme have been included in four year MTFP in the order of £2.4 million, £4.6million, £3.8 million and £3.6 million respectively.

Housing Revenue Account (HRA) Assumptions

- 13 The Scrutiny of the HRA budget and Business Plan has followed a similar process to that for the General Fund outlined above.
- 14 Prudent assumptions have been built into the HRA Business Plan although there are still a number of areas of uncertainty on which the Council are awaiting clarification from the Government including :
 - **High Value Council Housing (HVCH)** – The Chancellor's summer budget suggested local authority landlords will be forced to sell their highest value dwellings once they became void. The receipts generated, after allowing for some deductible expenditure and an estimate for associated debt would have to be handed back to the Government to compensate Housing Associations for the discounts associated with extending RTB to their tenants who hold assured tenancies. Latest indications are that HVCH payments to Government will now be based on a formula. The Council has created a contingency to fund this payment of £20 million over the next four years.
 - **Council Housing rent setting** - The Welfare Reform and Work Bill indicates that from April 2016 social housing rents must be reduced by 1% per year for 4 years from their 8 July 2015 position. This requirement has the effect of reducing the dwelling rent income assumed in the HRA Business Plan by £31m over the next 4 years. The Bill will receive its 3rd and final reading on 8th February after which, subject to any amendments it will receive Royal Assent. Within the final Bill there will be an amendment to allow the rent in respect of sheltered housing to be raised by up to CPI + 1%, a rise of 0.9%, which the Council is recommended to implement. There is no indication from the Government as to what rent increases will be allowed after the initial four years.
- 15 Other key assumptions in the HRA budget include:
 - **Debt Management Strategy**

The first £20m self- financing loan is due for repayment on 31 March 2021. Last year it was agreed that this payment would be deferred which would generate an initial saving of £20m offset by the additional annual interest cost of approximately £0.658m
 - **Responsive Repairs and Maintenance**

Within the four- year Medium Term Financial Strategy and the HRA Business Plan efficiency savings are assumed in the Council's Responsive Repairs budget. Allowing for uplifts a 5% reduction was implemented in 2013/14 with further annual reductions of 1.5% being applied up to a ceiling of 15%.
 - **Right To Buy**

Disposals of around 40 dwellings per year until 2021/22 are assumed due to the Government's re-invigorating Right to Buy initiative. An additional 5 properties per year from 2017/18 have been added reflecting the increased likelihood of council tenants who have to pay a market rent for their properties (under "pay to stay") instead choosing to exercise the right to buy.

- **Inflation and pay assumptions**

All the assumptions for pay inflation are the same as for the Council's General Fund.

- **Service Charges**

Service Charges for caretaking, cleaning, CCTV, communal areas etc. have been increased in line with the convergence formula in previous years. The Council agreed to remove any associated service charge limiter (credits) over a 4 year period limited to a maximum of £1/wk. It is estimated that this will deliver £50k of additional income by 2017/18 at which time the limiter will have been removed from all associated accounts.

Capital

- 16 The Council has set an ambitious Capital Programme for the next four years in excess of £132 million.
- 17 The preparation of the on-going Programme has undergone similar scrutiny to the other areas of the Council's budget with the Capital Asset Management Group also having an oversight of all new bids. Monitoring of delivery through the year will be undertaken by this group. Contingencies are included within individual schemes for variations in spend with any other variations outside these amounts being subject to the normal virement and supplementary estimate approvals set out in the Council's Financial Rules.
- 18 Financing of schemes within the Programme is predominantly through revenue, borrowing and capital receipts.

Adequacy of Reserves and Balances

- 19 The prudent level of reserves that the Council should maintain is a matter of judgement and cannot be judged merely against the current risks facing the Council as these can and will change over time.
- 20 The consequence of not keeping a prudent level of reserves can be significant. In the event of a serious problem, or a series of events; the Council could run the risk of a deficit and or be forced to cut expenditure in a damaging or arbitrary way.
- 21 CIPFA (Chartered Institute of Public and Finance and Accountancy) have stated that there should be no imposed limit on the level or nature of balances required to be held by an individual Council. However for a district council, where changes to a few areas can have a disproportionate impact, a higher percentage level of reserves to net expenditure is desirable.
- 22 The Council has maintained a reasonable level of reserves and working balances as a result of its prudent financial management. Working balances for both HRA

and General Fund are in the region of £3.6 million. They are unallocated and held specifically to cover unexpected adverse variations in the Council's financial position. Whilst the authority would be exceptionally unlucky to suffer adverse consequences from all major potential sources of risk in the course of a financial year by way of example a 10% reduction in car parking income represents around £800k and a similar percentage reduction in commercial rent income would represent around £600k reduced income. Similarly there are financial risks around increased costs of homelessness and loss of investment income and reduced external trading income.

- 23 In total the Council's reserves and balances are forecast to be in the region of £26,208 million at 31st March 2016 as shown in the Table 1 below. This is forecast to reduce significantly from the balance of £39.729 million at the beginning of the financial year as it is expected that the property fund £7.4 million, Westgate reserve £3.2 million and around £3.8 million of the capital reserve will have been spent in the financial year. A full schedule of reserves and balances is attached at Appendix A with an explanation as to their intended use and the anticipated position as at 1st April 2016 after forecast commitments have been funded in 2015/2016. A summary is shown below:

Table 1: Earmarked Reserves and Working Balances

Reserve Description	Balance 1/4/2015	Projected Balance 31- 03-16	Projected Balance 31- 03-17
	£000's	£000's	£000's
General Fund			
Earmarked Reserves	30,353	15,714	13,173
Working Balance	3,622	3,622	3,622
Sub Total	33,975	19,336	16,795
Housing Revenue Account			
Earmarked Reserves	458	0	0
Working Balance	4,000	4,000	4,000
Sub Total	4,458	4,000	4,000
Insurance Funds	1,296	1,400	1,500
Total	39,729	24,736	22,295

- 24 Earmarked reserves include:

- ring fenced accounts funded by third parties and which must be repaid if it is not use for the purpose specified, e.g.Salix Fund and much of the Grants Reserve
- reserves which have a statutory limitation on their use; such as the Taxi Licensing Reserve and the HMO Licensing Reserve

- accounts which it is considered prudent to set aside for a specific purpose such as the Insurance Fund
- committed but unspent budgeted amounts carried forward at the end of the Financial year to fund/complete specific projects

25 **General Fund Working Balance** - This is forecast to be around £3.622 million at 31st March 2016 representing 1.96% of gross general fund expenditure and 28.69% of net expenditure. This is considered by the Section 151 Officer to be the prudent minimum level to be held by this authority and over the Medium Term Financial Plan no further use of this reserve is forecast

26 **Housing Revenue Account Working Balance**– This is forecast to be £3.6 million at 31st March 2016 the prudent minimum level of working balance considered by the Section 151 Officer for this authority representing around 8% of gross rental income and 10% of gross expenditure.

Progress on the 2015/16 Budget

27 Budget monitoring for the half year ending 30th September 2015 presented to the City Executive Board in December on the General Fund indicated a forecast overspend of £0.136 million (1.08% of net expenditure) due to interest on investments not achieving as expected due to the base rate now increasing in line with expectations. However recent monitoring has indicated an improvement in this position with latest figures indicating an underspend in the order £400k. The Housing Revenue Account is expecting to be in line with original budget.

28 At year end an assessment will be made on the council's overall financial position and recommendations made to City Executive Board on the most appropriate use of any underspends.

Conclusion

29 I have reviewed the budget preparation process for 2016-17 to 2019/20 and the level of reserves and balances. The Council still faces significant financial uncertainty; with a number of areas of clarification required from the Government. On Housing, the rules around future rent rises after the first four years are uncertain and could have a material effect on the Council's HRA Business Plan going forward. The amount of levy required to pay for the High Value Council Housing Initiative is unknown and the Council has set aside an amount of £20million in a contingency as mitigation. On the General Fund, although the Government has given authorities an indication of Revenue Support Grant over the next four years this may be subject to change, New Homes Bonus is subject to consultation on reducing the amount of grant, which is not scheduled to finish until 12th March 2016 and therefore indicative figures given for later years will change. Additionally, we are aware that there will be changes to the methodology for the allocation of Business Rates Income for 2020 which will bring with it new burdens, all of which has yet to be clarified.

30 Despite the issues highlighted above the Council has undertaken a rigorous process in its budget setting for the Medium Term and more specifically I would conclude that:

- The process for the formulation of General Fund, HRA and Capital budgets, together with the level of challenge, provides a reasonable

assurance of their robustness.

- The approach which has been taken to those funding streams which are currently uncertain is prudent and puts the Council in a positive position to manage underlying pressures going forward.
- The level of contingencies provided for unachieved efficiency savings and income projections etc. is prudent. Almost half of the earmarked reserves relate to the funding of the Council's £56 million General Fund Capital Programme over the next four years.
- The level of the Council's total reserves is sufficient to provide:
 - A working balance to cushion the impact of unexpected events or uneven cash flows and
 - The setting aside of funds to meet known or anticipated liabilities (earmarked reserves).

Financial Implications

- 31 Pending their use, earmarked reserves and balances provide a useful source of revenue investment income for the authority estimated at £1 million for 2015/16 as well as being available for 'internally borrowing', thereby mitigating the costs of external borrowing.

Legal Implications

- 32 These are covered within the report

Risk Implications

- 33 An analysis of 'Key Risks' is shown in the main Budget report elsewhere on the agenda and should be considered before making any decisions upon the use of reserves.

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STATEMENT OF RESERVES AND BALANCES

Ref	Reserve Description	Balance	Projected Balance	Projected Balance
		31/03/2015	31-03-16	31-03-17
		£000's	£000's	£000's
General Fund Earmarked Reserves				
	Ring fenced accounts funded by third parties			
1	SALIX Energy Projects Reserve	251	200	200
2	Barton Reserve	71	-	-
3	Oxford Strategic Partnership reserve	39	30	30
49	Bob MK	6	6	-
	Reserves which have a statutory limitation			
6	Taxi Licence Reserve	160	100	100
7	Grants Reserve	1,061	500	500
8	HMO Licensing	9	10	10
9	Reserve for Land Charges	41	41	41
10	General Licensing Reserve	66	50	50
	Prudent to set aside for specific purposes			
12	Town Hall Equipment Reserve	20	20	-
13	Work Of Art Reserve	5	5	-
14	Shopmobility Reserve	14	14	14
15	Severance Reserve	1,258	1,500	1,500
16	IT Infrastructure Reserve	100	600	200
17	Repairs & Maintenance Reserve	179	0	-
18	Leisure Repairs & Maintenance	280	0	-
19	Business Transformation Projects	685	300	300
20	City Council Elections Reserve	10	60	60
21	Chief Executive's Fund	3	3	-
23	Capital Funding Reserve	14,690	8,115	6,853
25	Agresso Improvement Reserve	284	84	-
30	Ward Members Budget Reserve	65	-	-
31	Homelessness Reserve	1,000	800	800
32	Loan Guarantee Reserve	115	-	-
33	Lord Mayors Deposit Scheme	56	56	56
34	Home Choice Fund for single persons	31	31	-

36	Community Partnership Fund	360	200	200
37	Community and Neighbourhoods Reserve	163	150	150
38	Town Team Partners	10	10	-
40	Unlawful Dwellings Reserve	7	7	-
41	Westgate Redevelopment Reserve	737	-	-
42	Emergency Flood Reserve	357	357	357
43	Park and Ride - County Contribution to Maintenance	117	117	-
44	Organisational Development Reserve	433	0	0
48	Severe Weather Recovery Scheme	35	35	-
50	NNDR Retention Reserve	3,328	1,328	1,000
4	Economic Development Reserve	131	150	150
11	Cuttleslow Road Maintenance	2	2	2
22	Indirect Property Fund	401	500	600
24	Feed In Tariff Management Fee	2	-	-
26	Museum Development Reserve	3	3	-
27	Disabled Community Transport	50	-	-
28	Jobs Club	42	30	-
29	Oxfutures Reserve	300	300	-
35	Dry Recyclate Reserve	1,400	-	-
Committed unspent budgeted amounts				
45	Committed Projects Reserve	1,976	300	0
Self-Insurance Funds				
46	Self-Insurance Funds	1,296	1,400	1,500
Total General Fund Earmarked Reserves		31,649	17,114	14,673

General Fund Working Balance	3,622	3,622	3,622
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Housing Revenue Account Earmarked Reserves				
1	Committed Projects Reserve	205	-	-
2	IT Projects Reserve	129	-	-
3	IT Equipment Reserve	124	-	-
Total HRA Earmarked Reserves		458	-	-

Housing Revenue Account Working Balance	4,000	4,000	4,000
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Total Council Reserves and Balances	39,729	24,736	22,295
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General Fund Earmarked Reserves

- 1 The Salix Energy Projects reserve created from a grant made available via Salix. The fund is used to loan money to Service Areas within Oxford City Council. Services then utilise these funds to implement energy efficient schemes. Savings on energy costs are then used to repay the initial loan.
- 2 Barton – The balance of a Housing Communities Agency grant to fund set up costs in relation to the joint venture with Grosvenor for the development of housing at Barton.
- 3 Oxford Strategic Partnership – balance of Local Area Agreement / Breaking cycle of deprivation funding received in 2012/13
- 4 Economic Development Reserve – remaining balance of unspent budgets relating to City Deal
- 5 Improvement Efficiency Social Enterprise Grant Reserve – remaining balance of grant allocation from the Improvement and Efficiency Social Enterprise for Oxfordshire Procurement Hub has been spent in 2013/14.
- 6 The Taxis A/C reserve was created to manage the ring fenced taxi licensing cost centre. Surplus / deficits associated with this cost centre are collected and the balance is used to improve and / or address pressures within the Taxi Licensing area.
- 7 A reserve established under accounting convention to accumulated all unspent balances of grants received in the year pending their spend on projects including Oxfordshire Sports Partnership, Homelessness, Community Safety and flood prevention.
- 8 Houses in Multiple Occupation Licensing Reserve – Ringfenced licensing income in respect of HMO's to fund future service area expenditure.
- 9 The Reserve for Land Charges reserve collects the surplus / deficit associated with Land Charges. This is a ring fenced account; funds are used to improve the services/ address pressures associated with the Land Charges area.
- 10 General Licensing reserve – net surplus on the administration of licences
- 11 Cutteslowe Road Maintenance – funding for future maintenance required in Cutteslowe Road
- 12 The Town Hall Equipment reserve is used to fund new / replacement or repair of Town Hall equipment. The balance represents the net surplus of this cost centre year on year.
- 13 The Work of Art Reserve was created to aid the purchase or restoration of Council works of art.
- 14 The Shopmobility reserve was created to fund replacement or repair of Shopmobility equipment. Any under or overspend associated with the service is collected in this reserve account.
- 15 Severance reserve was created to cover any unexpected pressures related to employee costs e.g compensation for loss of office.
- 16 The IT Infrastructure reserve is used to fund IT Infrastructure replacement across the Council.
- 17 Repairs and maintenance – established from residual revenue balances to supplement the capital and revenue programme for repairs and refurbishment of council buildings
- 18 Leisure repairs and maintenance – established to fund repairs and refurb of leisure centres.
- 19 The Business Transformation reserve is a transitory account. At the year end budgets associated with transformation projects not yet completed are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.

- 20 The City Council Elections reserve is created from the budget surplus / deficit on the City Council Elections cost centre. City elections are held every 2 years and this reserve is used to fund additional costs in election year.
- 21 Chief Executives Fund – used for initiatives put forward by Chief Exec
- 22 Indirect Property Fund – To fund any shortfall in the value of indirect property funds
- 23 Capital Funding Reserve – created to fund capital expenditure.
- 24 Feed in tariff management fee – 15% Management Fee to reflect Environmental Development's work related to obtaining Feed in Tariff for the photovoltaics on Council assets.
- 25 Agresso Improvement Reserve – used to fund the implementation of modules on the Financial Management system
- 26 Museum Development Reserve – Funding to support the future development of the museum
- 27 Disabled Community Transport – to fund community transport for elderly persons
- 28 Jobs Club – funding to support the ongoing jobs club initiative
- 29 Oxfutures Reserve – to cover potential liabilities around the Oxfutures EU Grant
- 30 Ward members reserve – established to carry forward unspent balances of monies allocated to ward members
- 31 Homelessness – unspent budget and grant monies associated with homelessness.
- 32 Loan Guarantee Reserve – Created to fund potential shortfalls in recovery of loans to small organisations.
- 33 Lord Mayors Deposit - scheme to help people on a low income afford to move into private rented accommodation by issuing a Deposit Guarantee Bond to landlords.
- 34 Homes Choice funds – needed as top-up for bonds/deposits re Private Sector properties.
- 35 Dry Recyclate Reserve – Reserve to cover the cost of funding a waste transfer station included within the Councils Capital Programme
- 36 Communities Partnership Fund – Used in connection with community safety schemes
- 37 Community and Neighbourhood Reserve- includes ring-fenced project funding for Connecting Communities, Community Actions Groups and Wood Farm Community Centre.
- 38 Town Team Partners- grant to improve the High Street working with Local Businesses. Additional financial support for the City Council will be required to work up a scheme.
- 40 Unlawful dwellings reserve – established to cover revenue running expenses of enforcement against unlawful dwellings i.e beds in sheds
- 41 Westgate redevelopment reserve – established to fund the provision of temporary car parking following the demolition of Westgate multi story car park in relation to the redevelopment of the Westgate
- 42 Emergency flood reserve – established to cover the costs of flooding in the city
- 43 Park and Ride maintenance – monies in respect of maintenance of park and ride car parks
- 44 Organisational Development Reserve – This fund was set up in 11/12 to fund the Council's Partnership Payment and support the Council's organisational development aspirations, in particular the Corporate Plan objective of achieving IIP Gold.
- 45 Committed projects is a reserve relating to the carry forward unspent budgeted amounts from previous years for committed projects
- 46 The Self-Insurance Reserve is used to cover claim costs that are below the Council's insurance policy excess limit. The fund was subject to actuarial review in 2012/13 and will be adjusted in line with any recommendations flowing from it
- 48 Severe Weather Recovery Scheme – Grant to be used in connection with costs

- incurred by the council arising from flooding
- 49 BOB MK – Oxford City Council hosts a Planning Forum funded by subscriptions received from Local Authorities in Berkshire, Oxfordshire, Buckinghamshire and Milton Keynes. The budget is ring-fenced and any surpluses in year need to be carried forward to future years.
 - 50 NNDR Retention Reserve - Reserve created to cushion the effect on the of Business Rates appeals on the councils Retained Business Rates income

Housing Revenue Account Earmarked Reserves

- 1 The Committed projects reserve is for funding uncompleted projects at the end of the financial year
- 2 The IT Projects Reserve is to fund the HRA element of IT development projects
- 3 The IT equipment reserve is to fund future IT equipment purchased used specifically for HRA activity e.g. Housing Rents and Servitor job costing

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Liberal Democrat alternative budget proposals for 2016/2020.

Oxford residents do not feel they are consulted properly. They suffer from poor air quality in many parts of the city and there is a great need for more advice and support for many of our residents.

Our budget proposes extra funding for teaching English to residents for whom it is not their first language so they can play a full part in the life of the city. We will augment support for Asylum Welcome and for the Citizens Advice Bureau which is facing increased demand for its services due to the appalling Tory cuts to the welfare budget.

Consultation will be improved by having paper copies available in libraries and community centres for those who find using the website difficult. People will be alerted to developments near them by the reinstatement of the practice of delivering letters to neighbours.

The planning department is far from world-class – the Castle Mill flats fiasco, high turnover of staff, no flexibility to encourage the desperately needed key worker and other affordable private housing, long delays in processing planning applications. We propose the introduction of a new career grade for experienced planning officers to encourage them to stay. Affordable private housing would help to reduce the loss of staff.

Congestion and pollution are spoiling our city. We will fund a study into simplifying the charging at Park and Ride sites, introducing a one-charge system as in Cambridge – if it is easier and cheaper, more people will leave their cars rather than driving in. WE are increasing the capital bidet for cycling measurers to encourage more people to cycle.

The funds needed to provide these benefits come from reducing the size of the City Executive Board from ten to six; from developing shared back office functions with other authorities and increasing income from big commercial events and peak season hire of the Town Hall. A four-year electoral cycle reduces cost and makes for more long-term planning than the current two-year cycle.

It is not always recognised that inequality is actually greater within North Oxford than anywhere else in the city. Our capital proposals are aiming to redress this by supporting projects which benefit all who live there, some of whom feel that all investment goes to the deprived areas in the east. We propose to fund modest improvements at the Sunnymead play area in Cutteslowe, some work on Alexandra Park, the only green space in Summertown and a contribution towards a replacement pavilion facility at Five Mile Drive recreation ground.

These projects are funded by postponing the latest leisure project for Blackbird Leys, cancelling the unpopular and unnecessary biomass store at Cutteslowe Park and cancellation of the expensive and poorly performing solar compacting bin, plus a small reduction in the car park resurfacing budget.

Our proposals would provide a much more responsive and listening Council and help to spread opportunities for all across the city.

REVENUE

Lib Dem amendments to the consultation budget

REVENUE

£1000's

	2016/17 £000'S	2017/18 £000'S	2018/19 £000'S	2019/20 £000'S
Consultation Budget Net Budget Requirement	19,823	20,777	20,044	21,216
Changes since the consultation budget				
Sub total changes since consultation budget	30	201	745	(10)
Additional Savings proposed				
Investigate and implement shared back office facilities		(20)	(20)	(30)
Change to a four-year electoral cycle	(25)	(25)	(25)	(25)
Reduce CEB to 6 members	(28)	(29)	(30)	(31)
Remove £50k from disabled transport reserve	(50)			
Raise parking charges at Alex Courts to nearer Diamond Place rates	(10)	(10)	(10)	(10)
Increase income from large events, filming, peak season Town hall hiring	(5)	(8)	(10)	(10)
Reversal of revenue contributions to capital	(10)	(10)	(11)	(11)
Total additional savings proposed	(128)	(102)	(106)	(117)
Cumulative additional savings	(128)	(230)	(336)	(453)
Additional costs proposed				
Support increased ESOL teaching provision	20	20	20	20
Reinstate letters to neighbours about planning applications	30	45	45	45
Feasibility study to simplify charging at Park and Ride sites	20			
Grants to community associations for training	10	10	10	10
Increase grant to Asylum Welcome	10	10	10	10
New career grade for planning officers	20	25	25	25
Revenue contributions to fund capital	98	(5)	(123)	(25)
End charging for parking in Cutteslowe Park an hour earlier to match the CPZ hours	2	2	2	2
Provide paper copies of consultations at libraries and community centres	5	5	5	5
Increase grant to Citizens Advice Bureau	10	10	10	10
Total additional costs proposed	225	122	4	102
Net effect on budget in-year of proposals	97	20	(102)	(15)
Cumulative effect on budget	97	117	15	0
Budget transfer to/(from) reserves	(97)	(20)	102	15
Alternative Budget Net Budget Requirement	19,853	20,978	20,789	21,206
Financed By :				
Formula Grant and specific grants	(2,974)	(1,488)	0	0
Additional revenue support grant	125	(27)	(630)	0
Council Tax	(12,424)	(12,640)	(12,959)	(13,284)
Additional council tax from 1.5% to 1.75%		(31)	(64)	(99)
Retained Business Rates	(4,444)	(6,659)	(7,085)	(7,932)
Additional business rates	(136)	(133)	(51)	109
Total	(19,853)	(20,978)	(20,789)	(21,206)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	3,621	3,524	3,504	3,606
Transfer to/(from) balance	(97)	(20)	102	15
Working Balance 31st March	3,524	3,504	3,606	3,621

HRA

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2016/17 £000'S	2017/18 £000'S	2018/19 £000'S	2019/20 £000'S
Consultation Budget Net (operating income)/expenditure after appropriations	(4)	(98)	31	0
Changes since the consultation budget				
Additional income from sheltered accomodation rents	(27)	(27)	(27)	(27)
Additional sheltered accomodation service provision	27	27	27	27
Sub total	0	0	0	0
Additional Savings proposed				
1				
2				
3				
4				
Total additional savings proposed	0	0	0	0
Cumulative additional savings	0	0	0	0
Additional costs proposed				
1				
2				
3				
Total additional costs proposed	0	0	0	0
Net effect on budget in-year	0	0	0	0
Cumulative effect on budget	0	0	0	0
Budget transfer to/(from) reserves	4	98	(31)	0
Alternative Budget Net (surplus)/deficit	0	0	0	0
Financed By :				
Income				
Total	0	0	0	0
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	(3,501)	(3,505)	(3,603)	(3,572)
Transfer (to)/from balance	(4)	(98)	31	0
Working Balance 31st March	(3,505)	(3,603)	(3,572)	(3,572)
(surplus)/deficit	0	0	0	0

CAPITAL

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
CAPITAL

	2016/17 £000'S	2017/18 £000'S	2018/19 £000'S	2019/20 £000'S
CAPITAL PROGRAM AS PER CEB 17TH DECEMBER - General Fund	28,880	6,838	2,402	4,917
	22,168	24,452	17,858	17,946
Changes since the consultation budget				
Sub total changes since consultation budget	(8,957)	8,936	9,685	3,328
ADDITIONAL SPENDING PROPOSED				
Essential Health and Safety work to Cutteslowe park pond	71			
Work to improve Alexandra Park	10	20		
Contribution to new pavilion at Five Mile Drive	20			
Extend and improve Sunnymead Park Play area	30			
Increase cycling capital budget	20			
Remove biomass store			(53)	
Remove solar compacting bins			(50)	-25
Postpone BBLeys Leisure pavilion	(28)			
Reduce car park resurfacing budget	(25)	(25)	(20)	
Sub total	98	-5	-123	-25
REVISED CAPITAL PROGRAM	42,189	40,221	29,822	26,166

FINANCING				
FINANCING AS PER CEB REPORT 17TH DECEMBER	51,048	31,290	20,260	22,863
Changes since the consultation budget				
Sub Total changes since consultation budget	(8,957)	8,936	9,685	3,328
ALTERNATIVE BUDGET PROPOSALS				
Revenue contributions to fund capital	98	-5	-123	-25
Sub Total	98	-5	-123	-25
Total Financing	42,189	40,221	29,822	26,166

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Green Group Budget Amendment – Oxford City Council – February 2016

Introduction by Cllr Craig Simmons, Leader of the Green Group, Oxford City Council

It is impossible to consider this year's City Council budget in isolation. We have a National Government (this time Tory) cutting our Revenue Support Grant and finding ever more devious ways of extracting and retaining money from our Housing Revenue Account and Business Rates. We have a devastating County Budget from a minority Tory-run Council which, at the time of writing, hangs in the balance. The level of cuts to County services for the vulnerable is already impacting on our own service delivery and will continue to do so at an increasing rate.

The irony of a Council like Oxford – whose finances are relatively sound – yet whose citizens have a proud record of not voting in a single Tory – is not lost on this Group. But we must not be complacent. Although our Revenue Budget is in good shape, the Housing Revenue Account is a car crash – due mainly to Government policy changes but also to the £7m overspend against budget on the Tower Blocks Refurbishment. Either the Council's budgeting was way out or contract management was poor. Either way, we now have £7m less than expected to put into social housing and energy efficiency than we had planned. There appears to be very little Member oversight or scrutiny of individual capital projects – something needs to change.

I am perhaps in the unique position to independently comment on the budget. As Chair of Finance Panel, I helped shape the overall budget. The Panel's 24 recommendations were almost all accepted by CEB. As Leader of the Green Group, and with assistance from my colleague Cllr David Thomas, I also helped shape the Green Budget Amendment which tries to illustrate what more we believe the Council could and should be doing. It would be inconsistent of me not to support both.

You will have seen my report as Chair of Finance. Many Councils, including the County, could learn a lot from the way in which Oxford manages its budget. It is a tribute to those Councillors and Officers involved in the process that we have ended up with a budget around which there is 99% consensus. In fact, I would go as far as to say that such a high degree of consensus is essential if we are to present a united front against this austerity-obsessed, uncaring Government.

Nonetheless the Green Group does believe that, without impacting on the integrity of the base budget, we can tweak things to provide more money for homelessness (last year we ate into £200k of our homelessness reserves), more for our open bidding grants fund, provide a recirculating fund for new affordable housing, save community facilities whilst advancing our low carbon aspirations. As a Council we can, and must, also look forward – with ideas such as crowd-funding for new housing on Council-owned land and the establishment of a Council-run letting agency included in our amendment. As a Group, we strongly believe that the Council needs to keep innovating if we are to generate the revenues and income necessary to continue to provide the services that the residents of this great City deserve. Looking back, I am proud to say that a lot of the innovative ideas that the Council has successfully adopted started out in previous Green budget amendments.

We have shown in our budget amendment how we can generate some modest additional income but we have also included a relatively small (£1.5m) amount of capital borrowing (well within the £5m Capital Budget maximum borrowing limit set out by our S151 Officer). All this borrowed money is put into capital items which will generate a return – renewable energy and affordable housing for sale.

The Green Budget amendment is practical, affordable and innovative. I commend it to Council.

REVENUE

GREEN GROUP MENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2016/17 £000'S	2017/18 £000'S	2018/19 £000'S	2019/20 £000'S
Consultation Budget Net Budget Requirement	19,823	20,777	20,044	21,216
Changes since the consultation budget				
Additional New Homes Bonus	(3)	0	(1,900)	(1,800)
OLEV spend	16			
OLEV revenue grant	(16)			
Additional Revenue Contributions to fund capital	33	201	2,645	1,790
Sub total	30	201	745	(10)
<u>Additional savings proposed</u>				
late night licence levy	(25)	(50)	(50)	(50)
reduced special responsibility allowances for Councillors	(25)	(25)	(25)	(25)
additional revenue generation from trading activities, assets, fees & charges		(75)	(100)	(125)
phase in P&R increases 6 months earlier (incl. Seacourt extn)		(290)		
phase in other off-street parking increases 6 months earlier combined with review		(50)	(50)	(50)
extended online service delivery introduced year earlier			(126)	
capitalise costs of Grenoble Road planning	(560)			
return from solar panel installation on Council buildings (see Capital bid) @ 5%	(5)	(10)	(15)	(20)
Total additional savings proposed	(615)	(500)	(366)	(270)
Cumulative additional savings	(615)	(1,115)	(1,481)	(1,751)
<u>Additional costs proposed</u>				
fund 50% of beds at LFH (see corresponding capital bid) or homelessness	150	150	150	150
council run letting agency start up costs	50			
double size of Open Bidding Grants fund (3 years)	100	100	100	0
Additional/(reductions) in revenue contributions to fund capital	(230)	(542)	25	825
Explore crowd funding model for affordable housing (similar to Low Carbon Hub funding model)	25			
Prudential borrowing costs at 6% (£1.565m)	94	94	94	94
Total additional costs proposed	189	(198)	369	1,069
Net effect on budget in-year of proposals	(426)	(698)	3	799
Cumulative effect on budget	(426)	(1,124)	(1,121)	(322)
Budget transfer to/(from) reserves	426	698	(3)	(799)
Alternative Budget Net Budget Requirement	19,853	20,978	20,789	21,206

Financed By :				
Formula Grant and specific grants	(2,974)	(1,488)	0	0
Additional revenue support grant	125	(27)	(630)	0
Council Tax	(12,424)	(12,640)	(12,959)	(13,284)
Additional council tax from 1.5% to 1.75%		(31)	(64)	(99)
Retained Business Rates	(4,444)	(6,659)	(7,085)	(7,932)
Additional business rates	(136)	(133)	(51)	109
Total	(19,853)	(20,978)	(20,789)	(21,206)
(surplus)/deficit	0	0	0	0

General Fund Working Balance				
Working Balance 1st April	3,621	4,047	4,745	4,742
Transfer to/(from) balance	426	698	(3)	(799)
Working Balance 31st March	4,047	4,745	4,742	3,943

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
CAPITAL

	2016/17 £000'S	2017/18 £000'S	2018/19 £000'S	2019/20 £000'S
CAPITAL PROGRAM AS PER CEB 17TH DECEMBER - General Fund	28,880	6,838	2,402	4,917
	22,168	24,452	17,858	17,946
Changes since the consultation budget				
Sub total of changes since consultation budget	(8,957)	8,936	9,685	3,328
CHANGES PROPOSED				
25% cut in car parks resurfacing budget	(75)	(75)	(75)	(75)
Split Westgate public realm into two phases with second phase moved to reserve list		(567)		
EOCC additional funding to avoid sell-off of East Oxford Games Hall and Film Oxford				800
renewable energy fund for council buildings	100	100	100	100
invest to save in leisure - move to reserve list	(500)			
Recirculating fund for low cost eco-housing over Park & Rides (200 homes over 10 yrs + any crowd funding income)	1,000			
refurbish Lucy Faithful House	250			
capitalisation of Grenoble Road planning costs	560			
Sub total	1,335	-542	25	825
REVISED CAPITAL PROGRAM	43,426	39,684	29,970	27,016

FINANCING				
FINANCING AS PER CEB REPORT 17TH DECEMBER	51,048	31,290	20,260	22,863
Changes since the consultation budget				
Sub Total of changes since consultation budget	(8,957)	8,936	9,685	3,328
ALTERNATIVE BUDGET PROPOSALS				
Prudential Borrowing	1,565			0
Additional/(reductions) in revenue contributions to fund capital	(230)	(542)	25	825
Sub Total	1,335	-542	25	825
Total Financing	43,426	39,684	29,970	27,016

(surplus)/deficit 0 0 0 0

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MINUTES OF THE CITY EXECUTIVE BOARD

Thursday 11 February 2016

www.oxford.gov.uk



COUNCILLORS PRESENT: Councillors Price (Leader), Turner (Deputy Leader), Brown, Hollingsworth, Kennedy, Lygo, Rowley, Simm, Sinclair and Tanner.

OTHER MEMBERS PRESENT: Councillor Jean Fooks, Councillor Craig Simmons and Councillor Linda Smith

OFFICERS PRESENT: Peter Sloman (Chief Executive), David Edwards (Executive Director City Regeneration and Housing), Tim Sadler (Executive Director Community Services), Jackie Yates (Executive Director Organisational Development and Corporate Services), Lindsay Cane (Legal Services Manager), Caroline Green (Assistant Chief Executive), Stephen Clarke (Head of Housing and Property), Jane Winfield (Regeneration and Major Projects - Team Manager), Ian Wright (Service Manager Environmental Health), Julia Tomkins (Grants & External Funding Officer) and Catherine Phythian (Committee Services Officer)

163. APOLOGIES FOR ABSENCE

Apologies for absence were received from the Head of Financial Services.

164. DECLARATIONS OF INTEREST

The following declarations of interest were noted with regard to Minute item 173:

Cllr Price

Cllr Kennedy

Cllr Simm

Cllr Sinclair - Committee member, Headington Action

165. PUBLIC QUESTIONS

There were no public questions.

166. COUNCILLOR ADDRESSES ON ANY ITEM FOR DECISION ON THE BOARD'S AGENDA

Councillor Fooks addressed the Board on agenda item 19. Her comments are included in the minute for that item (190).

167. COUNCILLOR ADDRESSES ON NEIGHBOURHOOD ISSUES

There were no Councillor addresses on neighbourhood issues.

168. SCRUTINY COMMITTEE REPORTS

The Chair of the Scrutiny Committee noted the Board's responses to the recommendations of the Guest Houses Review Group and said that he would refer these to the next meeting of the Scrutiny Committee to enable a thorough consideration by members of the Committee and Review Group.

The Chair of the Scrutiny Housing Panel presented the report and recommendations on the Private Sector Housing Policy. She said that she was pleased to note that all 5 of the recommendations had been accepted by the Board. She said that the Panel were keen to ensure that the views of tenants were captured in the consultation and referenced the example of the Positive Futures work with young people. It was suggested that the consultation should involve the students unions for both universities. The Board noted that problems with parking, waste and bulky waste at HMOs remained emotive issues.

The following Scrutiny Committee reports and recommendations were considered as part of the substantive discussion of those items:

- Scrutiny Budget Review 2016 -17
- Capital Strategy
- Treasury Management Strategy
- Energy and Water Supply Procurement
- Corporate Plan
- Scrutiny Budget Review - suggested CEB response to recommendations

169. CORPORATE PLAN 2016/20

The Assistant Chief Executive submitted a report which detailed the results of the consultation on the draft Corporate Plan 2016 – 2020 and proposed its adoption.

The Assistant Chief Executive confirmed that the version of the Corporate Plan which would be submitted to Council had been fully fact-checked in light of the recent changes to local government finance and national policy.

The Board noted the Scrutiny Committee concerns regarding the low number of responses. The recommendation relating to the corporate success measures had been rejected because tenant satisfaction was already measured and the

proposed measure for new homes granted permission was outside the Council's control.

The City Executive Board resolved to:

1. **approve** the draft Corporate Plan 2016 -2020 as set out in Appendix 1; and
2. **recommend Council to resolve** to approve the draft Corporate Plan 2016 – 2020 and delegate authority to the Assistant Chief Executive to make minor textual/formatting changes to the Corporate Plan 2016 – 2010 in advance of formal publication.

170. MEDIUM TERM FINANCIAL STRATEGY 2016-17 TO 2019-20 AND 2016-17 BUDGET

Councillor Brown joined the meeting.

The Head of Financial Services submitted a report which presented the outcome of the budget consultation and seeks agreement to the Council's Medium Term Financial Strategy for 2016-20 and 2016-17 Budget for recommendation to Council.

The Executive Board Member Finance, Asset Management and Public Health presented the report. He thanked the Scrutiny Finance Panel for their contribution and recommendations. The Board agreed that the involvement of the Scrutiny Finance Panel was a welcome and productive part of the Council's budgeting process. He thanked the Head of Financial Services and his team for all their hard work in preparing the budget and noted that they had been accurate in their predictions concerning the Government's financial settlement.

He informed the Board that the Government's Final Finance Settlement announcements on 8 February 2016 together with the passage of the Welfare Reform and Work Bill through Parliament had necessitated the changing of two of the recommendations to Council as detailed in the supplementary report submitted to the Board.

In discussion the Board noted the following points:

Settlement Funding Assessment (SFA) – the forced reduction in funding over the period represented a significant challenge and it was to the Council's credit that services had been safeguarded

Retained Business Rates – this was an area of significant uncertainty and volatility

Revenue Support Grant four year funding settlement - the opportunity to bid for this funding was welcome but there was no guarantee that the income would be forthcoming. The Executive Board Member Finance, Asset Management and Public Health confirmed that he and the s151 Officer would refer any substantive considerations to the Board.

Capital programme – this would provide some buffer and delay/minimise any immediate adverse impact on the revenue budget; all schemes on the waiting list had been moved to the main capital programme

Efficiency savings – the management and administration reviews had delivered savings in the current year. There were two areas to consider for future efficiency savings:

- creating a more sustainable income from exploiting assets and commercial rents
- encourage the take up of more web-based transactions / payments

The Chair of the Scrutiny Committee presented the Finance Panel's recommendations on the budget noting that 18 of the 24 recommendations had been accepted. He urged the Board to consider the benefits of adopting a gross budget based approach in the future. With regard to the remaining 6 recommendations the Board noted the following responses:

- Recommendation 6 – Agreed in part but noting the environmental and planning considerations.
- Recommendation 8 – Agreed in part. The Board agreed in principle but ultimately it was not in the Council's control.
- Recommendation 9 – Agreed in part. The Board agreed in principle but did not think that the examples given were particularly representative of the point at issue.
- Recommendation 11 – Not agreed. There was no underspend in this area.
- Recommendation 16 – Not agreed. The Board would maintain a watching brief and meet its legal obligations.
- Recommendation 19 – Not agreed. The need for a programme based approach to capital works was less relevant for this Council because we retained a Direct Services function.

In conclusion the Board agreed to add an additional recommendation based on the proposal set out at paragraph 20 of the report: *It is recommended that the decision to join the Business Rates Distribution Group is delegated to the Section 151 Officer in consultation with the Executive Member for Finance and Asset Management and Public Health once business rates estimates for 2016-17 are known for all Districts within Oxfordshire.*

The City Executive Board resolved to recommend Council to:

1. **approve** the General Fund Budget Requirement of £19.853 million for 2016/17 and an increase in the Band D Council Tax of 1.99% or £5.55 per annum as set out in Table 8 and Appendices 1-4, representing Band D Council Tax of £284.52 per annum. The additional amount of £146k over the four year period to go towards the funding of the Council's General Fund Capital Programme;
2. **approve** the continuance of the Council's Council Tax Support Scheme (formerly Council Tax Benefit);

3. **approve** the Housing Revenue Account budget for 2016/17 of £43.487 million and a reduction of 1% (£1.06/wk) in social dwelling rents from April 2016 giving a revised weekly average social rent of £104.79 as set out in Appendix 4 for all Council dwellings other than sheltered accommodation. In respect of sheltered accommodation that a rent increase of 0.9% is applied (average £0.88 per week increase) generating an additional income originally proposed of £27,000 for one year to be used in full or in part for improvements in the provision of sheltered accommodation. Such changes will be subject to the Welfare Reform and Work Bill becoming law and no exemption being granted) but that in the event that an exemption or partial exemption is granted that the rent be increased in accordance with the terms of the exemption or partial exemption subject to notice being given to tenants of the proposed rent increase. In that event a further report will be made to CEB and Council detailing the consequential effect on the Housing Revenue Account budget
4. **approve** the Capital Programme for 2016-20 as set out in Appendix 6 subject to funding availability from 2017-18 onwards;
5. **approve** the Fees & Charges schedule as set out in Appendix 8;
6. **delegate** to the Section 151 Officer in consultation with the Executive Board Member for Finance, Asset Management and Public Health the decision to apply for the four year funding settlement and determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 13 and 17-18; and
7. **delegate** to the Section 151 Officer in consultation with the Executive Board Member for Finance, Asset Management and Public Health the decision to join the Business Rates Distribution Group once business rates estimates for 2016-17 are known for all Districts within Oxfordshire.

171. CAPITAL STRATEGY 2016-17

The Head of Financial Services submitted a report which presented the Capital Strategy 2016-17 for approval.

The Executive Board Member, Finance, Asset Management and Public Health presented the report and drew attention to the changes incorporated within the strategy:

- The explanation of what constitutes capital investment has been amended to include loans and grants to other organisations for capital purposes and the payment to the Government for the sale of High Value Council Housing
- Membership of the Capital Asset Management and Capital Board has been amended to reflect changes in organisational structure
- New freedoms around the use of capital receipts have been incorporated
- Given the financial pressures on the General Fund there is limited use of prudential borrowing to finance the General Fund Capital Programme

- The prudential borrowing that is planned is for specific projects which adhere to prudent financial criteria and hence do not result in increased ongoing revenue financial pressures
- The announcement of changes to the Housing Revenue Account, including the sale of High Value Council Housing, means that borrowing will be taken out to fund capital works on the HRA

The Chair of the Scrutiny Committee asked the Board to reconsider its rejection of the Scrutiny Finance Panel recommendation that an evaluation should be undertaken of how the Council could make best use of its grant funding for infrastructure at Oxpens. The Board noted that development was expected to be completed significantly before the 2027 deadline and that in fact contracts had to be let within five years. Alternative investment options were considered to be too high risk in the medium term but it might be possible to review the approach in about three to five years.

The Chair said that the Board and Scrutiny Committee involvement would be a key element in the on-going Oxpens development.

The City Executive Board resolved to:

1. **approve** the Capital Strategy 2016-17 attached at Appendix A.

172. TREASURY MANAGEMENT STRATEGY 2016-17

The Head of Financial Services submitted a report which presented the Council's Treasury Management Strategy for 2016/17 together with the Prudential Indicators for 2016/17 to 2018/19.

The Executive Board Member, Finance, Asset Management and Public Health presented the report and said that he was pleased to accept both the Scrutiny recommendations.

The Board discussed the uncertainty surrounding interest rate projections and noted that on an operational basis the officers were proactively looking for the best possible return on investment.

The City Executive Board resolved to recommend that Council resolves to:

1. Approve the Treasury Management Strategy 2016/17, and adopt the Prudential Indicators for 2016/17 – 2018/19 as set out in paragraphs 7 to 41, and Appendix 2;
2. Approve the Investment Strategy for 2016/17 and investment criteria as set out in paragraphs 21 to 38 and Appendix 1; and
3. Approve the Minimum Revenue Provision (MRP) Statement at paragraphs 11 to 20 which sets out the Council's policy on debt repayment.

173. GRANT ALLOCATIONS TO COMMUNITY AND VOLUNTARY ORGANISATIONS FOR 2016-2017

The Head of Community Services submitted a report which detailed the proposed allocation of grants to community and voluntary organisations through the Community Grants Programme.

The Executive Board Member, Culture and Communities presented the report and thanked the Grants & External Funding Officer and her colleagues for their continuing hard work in this area. She said that this programme was a good example of how the Council continued to work with the local community and voluntary sector to alleviate poverty and create a vibrant city for all residents. She said that the current political and economic climate meant the Council's grant programme faced increasing pressures and so it was essential that the grant applications were subject to a robust evaluation process.

She also thanked the Scrutiny Committee for its comments, noting the suggestions that the evaluation criteria might need to be reviewed in the future in the light of the wider economic climate and cuts to County Council services and also that consideration should be given to increasing the funding available through the "open bidding" element of the scheme.

Subject to Council subsequently agreeing the grants budget as set out in Table 1 of the report, the City Executive Board resolved to:

1. **Approve** the recommendations for the second year of a three year commissioning programme as listed in Appendix 1;
2. **Approve** the recommendations for the applications received to the grants annual open bidding programme as set out in Appendix 2; and
3. **Approve** the recommendation to delegate authority to the Executive Director for Organisational Development and Corporate Services in conjunction with the Executive Members for Customer and Corporate Services and Culture and Communities to allocate the residual unallocated funding (£20,000) in the Advice and Money Management commissioning theme.

174. GO ULTRA LOW OXFORD GRANT FUNDING

The Director Community Services submitted a report which sought the necessary budget approval and delegated authority to allow officers to deliver a project to address on-street electric vehicle charging.

The Board Member, Climate Change and Cleaner Greener Oxford presented the report explaining that as part of a £35m national programme to accelerate electric vehicle take up, the Council and its partners have been awarded £800k capital and £16k revenue funding by Office of Low Emission Vehicles (OLEV). He congratulated the Environmental Sustainability Team on their success in working with the County Council and BMW Group UK to secure the funding.

The Chair of Scrutiny said that the Scrutiny Committee held a thorough discussion with officers on the detail of the project and had suggested that officers should consider working with local car clubs to promote the scheme.

The City Executive Board resolved to:

1. **Grant project approval** for the on-street electric vehicle charging project referred to in this report;
2. **Authorise** officers to complete negotiations with OLEV with a view to the Council being appointed as the accountable body for, and receiving grant funding under, a funding agreement with OLEV; and
3. **Delegate** to the Director of Community Services, in consultation with the Monitoring Officer and Section 151 officer, the authority to enter into:
 - a. a grant agreement with OLEV;
 - b. appropriate agreements with our bid partners; and also with all third parties required to deliver the project subject to their being selected under an appropriate procurement process.

175. NEW LEASE AT PATHWAYS OXFORD, DUNNOCK WAY

The Director, Regeneration and Housing submitted a report which proposed that the new lease of the Pathways Workshop should be below market rent.

The Executive Board Member for Finance, Asset Management and Public Health presented the report and recommended it to the Board on the basis that this was another way in which the Council could support the work of the community and voluntary sector in the city.

The City Executive Board resolved to:

1. **agree** a new lease to be granted at the Pathways Workshop at below market rent; and
2. **delegate authority** to the Executive Director of Regeneration and Housing to vary these lease terms to accommodate any particular concerns raised by the parties where this is without prejudice to the Council's position.

176. SALE OF BRASENOSE FARM HOUSE SITE

The Head of Housing and Property submitted a report which sought approval of the sale of Brasenose Farmhouse and yard which is held as a General Fund investment asset.

The Executive Board Member for Finance, Asset Management and Public Health presented the report and recommended it to the Board.

The City Executive Board resolved to:

1. **Approve** the sale of Brasenose Farmhouse and yard on the basis of the valuation set out in Appendix 3; and
2. **Delegate authority** to the Executive Director for Regeneration and Housing to vary those terms on condition that the revised terms continue to represent the best consideration reasonably obtainable.

177. AWARD OF NEW CONTRACTS FOR BUILDING AND HOUSING MATERIALS

The Head of Direct Services submitted a report which detailed the arrangements for the award of new contracts for building and housing materials, specifically: plumbing and heating, gas spares, building materials, and electrical.

The Executive Board Member for Finance, Asset Management and Public Health presented the report and recommended it to the Board.

The City Executive Board resolved to:

1. **Grant delegated authority** to the Executive Director of Community Services in consultation with the Corporate Procurement Manager, to award new contracts to the suppliers of building and housing materials, specifically: plumbing and heating, gas spares, building materials, and electrical materials, as selected in accordance with the procurement process described in the report.

178. ENERGY & WATER SUPPLY CONTRACT PROCUREMENT APPROACH 2016 - 2020

The Head of Community Services submitted a report which sought approval for the approach to the procurement of energy and water for the period 1 October 2016 to 30 September 2020.

The Board Member, Climate Change and Cleaner Greener Oxford presented the report and recommended it to the Board. The Chair of Scrutiny said that the proposals had been reviewed by the Finance Scrutiny Panel and he was pleased to note that the Panel's two recommendations had been accepted by the Board.

The City Executive Board resolved to:

1. **approve** the use of the Kent County Council energy procurement framework via its trading arm LASER (the specialist public sector energy buying organisation) for a further four years (2016-2020) to procure the Council's energy contracts from October 2016 and water contracts from April 2017;
2. **approve** the continuation of the energy purchasing approach of:
 - a) a flexible contract for larger electricity and gas supplies
 - b) a fixed term fixed price contract for smaller quarterly billed supplies;

3. **delegate authority** to the Director of Community Services in consultation with the Head of Financial Services to select the most appropriate 'flexible energy contract basket' option; and
4. **approve** that, as part of the annual budget setting process, the Lead Member will determine the proportion of renewable energy purchased under the contract each year in consultation with the Head of Financial Services (S151 Officer) and Director of Community Services.

179. REPLACEMENT OF HOUSING SYSTEMS

The Head of Business Improvement submitted a report which sought project approval for the purchase of new Housing IT Systems.

Councillor Rowley, Executive Board Member for Housing presented the report explaining that this was a straightforward re-tendering exercise to deliver improved efficiency and new functionality.

The City Executive Board resolved to:

1. **grant project approval** for the tendering of the Council's housing systems; and
2. **delegate authority** to the Executive Director Organisational Development and Corporate Services to award the contract for new Housing IT System(s) on the basis of the most economically advantageous bid.

180. PRIVATE SECTOR HOUSING POLICY (PRE-CONSULTATION)

The Executive Director of Regeneration & Housing submitted a report which presented a draft Private Sector Housing Policy for discussion and amendment prior to public consultation.

The Board Member, Corporate Strategy and Economic Development presented the report and thanked officers for their work. He highlighted the following points:

- The Council's Award winning Additional HMO Licensing Scheme is a major plank in the Council's approach to regulating and improving some of the worst housing stock in Oxford. The Licensing Scheme will be maintained and further refined and improved, with a greater focus on unlicensed HMOs
- Regulation and Improvement of Continuing and extending the proactive work being carried out in the non-HMO rented sector to regulate and improve Dwellings Occupied by Families or Single Occupants
- Identifying and introducing a Selective Licensing Scheme to deal with poor management and property conditions and address anti-social behaviour associated with non-HMO privately rented properties
- Dealing with unlawful developments being used as substandard accommodation and ensuring that "beds in sheds" do not become an accepted feature of the PRS in Oxford

- Continuing to support some of the most vulnerable people in Oxford by providing facilities which enable them to live in their own homes with dignity, and provide support allowing them to get home from hospital
- Enabling funding for home improvements for owner-occupied properties in poor condition.

In discussion the Board noted that there was no single source of information on the numbers of privately rented properties in the city. Officers drew on a variety of data sources including census data and publicly available information from estate agents. For this reason the Board felt that the number of private rented properties in the city detailed in the report was probably understated.

The Board learnt that this scheme would seek to replicate the HMO licensing scheme and learn from that process. The consultation was part of the evidence gathering and a further report covering the results of the consultation and setting out the detailed arrangements for the scheme would be submitted later in the year.

The Board noted with concern the growing public misconception that the HMO licensing scheme had contributed to the increase in rents across the city. They agreed that this needed to be challenged and corrected. The Executive Director of Regeneration & Housing undertook to include a rebuttal statement as part of the consultation.

The City Executive Board resolved to:

1. **Approve** the draft Private Sector Housing Policy 2016 – 2019 for public consultation.

Councillor Turner left the meeting during consideration of this item.

181. EXTERNALLY LEASED HRA PROPERTIES - RENT SETTING

The Head of Housing and Property submitted a report detailing the basis for the charging of rent for externally leased HRA property to partner organisations as supported housing.

Councillor Rowley, Executive Board Member for Housing commended the report to the Board as it supported the objectives of the Housing Strategy by providing supported accommodation to vulnerable persons at affordable rents.

The City Executive Board resolved to:

1. **Agree** rent setting on the basis set out in paragraphs 5, 6 and 7 of the report.

182. ITEMS RAISED BY BOARD MEMBERS

No items were raised by Board Members.

183. MINUTES

The Board resolved to **approve** the minutes of the meeting held on 21 January 2016 as a true and accurate record.

184. MATTERS EXEMPT FROM PUBLICATION

The City Executive Board resolved to exclude the press and public from the meeting during consideration of the item in the exempt from publication part of the agenda in accordance with the provisions in Paragraph 21(1)(b) of the Local Authorities (Executive Arrangements) (England) Regulations 2000 on the grounds that their presence could involve the likely disclosure of exempt information as described in specific paragraphs of Schedule 12A of the Local Government Act 1972 and that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

185. SALE OF BRASENOSE FARM HOUSE SITE - CONFIDENTIAL APPENDIX

The Board received and **noted** the contents of the not for publication appendix to the report on the sale of Brasenose Farm House site (agenda item 14; minute 176).

186. EXTERNALLY LEASED HRA PROPERTIES - RENT SETTING - CONFIDENTIAL APPENDIX

The Board received and **noted** the contents of the not for publication appendix to the report on externally leased HRA properties (agenda item 19; minute 181).

The meeting started at 5.00 pm and ended at 6.40 pm