

Agenda

www.oxford.gov.uk



Finance Panel (Panel of the Scrutiny Committee)

Date: **Thursday 7 November 2013**

Time: **5.30 pm**

Place: **Barristers Room, Town Hall**

For any further information please contact:

Pat Jones, Principal Scrutiny Officer

Telephone: 01865 252191

Email: phjones@oxford.gov.uk

If you would like help to understand this document please call Pat Jones, Principal Scrutiny Officer or in advance of the meeting.

Finance Panel (Panel of the Scrutiny Committee)

Membership

Chair **Councillor Craig Simmons**

Councillor James Fry

Councillor Roy Darke

Councillor Jean Fooks

HOW TO OBTAIN AGENDA

In order to reduce the use of resources, our carbon footprint and our costs we will no longer produce paper copies of agenda over and above our minimum internal and Council member requirement. Paper copies may be looked at the Town Hall Reception and at Customer Services, St Aldate's and at the Westgate Library

A copy of the agenda may be:-

- Viewed on our website – mycouncil.oxford.gov.uk
- Downloaded from our website
- Subscribed to electronically by registering online at mycouncil.oxford.gov.uk
- Sent to you in hard copy form upon payment of an annual subscription.

AGENDA

PART ONE PUBLIC BUSINESS

Pages

1 **PANEL WORK PROGRAMME AND REPORT BACK ON RECOMMENDATIONS**

1 - 4

Pat Jones: Principal Scrutiny Officer will support the Panel with this debate.
Telephone: 01865 252191
Email: phjones@oxford.gov.uk

Attached is the Panel's work programme for the year along with a report back on recommendations made.

This agenda was scheduled to include Qtr. 2 spending but this is not available and will now be considered at the City Executive Board meeting on the 3rd. December. The next scheduled meeting of the Panel is 6th. February so to allow for scrutiny an additional meeting is needed. The only evening date available for this is 2nd. December. The Panel is asked how it wishes to proceed.

2 **QUARTER 2 2013/2014 TREASURY MANAGEMENT PERFORMANCE**

5 - 12

Officer: Anna Winship Financial Accounting Manager will support the Panel with this debate.
Telephone: 01865 252517
Email: awinship@oxford.gov.uk

The Finance Panel is the "proper scrutiny body" for the Treasury Management Strategy within the CIPFA code.

This report outlines outcomes within the Strategy at Qtr. 2. Any recommendations from the Panel will go to the City Executive Board on the 13th. November.

3 **CONTINGENCIES DETAIL 2008 TO DATE**

13 - 14

Nigel Kennedy – Head of Finance will support the Panel in this debate.
Telephone: 01865 252708
Email: nkennedy@oxford.gov.uk

As part of the information gathering for the up and coming budget scrutiny the Panel asked to see the detailed movement in contingencies from 2008 to date. This report outlines these details. Any outcomes will be considered as part of the budget review.

4 BUDGET REVIEW SCOPE AND TIMETABLE

15 - 18

Officer: Pat Jones – Principal Scrutiny Officer will support the Panel with this debate.

Telephone: 01865 252191

Email: phjones@oxford.gov.uk

At the last meeting of the Panel members asked the Chair, Councillor Simmons, to bring forward a scope and timetable for the scrutiny of the Medium Term Financial Strategy and budget.

The report attached outlines the Chair’s proposals.

5 MODELLED EFFECTS OF THE AGREED TRANSFER OF CASH AND ASSETS FROM THE HOUSING REVENUE ACCOUNT TO THE GENERAL FUND

19 - 42

Nigel Kennedy – Head of Finance will support the Panel with this debate.

Telephone 01865 252708

Email: phjones@oxford.gov.uk

At the last meeting Panel members asked to see the modelled effects of the transfer of assets and cash from the Housing Revenue Account to the General Fund.

Since making this request a paper outlining this has been considered and agreed at the Full Council meeting. This report is attached. The Qtr.2 budget spending will show the actual effect of this in the budget. As outlined in an earlier item, this will be available in December.

6 NOTES OF THE LAST MEETING

43 - 46

Notes of the meeting on the 6th. September 2013.

DECLARING INTERESTS

General duty

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you.

What is a disclosable pecuniary interest?

Disclosable pecuniary interests relate to your* employment; sponsorship (ie payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licences for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Declaring an interest

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest.

If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

Members' Code of Conduct and public perception

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member "must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself" and that "you must not place yourself in situations where your honesty and integrity may be questioned". What this means is that the matter of interests must be viewed within the context of the Code as a whole and regard should continue to be paid to the perception of the public.

*Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those of the member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

This page is intentionally left blank

Agenda Item 1

Dates	Agenda Items
6 th . September 5.00pm.	<ol style="list-style-type: none">1. Quarter 1 spending against budget.2. Treasury Management outturn 2012 – 2013.3. Quarter 1 2013 – 2014 Treasury Management performance.4. Panel work programme.
7 th . November 5.30pm.	<ol style="list-style-type: none">1. Quarter 2 spending against budget.2. Quarter 2 2013 – 2014 Treasury Management performance.3. Budget review scope and timetable.4. Contingencies detail 2008 to date.5. Modelled effects of the agreed transfer of assets from the Housing Revenue Account to the General Fund.
6 th . February 2014 at 6.00pm.	<ol style="list-style-type: none">1. Quarter 3 spending against budget.2. Quarter 3 Treasury Management performance.3. Draft Treasury Management Strategy 2014 - 2015

This page is intentionally left blank

Finance Panel Recommendations

Treasury Management – Qtr. 1		
Finance Scrutiny Panel – 6th. September 2013		
Recommendation	Outcome	Considered by
To raise the non-specified investment limits from their current levels and redefine what is grouped in this area to manage risk, in an effort to encourage investment diversity and higher rates of return.	Refused	City Executive Board 11 th . September
Wherever it provides for good value for money to consider using investment funds for internal borrowing in order to avoid prudential borrowing.	Noted this is already done	
Budget Spending – Qtr. 1		
Finance Scrutiny Panel – 6th. September 2013		
Recommendation	Outcome	Considered by
To express concern about the availability of resources to deliver the Capital Programme.	Noted – arrangements already being considered	City Executive Board 11 th . September
To reconsider the reporting of the Commercial Property rental measure using dates that align to produce a more accurate picture of performance.	Agreed	
That the City Executive Board bring forward their strategy for the provision of contingencies with the forthcoming medium Term Financial Strategy to the next meeting of the Panel in November.	Noted – will happen as part of the MTFS in December	

To: Executive Director of Organisational Development
and Corporate Services

Scrutiny Finance Panel

Date: 30th October 2013
7th November 2013

Report of: Technical Officer (Treasury Management & VAT)

Title of Report: Treasury Management Performance Report 2013/14

Summary and Recommendations

Purpose of report: To report on the performance of the treasury management function for 2013/14 to date.

Recommendations / Points to note:

- 1) **The performance of the treasury management function for the second quarter of 2013/14**
- 2) **The Investment Strategy for the remaining of 2013/14**
- 3) **Potential considerations for the 2014/15 Treasury Management strategy**

Introduction

1. This report has been prepared to cover the following:
 - The performance of the Treasury Management function for 2013/14
 - To outline the investment strategy for the remaining of 2013/14

Investment Performance 2013/14

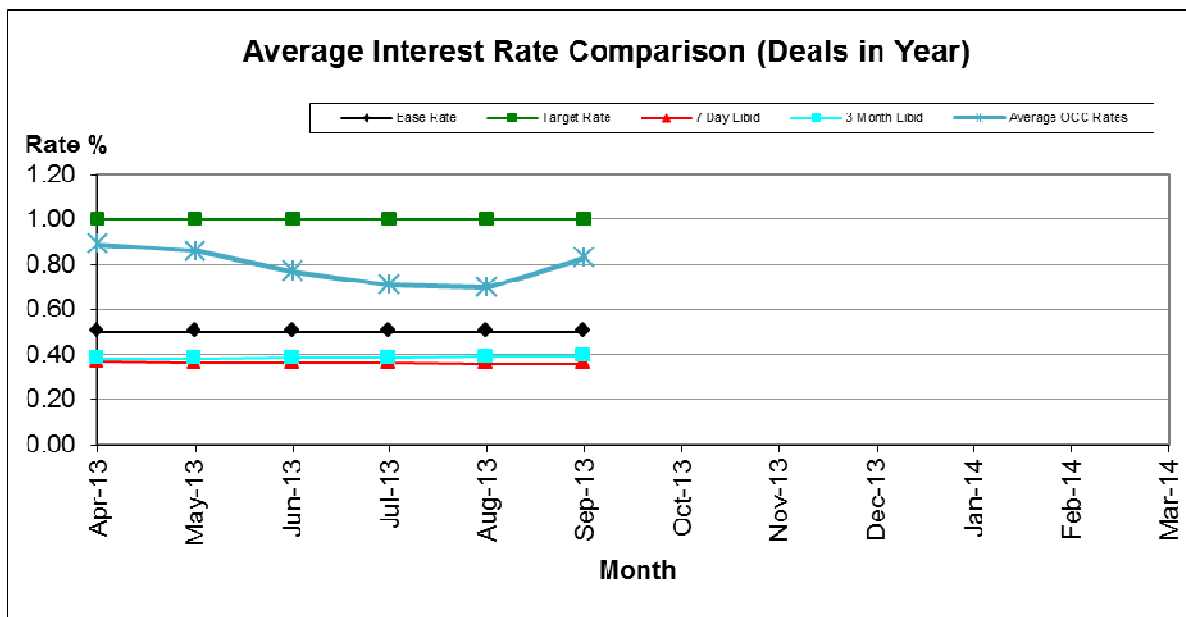
2. The cumulative average rate of return on investments to 30th September 2013 was 0.79%. The cumulative return has decreased due to higher rated, longer term investments being repaid and replaced by lower rated, longer term investments. This is below the treasury performance indicator target of 1%, being 50 basis points above the Bank of England's Base Rate (currently 0.50%).
3. The Council's investment balances have remained fairly constant over the second quarter of the financial year, averaging around £64m at the beginning of July 2013 and £63m at the end of September 2013. Overall cash balances have increased by 45% since March 2013; this is due to

slippages in the capital program and a deferral of expenditure, in addition to a transfer of £7m from the HRA to the General Fund.

- The amount of investment interest included in the Council's budget for 2013/14 is £460k, and we continue to predict that we will achieve this position.

Average Interest Rate Comparison Graph

- The graph below compares our in-house average rate of return for each month to the Bank of England's Base Rate and our benchmark interest rates:



- The graph shows that the Council's average monthly return is significantly above our benchmark interest rates and the Bank of England's Base Rate. It also shows that the monthly investment return dropped during the first quarter of the year, which was due to decreased market rates resulting in maturing loans being reinvested at a lower rate. However, the monthly return increased again towards the end of the second quarter and this was primarily due to the high yielding return achieved by the CCLA Property Fund.

Icelandic Investments

- In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £4.5 million deposited across 2 of these institutions, with varying maturity dates and interest rates.
- Original balances were £3m with Heritable and £1.5m with Glitnir. Heritable has repaid 94% of the initial deposit plus interest back and

continue to make repayments. We have also received over 80% of the initial deposit placed with Glitnir. The remaining balance is currently held in Iceland, under Icelandic law, and we are awaiting advice from Bevan Brittan and Local Government Association regarding our options on this matter.

9. The original terms and the amounts outstanding are shown in the table below:

Counterparty	Original Principal	Interest Rate	Maturity Date	Interest Received	Principal Repaid	Exchange Rate Loss	Total Repaid	Total Outstanding as at 30.09.2013
Glitnir	£1.5m	5.51%	28/01 2009	£81,172.63	£1,213,800.00	(£45,238.57)	£1,249,734.06	£350,577.94
Heritable	£1.0m	5.83%	09/12 2008	£4,805.45	£940,173.45		£944,978.90	£60,132.33
Heritable	£1.0m	6.04%	05/01 2009	£19,291.84	£940,173.45		£959,465.29	£61,054.16
Heritable	£1.0m	6.18%	30/04 2009	£11,779.73	£940,173.45		£951,953.18	£60,576.14
Total				£117,049.65	£4,034,320.35	(£45,238.57)	£4,106,131.43	£532,340.57

Interest Rate Forecast

10. The Bank of England's Monetary Policy Committee (MPC) has continued to maintain the official Bank Rate paid on commercial bank reserves at 0.50%.
11. The Council's Treasury Advisor, Capita Asset Services (formerly known as Sector), is currently predicting that the Bank of England's Base Rate will not rise before quarter 3 of 2016/17 (October 2016) which is later than forecast in the previous report.
12. Capita Asset Services has provided the following interest rate forecast:

	Q3 2013/14	Q4 2013/14	Q1 2014/15	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2017/18
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
10-yr PWLB Rate	3.30%	3.30%	3.30%	3.30%	3.40%	3.50%	4.20%	4.30%	4.40%	4.50%
25-yr PWLB Rate	4.60%	4.70%	4.80%	4.90%	5.00%	5.00%	5.00%	5.10%	5.10%	5.20%
50-yr PWLB Rate	4.50%	4.50%	4.50%	4.50%	4.60%	5.10%	5.10%	5.20%	5.20%	5.30%

Investment Balances as at 30th September 2013

A list of investments held as at 30th September 2013 is shown in appendix 1 of this report. At the end of quarter 2, we invested a further £2m with the CCLA property fund. No further Treasury Bills have been purchased and the ones reported in quarter 1 have since matured. Existing Certificates of Deposit are currently giving an average return of 0.48%; this rate has

increased as we have reinvested one Certificate of Deposit for a longer period, increasing the maturity period from 3 months to 6 months; this allows for a higher rate of return without increasing risk.

Property Funds

13. The total investment in the CCLA property fund currently stands at £3m. The initial £1m invested in the first quarter of the financial year produced a return of 6% per annum and it is expected that the fund will continue to achieve this rate on the total funds invested to date; the effects of this return will start to show in the average return over the coming months. The table below shows the number of units purchased in each tranche, along with the unit price at the end of each month. The unit price is re-valued on a monthly basis and reflects the value at which our share is held.

	No of units held	Price per unit	Value of Units	No of units held	Price per unit	Value of Units	Total Value of Units	Increase/Decrease of total portfolio	% increase of total portfolio
	1st Tranche purchased 30th April 2013			2nd Tranche purchased 30th Sept 2013					
2013									
April	447,507	2.2346	1,000,000				1,000,000		
May	447,507	2.2351	1,000,223				1,000,223	223	0.02%
June	447,507	2.2636	1,012,977				1,012,977	12,977	1.30%
July	447,507	2.2631	1,012,753				1,012,753	12,753	1.28%
August	447,507	2.2671	1,014,543				1,014,543	14,543	1.45%
September	447,507	2.2894	1,024,523	826,105	2.4210	2,000,000	3,024,523	24,523	2.45%

The Treasury Management Counterparty List

14. The approved current counterparty list provides limits of the amounts which can be placed with each counterparty. Whilst the Council works within this approved list from an operational day to day strategy, currently foreign banks are not utilised.
15. The Council's approved Treasury Management Counterparty List is based upon Capita Asset Services' recommended counterparty lending list. This list is determined by current counterparty credit ratings provided by the three main credit rating agencies and by changes to their credit default swap spreads. Officers review the lending list on a weekly basis, or more frequently if additional information is released.
16. All lending is also currently restricted to a maximum of three months to all other institutions, with the exception of other local authorities or semi-nationalised banks. No changes are required to the overall Investment Treasury Management Strategy as this change is at an operational level. The situation will continue to be reviewed.
17. The Council continues to hold its main bank account with the Co-op. Currently, the Co-op's long and short term credit ratings are BB- and B respectively, with a viability rating of bb- and support rating of 5. Although these ratings do not meet the strategy criteria, the bank account is used for

overnight transactional purposes only and no funds are held in the account on a longer term basis.

Borrowing

18. The Council's external debt as at 31st March 2013 was approximately £201.2 million. This includes approximately £198.5 million borrowed from the Public Work Loans Board (PWLB) to buy out of the Housing Revenue Account (HRA) subsidy system. The debt is held at fixed rates, with varying lengths of time before maturity. The debt is wholly related to Housing with the interest being met by the Housing Revenue Account. Restructuring and premature repayment of the old debt has been considered and ruled out because the Council would incur a large premium from PWLB as these existing debts are at very high interest rates.
19. The remaining balance of £889,040.60 of the Council's outstanding debt with South Oxfordshire District Council was repaid in full during the second quarter. (This related to the transfer of debt following boundary changes).
20. The Council continues to monitor borrowing interest rates and forecasts on a regular basis to ensure we are in a position to take on new external debt to fund the current Capital Programme commitments.

Treasury Management Strategy 2014/15

21. The proposed Treasury Management Strategy for 2014/15 will be submitted to Council in February 2014. The items outlined below are considerations which may be proposed:
22. The current strategy permits lending to Local Authorities and Police Commissioning bodies for a maximum of 364 days. However, by elongating the strategy beyond one year, the Council will be able to expand its investment opportunities. Interest rates are forecast to remain constant until 2016 and so committing to longer term investments should still look comparatively favourable in 3 years' time. Evidently, maturity limits for individual counterparties will be taken into consideration to ensure the security of the investment.
23. Recent monitoring of the holdings of the MMFs used by the Council suggests that they have exposure to similar counterparties. Therefore, if the Council were to consolidate its balances into one fund only, there will be no increased risk but potential for an increased yield if we can be "upgraded" into a higher share class.
24. In accordance with best practice advice from Capita Asset Services, the Treasury Management team will also look into the possibility of extending maturity limits with other counterparties on the approved list (i.e. banks and building societies).

25. On-going research into new counterparties that could be added/reinstated to the lending list will also be presented to Council for approval; expanding the list will not only allow for a greater spread of investments to enable us to deal with the increasing cash balances, but it will also serve to diversify our portfolio and spread the risk. It may also enable us to achieve higher returns on our investments.

Name and contact details of author:-

Name: Angela Turner

Job title: Technical Officer (Treasury Management & VAT)

Service Area / Department: Finance

Tel 01865 252739 e-mail: aturner2@oxford.gov.uk

Appendix 1

INVESTMENTS BALANCE AS AT				30-Sep-13							
TOTAL INVESTED(£)	GROUP INVESTMENT TAKERS	INVESTMENT TAKER & INVESTMENT REFERENCE	DATE INVESTED	AMOUNT (£) TO 364 DAYS	PURPOSE / COVERING	CURRENT RATE (%)	REDEMPTION DATE	AVAILABLE TO INVEST (£)	BROKER	Interest	
0	CO-OPERATIVE BANK PLC	CO-OP Public Sector Reserve A/c - 19	18-Apr-13	0	Cashflow Only	0.18%	-	500,000	Non Broker		
3,000,000	SKIPTON BUILDING SOCIETY	Skipton Building Society - 9986B	13-Sep-13	2,000,000	Cashflow	0.43%	13-Dec-13		Tradition		
		Skipton Building Society - 4A	02-Jul-13	1,000,000	Cashflow	0.43%	01-Oct-13		Tradition	2,144.11	
3,000,000	COVENTRY BUILDING SOCIETY	Coventry Building Society - 95	05-Jul-13	2,000,000	Cashflow	0.43%	07-Oct-13	0	ICAP		
		Coventry Building Society - 20A	16-Jul-13	1,000,000	Cashflow	0.43%	16-Oct-13		ICAP		
3,000,000	YORKSHIRE BUILDING SOCIETY	Yorkshire Building Society - 124	08-Aug-13	2,000,000	Cashflow	0.40%	08-Nov-13	0	Sterling		
		Yorkshire Building Society - 147	09-Sep-13	1,000,000	Cashflow	0.40%	09-Dec-13			2,016.44	
4,000,000	LOCAL AUTHORITIES	Leeds City Council	19-Sep-13	2,000,000	Cashflow	0.27%	19-Dec-13		ICAP		
		Newcastle City Council	12-Sep-13	2,000,000	Cashflow	0.28%	12-Dec-13		ICAP	1,346.30	
6,000,470	CERTIFICATES OF DEPOSIT	Standard Chartered Bank PLC	27-Sep-13	3,000,227	Cashflow	0.54%	27-Mar-14	3,999,530	King & Shaxson	1,396.16	
		Standard Chartered Bank PLC - 102	01-Jul-13	3,000,244	Cashflow	0.41%	18-Oct-13	10,000,000	King & Shaxson	8,034.03	
6,800,000	NATIONWIDE BUILDING SOCIETY	Nationwide BS - 9603F	03-Sep-13	2,000,000	Payment Runs	0.44%	03-Dec-13	3,200,000	Sterling	3,673.45	
		Nationwide BS - 9437H	10-Sep-13	2,000,000	Cashflow	0.44%	10-Dec-13		Tradition	2,193.97	
		Nationwide BS - 9828E	06-Aug-13	1,500,000	Cashflow	0.44%	05-Nov-13		R P Martin	2,193.97	
		Nationwide BS - 44A	13-Aug-13	1,300,000	Cashflow	0.44%	12-Nov-13		ICAP	1,645.48	
6,800,000	BARCLAYS BANK	Barclays Bank - 3A	02-Jul-13	2,000,000	Cashflow	0.450%	02-Oct-13		Non Broker		
		Barclays Bank - 9652E	13-Aug-13	1,800,000	Payment Runs	0.450%	15-Nov-13		Non Broker	2,268.49	
		Barclays Bank - 16	15-Jul-13	3,000,000	Cashflow	0.450%	15-Oct-13		Non Broker	2,086.03	
	PROPERTY FUNDS							10,000,000		3,402.74	
3,000,000	LOCAL AUTHORITIES' PROPERTY FUND (CCLA)		30-Apr-13	1,000,000						-	
			27-Sep-13	2,000,000						-	
9,000,000	LLOYDS BANKING GROUP	Bank of Scotland-93	04-Jul-13	3,500,000	Cashflow	1.01%	03-Jul-14	0	Non Broker		
		Bank of Scotland-9653B	13-Nov-12	1,300,000	Cashflow	1.90%	12-Nov-13			35,253.15	
		Lloyds TSB Bank - 9665A (7882577)	17-May-13	2,000,000	Cashflow	1.05%	16-May-14		Non Broker		
		Lloyds TSB Bank - 8	05-Apr-13	2,200,000	Cashflow	1.10%	04-Apr-14				
8,799,978	NATWEST CALL ACCOUNT	Natwest Liquidity Select Account - 13	11-Apr-13	2,000,000	Cashflow	0.25%	Instant Access	200,022	Non Broker		
	NATWEST TREASURY RESERVE ACCOUNT	Treasury Deposit - 14396982	30-Nov-12	6,799,978	Cashflow	1.58%	29-Nov-13		Direct		
9,700,000	MONEY MARKET FUNDS	GOLDMAN SACHS MMF - 166	26-Sep-13	1,820,000	Cashflow	-		10,300,000			
	MONEY MARKET FUNDS	IGNIS MMF - 9678	29-May-12	6,800,000	Cashflow						
	MONEY MARKET FUNDS	DB ADVISORS MMF - 9926	08-Jan-13	0	Cashflow	-	-				
	MONEY MARKET FUNDS	PRIME RATE MMF - 168	30-Sep-13	1,080,000	Cashflow						
	MONEY MARKET FUNDS	STANDARD LIFE MMF	FUND MERGED WITH DB ADVISORS AS OF 01/06/11								
63,100,448		TOTAL INVESTED		63,100,448							

11

administrator:
does not include E5k
Stamp Duty Reserve
Tax

Glossary of Terms:

Certificates of Deposit

Fixed rate, fixed term promissory note with a commercial bank

Property Fund

A portfolio of properties held for investment by a third party

Analysis of Contingencies, Working Balances and Ear-Marked Reserves 2009- 2014

	13/14				12/13				11/12				10/11				09/10			
	Budget £	Used YTD £	Balance £	To EMR £	Budget £	Used £	Balance £	To EMR £	Budget £	Used £	Balance £	To EMR £	Budget £	Used £	Balance £	To EMR £	Budget £	Used £	Balance £	To EMR £
Contingencies																				
Employee Inflation (Pay Inflation)	0		0		623,504		623,504	623,504	100,000		100,000	100,000	856,739	856,739	0		871,649	871,649	0	
Pensions provision top up	167,938		167,938		200,000		200,000	200,000	200,000	2,750	197,250	197,250	0		0		0		0	
NI 1% (less increase to lower threshold)	0		0		0		0	0	50,000	50,000	0	0	0		0		0		0	
Provision for pressures, recession and high risk savings	1,468,228		1,468,228	800,000	901,228	60,634	840,594	840,594	606,000	80,000	526,000	526,000	800,000		800,000		300,000		300,000	
Homelessness Contingency	400,000		400,000		650,000		650,000	650,000	300,000	34,000	266,000	266,000	0		0		0		0	
Redundancy costs contingency	250,000	239,113	10,887		750,000	541,976	208,024	208,024	500,000		500,000	500,000	0		0		0		0	
Severance Costs Amortisation	0		0		0		0	0	0		0	0	100,000		100,000		100,000		100,000	
Contingencies for Disabled Transport	50,000		50,000		0		0	0	0		0	0	0		0		0		0	
Contingency to cover concessionary parking at Ice Rink	0		0		40,000	10,139	29,861	29,861	45,000	1,000	44,000	44,000	0		0		0		0	
Youth Premises	0		0		20,000		20,000	20,000	10,000		10,000	10,000	0		0		0		0	
Olympic Contingency	0		0		30,000	30,000	0	0	0		0	0	0		0		0		0	
Total Contingencies	2,336,166	239,113	2,097,053	800,000	3,214,732	642,749	2,571,983	2,571,983	1,811,000	167,750	1,643,250	1,643,250	1,756,739	856,739	900,000	0	1,271,649	871,649	400,000	0

Working Balances	Open Bal	Transf In	Transf Out	Close Bal
2009/10	(2,867,730)	(1,202,009)		(4,069,739)
2010/11	(4,069,739)		1,255,607	(2,814,132)
2011/12	(2,814,132)		816,000	(1,998,132)
2012/13	(1,998,132)	(1,622,434)		(3,620,566)
2013/14	(3,620,566)	0	0	(3,620,566)

Ear-Marked Reserve Movements	Open Bal	Transf In	Transf Out	Close Bal
2009/10	(4,477)	(2,291)	2,722	(4,046)
2010/11	(4,046)	(3,673)	2,241	(5,478)
2011/12	(5,478)	(7,143)	1,871	(10,750)
2012/13	(10,750)	(9,727)	4,848	(15,629)
2013/14	(15,629)	(800)	6,564	(9,865)

Estimated Balance based on YTD position at Q2 (Sep13)

General Fund - Ear Marked Reserves 13/14						To Date 2013/14		2013/14	Availability/Plans to use
Account	Description	Directorate	Service Area	Responsible Officer	13/14 Opening Balance	Taken this year	Added to this year	Latest balance	
Z620127	Direct Services Project work (IT) (HRA related)		S24	V Craddock	-128,611			-128,611	Needed for upgrades etc to the Servitor system used by DS, together with the purchasing of hand held IT equipment used by Building Services.
Z750104	General Licensing Reserve	Comm Serv	S12	P Swaffield	-43,503			-43,503	New reserve created in 12/13 to be used going forward to fund the new General Licensing function
Z750107	Taxis A/C Reserve	Comm Serv	S12	P Swaffield	-197,671			-197,671	To be merged with General Licensing to create one Reserve - Going forward new reserve needs to fund 4 FTE's p/annum This is the residual balance associated with the DCLG Homelessness Grant received annually in previous years. A CEB report is approved at the beginning of each financial year allocating "in full" all the grant
Z750111	CLG Homelessness Grant	City Regen	S13	D Watt	-419,585			-419,585	
Z750114	IT Equipment Reserve (HRA)		S24	V Craddock	-124,719			-124,719	HRA
Z750118	Town Hall Equipment Reserve	Org Dev&CS	S33	M Molyneux	-24,410	24,410		0	To buy replacement equipment for the Town Hall , used as & when required
Z750119	Work Of Art Reserve	Org Dev&CS	S33	M Molyneux	-4,658			-4,658	Reserve for the works of Art in the Town Hall , not sure last time it was used, assume maybe for repairs?
Z750123	Shopmobility Reserve	Comm Serv	S23	A Wickens	-63,755			-63,755	This is a ring fenced reserve as donations are made to shopmobility from the general public
Z750133	Severance and HT Reserve	Corporate		P Swaffield	-1,670,455	500,000		-1,170,455	This will be used this year in year for Severance costs
Z750140	SALIX Energy Projects	Comm Serv	S12	P Swaffield	-309,881			-309,881	To be used for SALIX project expenditure
Z750141	SALIX Management Fee	Comm Serv	S12	P Swaffield	-7,859			-7,859	To be used to part fund Energy Assistant within ED
Z750143	IT Infrastructure Reserve	Org Dev&CS	S03	P Swaffield	-100,000	100,000		0	No plan as such, previous usage was to fund additional Capital IT Infrastrucutre spend - With IT backlog an issue, still required
Z750144	Repairs & Maintenance Reserve	City Regen	S14	J Marks	-178,853	178,853		0	To fund capital programme
Z750146	Reserve for Land Charges	City Regen	S11	J Marks	-41,547			-41,547	Needed to fund potential retrospective liabilities instigated by Land Search companies.
Z750147	Leisure Repairs & Maintenance	Comm Serv	S14	J Marks	-280,340	280,340		0	To fund capital programm
Z750148	Business Transformation Projects	Org Dev&CS	S02	P Swaffield	-886,402	580,601		-305,801	Balance of Current projects and an unallocated pot - current 13/14 balance however of unallocated is below £300k
Z750153	City Council Elections Reserve	Org Dev&CS	S34	J Marriott	-9,284			-9,284	Biannual elections
Z750154	Chief Executive's Fund	Org Dev&CS	S34	J Marriott	-3,486			-3,486	For funding Chief Executives initiatives
Z750159	Efficiency Reserve			P Swaffield	-100,000	100,000		0	Fund one off efficiency work
Z750159	Efficiency Reserve	Corporate		P Swaffield	-1,618,900	1,618,900	-800,000	-800,000	To fund the capital programme
Z750160	Grants Reserve	Various		J Marks	-902,458	640,243		-262,215	Grant monies received where conditions have been met, however restrictions are still in place.
Z750162	Org Dev & Corp Services - Carry Foward Reserve	Org Dev&CS		P Swaffield	-219,289	219,289		0	Balance of c/fwds from 10/11 - but mainly 12/13 approved c/fwds
Z750163	Community Services - Carry Forward Reserve	Comm Serv		P Swaffield	-405,134	21,149		-383,985	This includes the £150k Welfare Improvements to Marsh Road - The Project is now in the Planning Stage
Z750165	City Regeneration - Carry Forward Reserve	City Regen		P Swaffield	-45,000	177,055		132,055	Balance of c/fwds from 10/11 - but mainly 12/13 approved c/fwds
Z750167	Land at Barton reserve	City Regen	S14	J Marks	-136,937			-136,937	Identified to fund City Regeneration projects.
Z750169	HMO Licensing Reserve	Comm Serv	S12	P Swaffield	-346,768			-346,768	Ring-fenced for HMO scheme enforcement and licensing function -blance out over period
Z750170	Aggresso Improvement Reserve	Org Dev&CS	S03	J Marriott	-116,000	116,000		0	Required for fixed assets and income management implementation
Z750171	Car Parks maint/replace lamp columns	Comm Serv	S23	A Wickens	-15,834	15,834		0	This are the residual amounts from the committed orders at 31st March 2013, still waiting for SSE Contracting to complete.
Z750172	Westgate & Gloucester Green car park maintenance	Comm Serv	S23	A Wickens	-5,736			-5,736	This are the residual amounts from the committed orders at 31st March 2013 an can now be released as project finished.
Z750173	MS Office Reserve	Org Dev&CS	S03	P Swaffield	-20,000			-20,000	Balance of £73k reserve - used fo MS Office resource - to be released to fund final few months of contract in 13/14
Z750174	Procurement Hub Reserve	Org Dev&CS	S03	P Swaffield	-32,895			-32,895	Balance of Procurement Hub money received from other Local Districts
Z750175	IESE Grant Reserve	CHEX	S01	P Swaffield	-9,850			-9,850	To be released asap to fund
Z750176	Oxford Strategic Partnership Reserve	CHEX	S01	P Swaffield	-50,386			-50,386	Balance of LAA/ Breaking cyle of deprivation funding rec'd in 12/13 to be used mainly in 13/14
Z750178	Ward Members Budget Reserve	City Regen	S13	D Watt	-45,000	37,873		-7,127	This is now under Emma's area of responsibility.
Z750179	Homelessness Reserve	City Regen	S13	D Watt	-916,000	500,000		-416,000	purchase costs, together with other homelessness demands e.g. DHP, temporary accommodation etc. Difficult to say at this stage what
Z750180	Old Fire Station Loan Guarantee Reserve	City Regen	S14	J Marks	-115,000			-115,000	facility than originally planned.
Z750181	Lord Mayors Deposit	City Regen	S13	D Watt	-58,572			-58,572	Needed as top up for deposits/bonds re Private Sector Leasing properties. All is needed as it corresponds with outstanding commitments
Z750182	Home Choice fund for single persons	City Regen	S13	D Watt	-35,845			-35,845	Needed as top up for deposits/bonds re Private Sector Leasing properties. All is needed as it corresponds with outstanding commitments
Z750183	Rose Hill Demolition	City Regen	S13	D Watt	-338,616	338,616		0	funding for future capital projects.
Z750184	Committed Orders - DS 12/13	Comm Serv	S23	S Smart	-552,389	584,283		31,894	These were the committed orders that had not been received by 31st March 2013, these orders have now been
Z750185	Oxfordshire Total Refit Project (EU funding)	Comm Serv	S12	P Swaffield	-212,984	131,143	0	-81,841	Balance of European funding rec'd for OTR project - Ring fenced
Z750186	Community And Neighbourhood Reserve	City Regen	S13	D Watt	-140,127			-140,127	This is a carry forward of underspends from the previous year. I'm not aware that anything has been transferred this year to date. Need to check
Z750187	Community Safety Partnership Fund	Comm Serv	S12	P Swaffield	-368,909			-368,909	Previous Comm Dev - now under ED wing. Consists of previous funding from partners
Z750188	Town Team Partners	City Regen	S11	J Marks	-10,000			-10,000	Promoting the High Street. Not aware of any specific plans.
Z750189	Assets of Community Value	City Regen	S13	D Watt	-13,420			-13,420	Acquisition, creation, construction and/or maintenance of Community Assets. Not aware of any specific plans.
Z750190	Unlawful Dwellings Reserve	Comm Serv	S12	P Swaffield	-150,000			-150,000	New reserve created in 12/13 for new "beds in sheds" work lead by ED in conjunction with City Dev. To commence from Sept13
Z750191	Westgate Redevelopment Reserve	Comm Serv	S14	J Marks	-3,279,280			-3,279,280	Needed to fund Westgate car park obligations.
Z750192	Emergency Flood Reserve	Org Dev&CS	S34	J Marriott	-150,000			-150,000	created as a result of the Flood costs in 12-13
Z750200	Organisational Development Reserve	Corporate		P Swaffield	-722,811	399,887		-322,924	New reserve created in 11/12 for new Partnership payment agreement, balances from unspent contingencies loaded here. Payment for 2012/13 for
					-15,629,159	6,564,476	-800,000	-9,864,683	

To: Scrutiny Finance Panel

Date: 7th. November 2013

Report of: Scrutiny Panel Chair

Title of Report: Scrutiny Review of the Medium Term Financial Strategy (MTFS) 2015 to 2018

Summary and Recommendations

Purpose of report: To propose to the Panel an outline scope and timetable for review of the MTFS and budget for 2014 to 2018.

Key decision: No

Scrutiny Lead Member: Councillor Simmons

Policy Framework: Effective, Efficient Council

Recommendation(s):

1. Comment on and agree the focus for the scrutiny budget review.
2. Comment on and agree the process timetable.
3. Set dates for:
 - Initial discussion to identify extra information and questions.
 - 3 meetings with officers and Board Members (with alternatives).
 - Review and final questions.
 - Recommendations and report writing.

Introduction

1. At the last Panel meeting the Chair agreed to consider and propose a scope and timetable for the review of the MTFS and budget. This report contains those proposals.
2. The consultation budget and MTFS is schedule to be agreed at the City Executive Board (CEB) on the 11th. December 2013. These proposals are currently being developed via a review of all the grant assumptions, savings and efficiencies, challenges and pressures and reserves and contingencies agreed in the MTFS in February 2013.

3. The Panel Chair has discussed this process with the Head of Finance and is happy that outcomes are not likely to significantly change from that already agreed in the MTFS and reported to Council in September. The budget remains balanced over the life of the MTFS without the need for further major change. The proposal therefore is that the scrutiny review process begins once the consultation budget and MTFS is advertised for consultation. The exception to this is the review of contingencies and ear marked reserves and the forward method of allocating these. Information to begin the Panels consideration of this is included elsewhere on this agenda.

Scope and Timetable

4. The Chair recommends that the focus for the Panel is:
- Policy and schemes for allocating contingencies and ear marked reserves.
 - Assumptions for grants and corporate challenges.
 - Robustness of savings and efficiencies.
 - Estimates for current and new income streams.
 - Budget pressures and link to current spending.
 - All proposals within the HRA and Business Plan
5. The Chair recommends that the Panel follow the process used in previous years, the outline and timing of this process is detailed in the table below.

Stage	What happens	When
Data gathering and review.	Scrutiny Panel members consider the information provided in the consultation budget, budget monitoring for 13/14 and data on contingencies and decide: <ul style="list-style-type: none"> • Extra information required • Questions. Request to all Scrutiny Councillors to highlight issues for consideration by the Panel.	Between 4 th . December and the 18 th . December. The Chair requests that this process starts on the 16 th . December.
Organisation response.	Request for answers and information sent out to the organisation for response.	Questions out by 20 th . December.
Scrutiny review meetings with Board Members and Senior Officers.	3 meetings: <ul style="list-style-type: none"> • Executive Director City Regeneration and Housing plus appropriate Board Members. • Executive Director Community Services plus appropriate Board Members. 	Between 6 th . January 2014 and the 15 th . January 2014. Responses to questions requested to

	<ul style="list-style-type: none"> Executive Director Organisational Development and Corporate Services, Chief Executive and appropriate Board Members. <p>Information gathered and responses to question used as the basis for a discussion on budget proposals.</p>	be received no later than 3 days before these meetings.
Scrutiny Panel member review.	Review of information gathered and any final requests and questions identified.	Final requests and questions out by 24 th . January 2014.
Scrutiny Panel members draw conclusions and make recommendations.	Report is written around agreed conclusions.	24 th . January to 3 rd . February 2014.
Report out to Board Member for comment.	<p>Opportunity for Board Member to consider recommendations and make comment before consideration at the City Executive Board (CEB).</p> <p>Report also circulated to all Scrutiny Councillors for consideration.</p>	<p>3rd. February 2014 to Board Member.</p> <p>4th. February 2014 scrutiny report published on the CEB agenda.</p>
Presentation of Scrutiny Panel report to CEB.	Councillor Simmons presents report.	<p>12th. February 2014 CEB meeting.</p> <p>Council 19th. February 2014 meeting.</p>

6. This timetable does not allow the final report to go to the City Executive Board via the Scrutiny Committee. Instead it consults all scrutiny councillors at the questioning and recommendation stages. This is acceptable within the operational arrangements agreed by the Scrutiny Committee. It is likely that some councillors will want the process to include clearance through the Scrutiny Committee so to allow this to be fully discussed and agreed a discussion will take place at the Scrutiny Meeting on the 5th. November 2014.

Name and contact details of author:-

Name: Patricia Jones on behalf of the Chair of the Finance Scrutiny Panel
 Job title: Principal Scrutiny Officer
 Service Area: Law and Governance
 Tel: 01865 252191 e-mail: phjones@oxford.gov.uk

List of background papers: None

Version number: 1

To: City Executive Board
Council

Date: 11th September 2013
30th September 2013

Report of: Head of Finance

Title of Report: TRANSFER OF CASH AND ASSETS BETWEEN
HOUSING REVENUE ACCOUNT (HRA) AND
GENERAL FUND

Summary and Recommendations

Purpose of report: To seek approval to transfer assets from the HRA to the General Fund, together with a proportion of HRA cash balances.

Key decision: Yes

Executive lead member: Councillor Ed Turner

Policy Framework: None

Recommendation: That Council -

- 1) Transfers the non-dwelling assets identified in Appendix B with a net book value of around £18 million from the HRA to the General Fund.
- 2) Transfers with immediate effect, cash balances of £7 million from the HRA to the General Fund in order to fund future projects that achieve on-going General Fund savings

Appendix A – Transfer of Assets Financial Transactions
Appendix B – Schedule of assets

Background

1. Over the last few months officers have been undertaking initial work on the General Fund Medium Term Financial Plan and HRA Business Plan to review the assumptions contained within the plans agreed at Council in February 2013. In the light of recent Government announcements in regard to the Finance settlement for 2014-15 and 2015-16 and other financial pressures the General Fund Medium Term Financial Plan will be under considerable strain to continue with the delivery of its services going forward. As a result officers have been looking to identify initiatives which will create on-going savings to the benefit of the General Fund and the Council overall, whilst at the same time ensuring the continued delivery of all the Councils current priorities, with a view to reporting formally on both plans to Members in the budget round later on in the year. Two initiatives have been identified, one of which is time critical and requires approval by members before 1st October 2013.
2. This paper explains these proposals and sets out the financial implications for both the General Fund Medium Term Financial Plan and the HRA Business Plan.
3. The proposals are technical in nature and officers have been working with the Council's Treasury Management advisors, Sector Treasury Services Ltd and the external auditors; Ernst and Young to investigate the viability of:
 - Transferring non-dwelling assets in 2013/14, namely shops and garages from the HRA to the General Fund together with all the associated, management, income, expenditure, depreciation and Minimum Revenue Provision issues. This will bring certain financial benefits to the HRA and General Fund including an increase in the HRA borrowing headroom, of £17 million, equivalent to the value of assets transferred.
 - Transferring cash balances currently in the HRA to the General Fund by the 1st October 2013, to provide one-off assistance with the funding of future financial pressures in the General Fund.
4. This report sets out the advice received, processes to be followed, effect on the council's financial position and the risks associated with the transactions.

Transfer of Non-Dwelling Assets from the Housing Revenue Account (HRA) to General Fund (GF)

Power to Transfer Assets

5. The general power to appropriate (transfer) land is provided by Section 122 of the Local Government Act 1972. This provides that a principal council may appropriate for any purpose any land which belongs to them,

provided that the purpose for which it is to be used is one which they are otherwise authorised to undertake.

6. The power is subject to the land no longer being required for the purpose it was held immediately before the appropriation. In the authority's case, that purpose would be housing.
7. The land which the authority wishes to appropriate is not presently used for housing purposes but will in the past have received the specific consent from the Secretary of State to be accounted for in connection with the social housing provided by the authority in accordance with the provisions of Section 12 of the Housing Act 1985.
8. There has been encouragement in recent consultation papers for local authorities to consider carefully the items being accounted for within their HRA. In the case of such non-dwelling buildings, the benefit of usage has changed considerably since the initial accounting arrangements were approved largely as a consequence of the changes of tenancy/ownership arising from the Right to buy provisions of the 1985 Act which have resulted in the buildings no longer providing a benefit solely to the authority's council tenants. In addition a significant number of garages on council estates have been sold to private tenants
9. Section 19 (2) of the Housing Act 1985 which states that land other than that which consists of a house or part of a house may be appropriated for any purpose.
10. Like a number of authorities, including Epping Forest District Council, Corby Borough Council and Gravesham Borough Council the transfer of assets proposed in this report is predicated on the following principles:
 - Housing estates and garages are now of mixed tenure and are now no longer purely occupied by council tenants;
 - The Government's policy is that the HRA remains a ring-fenced account and should primarily be a landlord account, containing the income and expenditure arising from a housing authority's landlord functions; and
 - That the appropriations are equitable and fair to both tenants and council tax payers in the long run and provide a transparent apportionment of costs and income between the HRA and General Fund.
11. Paragraph 18.8 of the Council's Finance Rules requires full Council to agree transfers between the General Fund and HRA.

What assets are to be transferred?

12. The draft 2012/13 Statement of Accounts discloses the net book value of non-dwelling assets as at 31st March 2013 in the Councils HRA as £18.56 million. Additionally there are 4 service tenanted properties which are now administered by the HRA which it would seem reasonable to transfer from

the General Fund to the HRA with a net book value of £0.563 million. The net value of the transfer to the General Fund is in the order of £18 million broken down as follows:

	£million
a) Other Land and Buildings	17.985
b) Infrastructure and Community Assets	0.066
c) Surplus assets	0.469
d) Investment properties	0.040
e) Properties transferred in from General Fund	(0.563)
Total	17.997

13. This consists of 134 shops, 2,602 garages and parking spaces, and a number of other assets including land and substations; the details of which are included in **Appendix B**.

14. The detailed financial transactions to facilitate the transfer are set out in **Appendix A** with a summary shown in Table 1 below:

Table 1 - Summary of Financial Transactions		
Transaction	On-going Effect on General Fund	On-going Effect on HRA
	£000's	£000's
Garages	(657)	657
Shops	(488)	488
Depreciation	0	(417)
General Fund Dwellings	37	(37)
Minimum revenue provision	417	0
Additional Interest charges	(630)	630
Net Increase (decrease)	(1,291)	1,291

15. The credit to the General Fund and associated charge to the HRA of £630k in respect of additional interest relates to the cost of internal borrowing to the HRA. Under previous Subsidy Regulations the interest rate was based on a consolidated interest rate that charged internal borrowing at the 3 month LIBID rate, currently approximately 0.56 %. LIBID is effectively an investment rather than borrowing rate and its application has resulted in a dis-benefit to the General Fund in terms of reimbursement of costs over a number of years. Since subsidy no longer applies this anomaly should be rectified and a more realistic long term borrowing rate used. A more equitable rate would be the 25 year PWLB maturity rate currently around 4.50%. At some stage, probably in around 10 years, the HRA Business Plan will have sufficient resources to repay this debt at which time the interest credit to the General Fund will reduce.

Comments from Sector Treasury Services Ltd and Ernst and Young

16. The Council's treasury management advisors, Sector Treasury Services Ltd and the Council's external auditors, Ernst and Young have commented on the proposed transaction as follows:

- **Sector Treasury Management Ltd (Sector)**
Sector have supported the transaction and advised on the implementation
- **Ernst and Young (EY)**
One of the key points for EY is to ensure that 'the properties are no longer required for the purpose for which they were held immediately prior to the appropriation'. The Council's rationale is laid out in paragraph 10 above and fulfils this requirement.

Transfer of Credit Balance from HRA to General Fund

17. Schedule 4 Part III paragraph 2 (1) of the Local Government and Housing Act 1989 provides:

“A local housing authority to whom no HRA subsidy is payable for any year may carry the whole/part of any credit balance shown in the HRA for that year to the credit of some other revenue account of theirs”

18. Whilst this clause primarily relates to those authorities that undertook stock transfer under the old subsidy system, since self-financing on 1st April 2012 no authority with retained housing stock has been in receipt of Housing Subsidy and authorities are able to use this provision to transfer credit balances from the HRA to the General Fund.
19. The proposal is to transfer a sum of £7 million from the HRA to an earmarked reserve in the General Fund to be used on projects to create on-going future financial benefits.
20. Advice from the Head of Law and Governance indicates that Schedule 4 Part III paragraph 2 referred to above will be amended on 1st October 2013 by virtue of the Localism Act 2011 (Commencement Order No 9) such that it will no longer be in force in England (but will in Wales). Any cash transfer must, therefore, take place prior to the 1st October 2013.
21. Officers have sought the views of both the Council's treasury management advisors, Sector Treasury Services Ltd and external auditors, Ernst and Young who have advised the following :
- **Sector Treasury Management Ltd**
Sector have referred to the Local Government and Housing Act 1989, Schedule 4, Part III, Paragraph 2 which the Council is relying on to make the transfer and advised that in their opinion the Council may rely on this clause to effect the proposed transfer.
 - **Ernst and Young**
The Council's auditors have advised that they are 'not minded to challenge the statutory basis for the proposed transfer'.

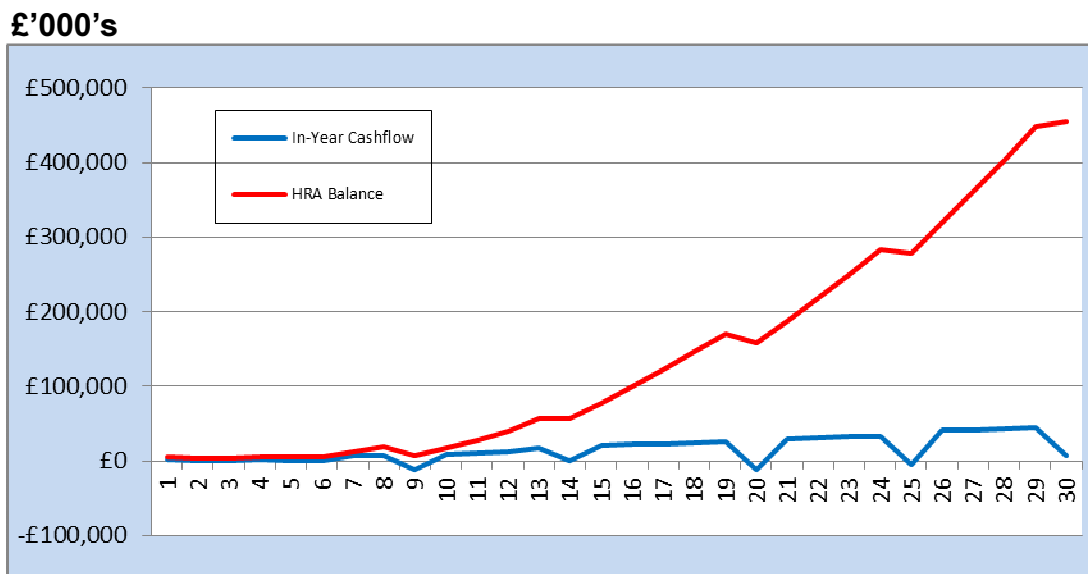
Financial Implications on General Fund MTFP and HRA

22. Whilst a full refresh of the HRA Business Plan will be undertaken and submitted to Members as part of the Budget Process in December some initial work has been undertaken to update key assumptions included within the Plan agreed by Council in February 2013 to determine the impact on the HRA of the proposed changes. Key assumptions updated include :
- **Rent increase** – the original plan assumed a rent increase in accordance with the rent convergence formula i.e. $RPI+0.5\%+\pounds2$, (RPI being 2.6% in September 2012) with convergence expected in 2018. However recent announcements from DCLG suggest that the rent convergence element of the formula, (the additional $\pounds2$) will be scrapped and that inflationary increases of $CPI+1\%$ will be applied from 2014/15 rather than the current $RPI + 0.5\%$. The updated HRA Business Plan assumes CPI at 2.1% (average CPI since 1997) i.e. rent increases of 3.1%. This change reduces on-going rental income in the Business Plan by around $\pounds600k$ per annum, although clearly this could change depending on the way CPI is calculated and its future level.
 - **Property disposals** –Based on 9 right to buy disposals to date, the figure allowed for in the plan has been reduced from 78 per annum to 20 per annum.
 - **Bad Debt provision** – The bad debt provision in the original business plan is considered overly prudent with arrears at less than 2% of the debit. The provision has therefore been reduced from $\pounds0.5$ million to $\pounds0.4$ million.
 - **Tower block refurbishment program** changed from $\pounds10$ million spread over 8 years to inclusion of a budget of $\pounds16$ million with completion of the programme in 4/5 years.
 - **New build-** The authority made provision within the original business plan of $\pounds60$ million for new build housing. The latest projection of spend on new build, primarily Barton, is $\pounds38$ million for the purchase of approximately 350 properties.
23. In addition the following assumptions continue to be allowed for in line with original assumptions;
- The removal of the service charge limiter by $\pounds1$ per week.
 - Efficiency gains on capital works and responsive repairs by Direct Services.
 - The delivery of 112 new build dwellings under the Affordable Housing Program.
 - The continuation of the adopted policy on self-financing debt redemption.
24. Table 2 below reflects the impact on HRA balances of the asset transfers highlighted in para 12 above, a one-off transfer of $\pounds7$ million using the

provisions highlighted in para 17 above and the assumptions as set out in paras 21 and 22 above. The plan indicates that both transfers can be undertaken without materially impacting the HRA's strategic objectives and maintaining balances at a prudent level in excess of £3.5 million.

Table 2 - Summary of HRA Working Balances					
	2013/14	2014/15	2015/16	2016/17	Total
	£'000	£'000	£'000	£'000	£'000
Original Business Plan	5,670	4,459	9,074	5,944	25,147
Revised Business Plan	3,534	3,619	4,837	5,036	17,026
Variance	2,136	840	4,237	908	8,121

- 25 In the longer term these changes in the working balances escalate over the 30 year period after year 9 following completion of the Barton scheme which is illustrated in the graph below :



- 26 The graph indicates that HRA working balances (the top line) will rise to around £450 million by year 30 having completed all current new build housing schemes in the programme, ongoing annual refurbishment of existing council dwellings of around £7 million per annum, tower block refurbishment and repayment of approximately £120 million of debt repayments.

Increase in HRA Headroom

- 27 The transfer of assets proposal (£18 million) creates an equivalent increase in the HRA borrowing headroom. The Council currently has borrowing headroom of £19 million. Rules governing appropriation of assets requires an adjustment to the HRA Capital Financing Requirement hence borrowing headroom will increase to around £37 million. This will give the council additional opportunity for capital investment in its housing stock meeting the objectives of the housing strategy. This could include:
- Up to 350 new build council houses
 - Retrofitting of existing stock with energy improvements to reduce tenants energy costs and increase fuel efficiency
 - Expansion of the Council's Great Estates program
 - Creation of an Oxford Homes standard beyond Decent Homes
 - Extensions to void properties to help meet overcrowding need

Implications for the General Fund Medium Term Financial Plan

- 28 A full refresh of the Council's Medium Term Financial Plan will be undertaken and submitted to Members as part of the Budget cycle in December, initial work has been undertaken on updating several key assumptions included within the Plan presented at Council in February 2013, to determine the implications of recent Government announcements and the financial effect of the proposed changes.
- 29 Changes to original assumptions include:
- **Revenue Support Grant** -Taking account of the changes to Revenue Support Grant (RSG) on which the Government is currently consulting for 2014/15 and 2015/16 and reducing RSG to zero in equal instalments between 1/4/2016 and 1/4/2020.
 - **Blackbird Leys Pool** -Deferring the management saving on the pool by 6 months as a consequence to the late start on site
 - **New Homes Bonus** -Top slicing New Homes Bonus by 20% from 2015/16 and deleting New Homes Bonus and Revenue contributions to capital by 2017/18, the final year for which the first round of NHB was guaranteed
 - **State Pension Changes** - Inclusion of additional £400k per annum from 2016/17 being the estimated financial implications associated with the proposed second state pension changes in 2016.
 - **Council Tax** - Increasing Council tax by 1.99% for 2014/15 and 2015/16 from 1%.included within the original plan
 - **Contingencies**- contingency adjustment to allow for savings achieved in 2012/13
- 30 The above changes give rise to a shortfall in the Medium Term Financial Plan of around £1.8 million in 2015/16 rising to a £6.5 million on-going deficit by 2020.
- 31 The transferring of assets outlined above would improve this position by around £1.3 million on-going. The transfer of the £7 million would need to

be applied so as to create on-going revenue savings to the Council in a similar manner to the transfer of assets. Officers are currently looking at a number of proposals to achieve an ongoing saving to the General Fund.

Financial Implications

- 32 The proposals set out above for the asset transfers and cash transfer between the HRA and the General Fund are legal and financially viable for both the HRA and the General Fund. Whilst there is an opportunity cost to the HRA it is important to note that the Housing Revenue Account can still meet all the Council's current strategic Housing objectives.
- 33 The transactions improve the Council's overall financial resilience, facilitate the protection of services and are therefore of benefit to all residents of the City.
- 34 An added value of the proposals is that due to the accounting arrangements there is an increase in the head room for HRA borrowing by an amount equivalent to the value of the transfer of around £18 million, effectively doubling what the Council already has. This will provide additional resources to the Council and enable it to undertake works to the benefit of the HRA suggested in paragraph 27 above.

Legal Implications

- 35 These are set out within the body of the report

Equalities Implications

- 36 The proposals will be of benefit to council tax payers in Oxford City and will help safeguard jobs and services provided by the General Fund.

Risk Implications

- 37 There is a risk that DCLG will introduce legislation retrospectively to repeal Schedule 4 Pat III para 2 from 1st April 2013. In this instance the Council would not have the power to transfer the HRA cash balances (£7m) as proposed.

Contact Officer:

Nigel Kennedy
Head of Finance
Telephone number 01865 252708
Email: nkennedy@oxford.gov.uk

Background papers: None

FINANCIAL EFFECTS OF THE TRANSFER OF ASSETS FROM HRA TO GENERAL FUND

Transaction	On-going Effect on General Fund	On-going Effect on HRA	Note
	£000's	£000's	
Garages			
Income	(974)	974	1
Planned Works	143	(143)	
Garage Management Team	174	(174)	
Shops			
Income	(634)	634	2
Planned Works	91	(91)	
Shops Management Team	55	(55)	
Depreciation non-dwellings	0	(417)	3
General Fund Dwellings			4
Income	40	(40)	
Revenue Repairs	(3)	3	
Minimum revenue provision	417	0	5
Interest charges	(600)	600	6
Net Increase (decrease)	(1,291)	1,291	

Notes

- 1 We have a stock of 2,602 garages that generate annually rental income of approximately £0.974 million.
- 2 There are 134 HRA commercial shops that generate annually rental income of £0.634 million.
- 3 Accounting convention requires a charge to be made to the HRA for depreciation based on the valuation of the asset and its useful life. Transferring assets to the General Fund will result in a saving to the HRA in respect of depreciation in the order of £417k and since depreciation charges are reversed out in respect of general fund assets there will be an overall saving to the Councils revenue position of the same amount.
- 4 There are 4 dwellings with a value of around £500k currently accounted for in the council's General Fund. These relate to previous service

tenancy properties at various depots and cemeteries etc. It is considered that these, as they are now managed by Tenancy Services within the HRA, be transferred to the HRA i.e. appropriated the other way to the proposed garages and HRA commercial property transfers.

- 5 Minimum Revenue Provision. - Accounting convention requires the Council to set aside an amount from revenue for the repayment of debt based on its MRP Policy set out in its Treasury Management Strategy which charges MRP on new capital expenditure, where financed by Prudential borrowing, based on the estimated life of the asset being purchased. Prudential borrowing increases the Councils underlying need to borrow for capital purposes, known as its Capital Financing Requirement (CFR). Whilst there is no overall increase in the CFR, simply a change between the HRA and the General Fund CFR, it is up to the authority to decide on the amount of MRP to charge.
- 6 Interest charges on internal borrowing– The HRA has internal borrowing (the difference between actual debt and underlying need to borrow for capital purposes or CFR as it is known, of around £24 million. This is currently being financed by the General Fund and has remained unchanged following self-financing. Under previous arrangements there was a statutory requirement for the amount of interest charged to the HRA for this borrowing to be calculated using a consolidated interest rate that included an element at the 3 month LIBID rate, currently approximately 0.56 % which has resulted in a disbenefit to the general fund in terms of its reimbursement of costs over a number of years. The 3 month LIBID approach was recognised by CIPFA as wholly inequitable when considering the manner of accounting for loan interest costs. The reason being that just because the authority happens to decide to finance internal borrowing from its own resources for a temporary or longer term period, the HRA should not necessarily benefit from this from an artificially low interest rate being used. Accordingly it is suggested that the amount of General Fund investment income earned in respect of this £24 million loan to the HRA should be at a more equitable long term borrowing rate currently around 4.53%, 25yr PWLB Maturity rate.

This page is intentionally left blank

land adj 146 Morrell Avenue, Oxford OX4
land north of Whitworth Place, Canal St, Oxford OX2
land adj 1-4 Baltic Wharf, Marlborough Rd, Oxford OX1
open space at r/o 3 & 5 Tyndale Rd, Iffley, Oxford OX4
open space north of Whitworth Place, Canal Street, Jericho, Oxford OX2

Community Assets total NBV

Misc. Amenity Land	55,000.00
Misc. Amenity Land	11,219.10
Misc. Amenity Land	0.00
Misc. Amenity Land	0.00
Misc. Amenity Land	0.00

66,219.10

Infrastructure Assets

access land to school, south-west of 52-74 Horspath Road, Oxford OX4

Infrastructure Assets total NBV

Unadopted Roads	100.00
-----------------	--------

100.00

Other Land & Buildings

Public Conveniences, r/o 4-7 Marlborough Close, Cowley Rd, Littlemore, Oxford OX4

Public Conveniences	18,600.00
	115,500.00

Jubilee 77 Community Centre, 46 Sorrel Road, Oxford OX4 5SL
Horspath Depot 2 (Oxford City Council Housing Works), Horspath Road, Oxford OX4 2QT
1a Catherine Street, Oxford OX4 3AQ
9 Albert Street (convenience store), Jericho, Oxford OX2 6AY
11 Atkyns Road (Woodfarm Post Office), Headington, Oxford OX3 8RA
13 Atkyns Road (pharmacy), Oxford OX3 8RA
15-19 Atkyns Road, Oxford OX3 8RA
21 Atkyns Road (bakery), Oxford OX3 8RA
3 Atkyns Road (off-licence), Oxford OX3 8RA
5 Atkyns Road (pet shop), Oxford OX3 8RA
7 Atkyns Road (takeaway food), Oxford OX3 8RA
9 Atkyns Road (hairdressers), Oxford OX3 8RA
Balfour Road Post Office, 69 Balfour Road, Oxford OX4 6AG
71 Balfour Road (funeral directors), Oxford OX4 6AG
73 Balfour Road (butchers), Oxford OX4 6AG
75 Balfour Road (convenience store), Oxford OX4 6AG
37 Barns Road (beds & bedding), Oxford OX4 3QY
39 Barns Road (convenience store), Oxford OX4 3QY
41 Barns Road (newsagents), Oxford OX4 3QY
43 Barns Road (fishing tackle), Oxford OX4 3QY
45 Barns Road (dog grooming), Oxford OX4 3QY

Community Centres	
Depots & Workshops	1,997,371.16
Garage	40,850.00
Housing Estate Shops	34,453.33
Housing Estate Shops	40,420.00
Housing Estate Shops	43,000.00
Housing Estate Shops	116,960.00
Housing Estate Shops	39,560.00
Housing Estate Shops	43,000.00
Housing Estate Shops	43,000.00
Housing Estate Shops	45,580.00
Housing Estate Shops	43,000.00
Housing Estate Shops	48,160.00
Housing Estate Shops	45,580.00
Housing Estate Shops	49,020.00
Housing Estate Shops	49,020.00
Housing Estate Shops	49,020.00
Housing Estate Shops	39,560.00
Housing Estate Shops	52,460.00
Housing Estate Shops	70,430.44

47 Barns Road (hairdressers), Oxford OX4 3QY	Housing Estate Shops	46,440.00
49 Barns Road (hairdressers), Oxford OX4 3QY	Housing Estate Shops	52,460.00
49 Bellenger Way (convenience store), Kidlington, Oxfordshire OX5 1TR	Housing Estate Shops	115,320.00
100 Blackbird Leys Road (pharmacy), Oxford OX4 6HS	Housing Estate Shops	51,614.08
102-104 Blackbird Leys Road (convenience store), Oxford OX4 6HS	Housing Estate Shops	134,136.01
106 Blackbird Leys Road (bookmaker), Oxford OX4 6HS	Housing Estate Shops	57,634.08
108 Blackbird Leys Road (bakery), Oxford OX4 6HS	Housing Estate Shops	50,754.08
110 Blackbird Leys Road (takeaway food), Oxford OX4 6HS	Housing Estate Shops	54,194.08
94 Blackbird Leys Road (hairdressers), Oxford OX4 6HS	Housing Estate Shops	50,754.08
96 Blackbird Leys Road (financial advisors), Oxford OX4 6HS	Housing Estate Shops	52,474.08
Blackbird Leys Post Office, 98 Blackbird Leys Road, Oxford OX4 6HS	Housing Estate Shops	59,354.08
1 Girdlestone Road (car accessories), Oxford OX3 7LZ	Housing Estate Shops	43,000.00
3 Girdlestone Road (laundrette), Oxford OX3 7LZ	Housing Estate Shops	46,440.00
5 Girdlestone Road (takeaway food), Oxford OX3 7LZ	Housing Estate Shops	49,020.00
7 Girdlestone Road (convenience store), Oxford OX3 7LZ	Housing Estate Shops	47,300.00
Headington Quarry Post Office, 50 Gladstone Road, Oxford OX3 8LJ	Housing Estate Shops	97,180.00
2 Grays Road (convenience store / flat), Oxford OX3 7QA	Housing Estate Shops	67,080.00
4 Grays Road (hairdresser / flat), Oxford OX3 7QA	Housing Estate Shops	74,820.00
104 Horspath Road (after school tuition) Oxford Oxfordshire OX4 2QT	Housing Estate Shops	38,700.00
96-100 Horspath Road (newsagent), Oxford OX4 2QT	Housing Estate Shops	59,956.65
1-3 Kendall Crescent (community store / post office), Oxford OX2 8NE	Housing Estate Shops	161,100.00
5 Kendall Crescent (electronics shop) Oxford OX2 8NE	Housing Estate Shops	49,880.00
7 Kendall Crescent (hairdressers) Oxford OX2 8NE	Housing Estate Shops	50,740.00
9 Kendall Crescent (GP) Oxford OX2 8NE	Housing Estate Shops	81,700.00
11 Knights Road (takeaway food), Oxford OX4 6HU	Housing Estate Shops	47,300.00
7 Knights Road (takeaway food), Oxford OX4 6HU	Housing Estate Shops	52,460.00
9 Knights Road (bookmakers), Oxford OX4 6HU	Housing Estate Shops	42,140.00
49 St Nicholas Road (newsagent), Oxford OX4 4PN	Housing Estate Shops	42,140.00
51 St Nicholas Road (electrician), Oxford OX4 4PN	Housing Estate Shops	43,000.00
53 St Nicholas Road (convenience store), Oxford OX4 4PN	Housing Estate Shops	41,280.00
55 St Nicholas Road (taxi services), Oxford OX4 4PN	Housing Estate Shops	42,140.00
57 St Nicholas Road (dentist), Oxford OX4 4PN	Housing Estate Shops	41,280.00
69 St Nicholas Road (GP), Oxford OX4 4PN	Housing Estate Shops	35,260.00
23 The Oval (newsagent), Oxford OX4 4SE	Housing Estate Shops	60,200.00
24-25 The Oval (convenience store), Oxford OX4 4SE	Housing Estate Shops	104,060.00

10-14 Underhill Circus (convenience store), Oxford OX3 9LU	Housing Estate Shops	143,200.00
2 Underhill Circus (takeaway food), Oxford OX3 9LU	Housing Estate Shops	26,660.00
Underhill Post Office, 4 Underhill Circus, Oxford OX3 9LU	Housing Estate Shops	24,940.00
6 Underhill Circus (pharmacy), Oxford OX3 9LU	Housing Estate Shops	24,940.00
8 Underhill Circus (former IT training), Oxford OX3 9LU	Housing Estate Shops	24,940.00
43 Westlands Drive (fishing tackle), Oxford OX3 9QS	Housing Estate Shops	43,260.00
45 Westlands Drive (kitchen fittings), Oxford OX3 9QS	Housing Estate Shops	34,400.00
47 Westlands Drive (off licence), Oxford OX3 9QS	Housing Estate Shops	43,000.00
49-51 Westlands Drive (greengrocer), Oxford OX3 9QS	Housing Estate Shops	63,640.00
53 Westlands Drive (pharmacy), Oxford OX3 9QS	Housing Estate Shops	43,000.00
55 Westlands Drive (takeaway food), Oxford OX3 9QS	Housing Estate Shops	49,640.00
57 Westlands Drive (hairdressers), Oxford OX3 9QS	Housing Estate Shops	43,000.00
59 Westlands Drive (restaurant/takeaway), Oxford OX3 9QS	Housing Estate Shops	38,700.00
61 Westlands Drive (newsagent / Post Office), Oxford OX3 9QS	Housing Estate Shops	43,000.00
Land at 23 Desborough Crescent, Rose Hill, Oxford, OX4 4UB	Land (site of former CD)	65,000.00
Land at 41 Desborough Crescent, Rose Hill, Oxford, OX4 4UB	Land (site of former CD)	65,000.00
Land at 51 Desborough Crescent, Rose Hill, Oxford, OX4 4UB	Land (site of former CD)	65,000.00
Land at 22 Lenthall Road, Rose Hill, Oxford, OX4 4UX	Land (site of former CD)	65,000.00
Land at 19 Wynbush Road, Rose Hill, Oxford, OX4 4TZ	Land (site of former CD)	65,000.00
Land at 80 Asquith Road OX4 4RJ	Land (site of former CD)	110,000.00
garden land adj 65 Abingdon Road, Oxford OX1	Land	25,000.00
garden land r/o 8 Angelica Close, Oxford OX4 6PT	Land	250.00
site of 6x garages r/o 62 Balfour Road, Oxford OX4 6AH	Land	12,000.00
access land adj 35 Barns Road, Cowley, Oxford OX4 3QY	Land	750.00
garden land adj 12 Bulrush Road, Oxford, OX4 6PU	Land	3,125.00
site of St Lukes Church, Canning Crescent, Oxford OX1 4XB	Land	84,000.00
access land btwn Crowberry Road & Harebell Road, Oxford OX4	Land	50.00
garden land (4 plots), r/o 1-17 Cumberland Road, Cowley, Oxford OX4 2BZ	Land	800.00
garden land r/o 93 Divinity Road, Oxford OX4 1LN	Land	0.00
site of The Royal British Legion Club, Edgecombe Road, Oxford OX3 9HA	Land	1,000.00

garden land adj 4 Flaxfield Road, Oxford OX4 6QD	Land	500.00
access land r/o 301-315 Iffley Road (adj 26 & r/o 2-80 Howard Street), Iffley, Oxford OX4	Land	100.00
Maltfield Road Nursery, St John Amb HQ Westlands Drive, Oxford OX3	Land & Structure	48,880.00
grazing land at Marston Saints Football Club, Marsh Lane, Headington, Oxford OX3	Land	3,750.00
Orchard Way RG, Littlemore, Oxford OX4	Land	60,000.00
garden land r/o 1-7 Hendred Street & 20 Oxford Road, Iffley, Oxford OX4 2DS	Land	600.00
garden land r/o 2-6 Littlehay Road & 20 Oxford Road, Iffley, Oxford OX4 2DS	Land	600.00
garden lane r/o 21 Pegasus Road, Oxford OX4 6DS	Land	2.00
garden land r/o 44 Rivermead Road, Oxford OX4 4UE	Land	590.00
site of clubhouse adj 45 Sandy Lane, Oxford OX4 6AN	Land	13,000.00
site of Oxford And District Indoor Bowls Association Ltd, Sandy Lane West, Oxford OX4 6NA	Land	98,000.00
parking land adj 32 Sawpit Road, Oxford OX4 6BE	Land & Structure	21,500.00
garden land r/o 36-60 Ulfgar Road, Oxford OX2	Land	50.00
garden land r/o 32 Van Diemens Lane, Littlemore, Oxford OX4 3QD	Land	5.00
access land r/o 57 Rymers Lane, Cowley, Oxford OX4 3JY	Land	400.00
strip of land r/o 62-114 East Avenue, Oxford OX4	Land	17,000.00
site of 50 Blackbird Leys Road (Dentist), Oxford OX4 6HP	Land	49,000.00
land r/o 116 The Slade, Headington, Oxford OX3	Land	4,850.00
land r/o 29 Cumberland Road, Cowley, Oxford OX4 2BZ	Land	1,800.00
garden land adj 16 Gentian Road, Oxford, OX4 6QE	Land	10.00
60 Ashurst Way (Rose Hill & Donnington Advice Centre), Oxford OX4 4RF	Office Buildings	
		139,120.00
parking spaces adj Abbey Place/ Paradise Square, Oxford OX1	Off-Street Car Parks	850,000.00
flats at Sunnymead Court, 55 Jackson Road, Oxford OX2	Land	100.00
site of 29-37 Rivermead Road, Oxford OX4 4UE (self-build houses)	Other Housing	
	Property	7,500.00
site of 146-186 Sandy Lane, Oxford OX4 6LQ (self-build houses)	Other Housing	
	Property	78,000.00
1 Stratford Street, Oxford OX4 1SP (hostel)	Other Housing	
Old Community Centre, Westlands Drive, Oxford OX3 9QY (store)	Property	516,668.95
	Other Housing	
	Property	11,000.00
city wide Garages & Parking Areas - 2,328 (see below for breakdown)	Other Housing	
	Property	8,620,944.05
39-61 Rivermead Road, Oxford OX4 4UE (self-build houses)	Other Housing	
	Property	1,800.00

site of Hurdis House, Cowley Road, Oxford OX4 1XE (retirement home)	Land	58,000.00
site of 34 St Michael's Street, Oxford OX1 2EB (hostel)	Land	50,000.00
Chaundy House, 26-64 Halliday Hill, Oxford OX3 9PX	Residential Homes	
		361,500.00
site of Butler House, Ashhurst Way, Oxford OX4 4RD (flats)	Land	76,000.00
Electricity Substation Gerard Place (r/o Cowley Police Station, Oxford Rd), Cowley, Oxford OX4.	Utility Sites	7,500.00
Electricity Substation adj 17 Pony Road (Horspath Rd Industrial Estate), Oxford OX4	Utility Sites	100.00
Electricity Substation btwn 16-18 Barton Village Road, Headington, Oxford OX3 9LA	Utility Sites	2,000.00
garden land r/o 23 Blackbird Leys Road, Oxford OX4 6HH	Utility Sites	550.00
Electricity Substation Bonar Road, Headington, Oxford OX3	Utility Sites	3,850.00
Electricity Substation adj 20 Brambling Way, Oxford OX4 6EH	Utility Sites	2,600.00
Electricity Substation adj 2 Clematis Place, Oxford OX4 6RJ	Utility Sites	2,500.00
Electricity Substation r/o 29-30 Colemans Hill, Headington, Oxford OX3 8AR	Utility Sites	2,800.00
Electricity Substation adj 21 Danvers Road, Oxford OX4 4SA	Utility Sites	2,000.00
Electricity Substation Desborough Crescent, Oxford OX4	Utility Sites	0.00
Electricity Substation adj 58 Asquith Road, Oxford OX4 4RJ	Utility Sites	2,000.00
Electricity Substation adj Evenlode Tower, Blackbird Leys Road, Oxford OX4	Utility Sites	3,200.00
Electricity Substation Fiennes Road, Oxford OX4	Utility Sites	1,950.00
Electricity Substation adj 20 Sandy Lane, Oxford OX4 6AP	Utility Sites	3,000.00
Electricity Substation adj garages, George Moore Close, Iffley, Oxford OX4	Utility Sites	3,500.00
Electricity Substation adj 57 Girdlestone Road, Headington, Oxford OX3 7NA	Utility Sites	1,900.00
Electricity Substation r/o 1-11 Warren Crescent, Headington, Oxford OX3 7NQ	Utility Sites	3,850.00
Electricity Substation, Grovelands, Kidlington, Oxfordshire OX5	Utility Sites	4,000.00
Electricity Substation r/o 45 Hawthorn Avenue, Headington, Oxford OX3 9JQ	Utility Sites	1,850.00
Electricity Substation adj 46 Kersington Crescent, Oxford OX4 3RJ	Utility Sites	3,850.00
Electricity Substation btwn 1 Lobelia Road & 2 Mercury Road, Oxford OX4 6QF	Utility Sites	2,650.00
Electricity Substation adj 2 Lockheart Crescent, Oxford OX4 3RN	Utility Sites	2,200.00
Electricity Substation r/o Florey Chain House, 248 London Road, Headington, Oxford OX3	Utility Sites	3,850.00
Electricity Substation adj 3 Long Close, Headington, Oxford OX3 8TT	Utility Sites	3,250.00
Electricity Substation, Riverside Court, Long Ford Close, Oxford OX1 4NQ	Utility Sites	1,000.00
Electricity Substation adj 9 Mallard Close, Oxford OX4 6EN	Utility Sites	2,250.00
Electricity Substation r/o 158 Marlborough Road, Oxford OX1 4LS	Utility Sites	3,200.00
Electricity Substation r/o 22 Normandy Crescent, Oxford OX4 2TG	Utility Sites	3,850.00
Electricity Substation r/o 7 Nye Bevan Close, Oxford OX4 1GB	Utility Sites	300.00

Electricity Substation adj 32 Peat Moors, Headington, Oxford OX3 7HS	Utility Sites	2,650.00
Electricity Substation Penther Road, Headington, Oxford OX3	Utility Sites	2,350.00
Electricity Substation adj 1 Pine Close, Garsington, Oxford, OX44 9BS	Utility Sites	2,350.00
Electricity Substation adj 22A Pitts Road, Headington, Oxford OX3	Utility Sites	1,850.00
Electricity Substation adj 1 Priory Road, Littlemore, Oxford OX4 4NB	Utility Sites	3,850.00
Electricity Substation adj 115 Rivermead Road, Oxford OX4 4UG	Utility Sites	3,850.00
Electricity Substation Salter Close, Oxford OX1	Utility Sites	3,400.00
Electricity Substation adj 1 Sawpit Road, Blackbird Leys, Oxford OX4 6BD	Utility Sites	3,600.00
Electricity Substation adj 2 Sorrel Road, Blackbird Leys, Oxford OX4 6SL	Utility Sites	2,300.00
Electricity Substation adj 1 Spindleberry Close, Blackbird Leys, Oxford OX4 6DU	Utility Sites	0.00
Electricity Substation btwn 3 & 5 Stainfield Road, Headington, Oxford OX3 9DH	Utility Sites	3,600.00
Electricity Substation r/o 23 Strawberry Path, Blackbird Leys, Oxford OX4 6RA	Utility Sites	2,650.00
Electricity Substation r/o Barton Neighbourhood Centre, Taggs Gate, Oxford OX3 9NW	Utility Sites	1,600.00
Electricity Substation r/o 55 Kendall Crescent, Oxford OX2 8NF	Utility Sites	2,800.00
Electricity Substation r/o 1 Thames View Road, Rose Hill, Oxford OX4 4TQ	Utility Sites	2,050.00
Electricity Substation adj 175 The Slade, Headington, Oxford OX3 7HP	Utility Sites	3,850.00
Electricity Substation r/o 1 Thomson Terrace, Littlemore, Oxford OX4	Utility Sites	3,500.00
Electricity Substation Oxford Road, Littlemore, Oxford OX4	Utility Sites	13,000.00
garden land r/o 62-80 Ulfgar Road, Oxford OX2 8BA	Land	1,900.00
Electricity Substation adj 32A Union Street, Oxford OX4 1JP	Utility Sites	250,000.00
Electricity Substation r/o 61 Warburg Crescent, Blackbird Leys, Oxford OX4 6BS	Utility Sites	2,200.00
Electricity Substation north of Plowman Tower, Westlands Drive, Headington, Oxford OX3 9QZ	Utility Sites	2,100.00
Electricity Substation adj Windrush Tower, Knights Road, Oxford OX	Utility Sites	3,000.00
Electricity Substation adj 21 Wood Farm Road, Headington, Oxford OX3 8PP	Utility Sites	4,000.00
Electricity Substation btwn 393-395 Marston Road, Headington, Oxford OX3 0JF	Utility Sites	2,100.00
Electricity Substation adj 75-83 Boundary Brook Road, Iffley, Oxford OX4 4AL	Utility Sites	3,500.00
Electricity Substation r/o 70-76 Northfield Road, Headington, Oxford, OX3	Utility Sites	2,000.00
Electricity Substation adj 38 South Street, Osney, Oxford OX2 0BE	Utility Sites	2,800.00
Electricity Substation Comfrey Road, Oxford OX4	Utility Sites	2,350.00
Electricity Substation adj 9 Albert Street, Jericho, Oxford OX2	Utility Sites	150.00
Electricity Substation Venables Close / Cranham Street, Jericho, Oxford OX2	Utility Sites	2,000.00
Electricity Substation btwn 34-36 Cranley Road, Headington, Oxford OX3 8BW	Utility Sites	4,000.00
Electricity Substation r/o 55 Croft Road, Headington, Oxford OX3 0JZ	Utility Sites	2,800.00
Electricity Substation adj garage block, Druce Way, Oxford OX4	Utility Sites	1,950.00
Electricity Substation adj 11 Edmund Road, Cowley, Oxford OX4 3EH	Utility Sites	1,800.00

3
00

Electricity Substation r/o 57 Fettiplace Road, Headington, Oxford OX3 9LL	Utility Sites	2,500.00	
Electricity Substation adj Bridge Stores, Meadow Lane, Oxford OX4	Utility Sites	2,635.00	
Electricity Substation adj 380 Iffley Road, Iffley, Oxford OX4 4AT	Utility Sites	3,900.00	
Electricity Substation adj 50 Leiden Road, Headington, Oxford OX3 8QS	Utility Sites	3,450.00	
Electricity Substation adj 11 Mather Road, Headington, Oxford OX3 9PQ	Utility Sites	3,450.00	
Electricity Substation adj 5 Overmead Green, Blackbird Leys, Oxford OX4 6DJ	Utility Sites	3,000.00	
Electricity Substation r/o 13-23 Pennywell Drive, Oxford OX2 8NB	Utility Sites	1,850.00	
Electricity Substation r/o 39-65 Preachers Lane, Oxford OX1 1RT	Utility Sites	4,850.00	
Electricity Substation r/o 25-47 St Nicholas Road, Littlemore, Oxford OX4 4PN	Utility Sites	1,850.00	
Electricity Substation r/o 2-12 Stockleys Road, Headington, Oxford OX3 9RH	Utility Sites	3,850.00	
Electricity Substation r/o 137 Divinity Road (adj Stone Street), Oxford OX4 1LW	Utility Sites	3,000.00	
Electricity Substation adj 1 Wilcote Road, Headington, Oxford OX3 9NG	Utility Sites	3,500.00	
Electricity Substation adj 32 Green Road, Headington, Oxford OX3	Utility Sites	2,800.00	
Electricity Substation r/o 36-38 Rivermead Road, Oxford OX4 4UE	Utility Sites	2,000.00	
Electricity Substation adj 232-236 Pegasus Road, Oxford OX4 6SZ	Utility Sites	2,500.00	
Electricity Substation btwn 3-5 Giles Road, Littlemore, Oxford OX4	Utility Sites	0.00	
Electricity Substation adj 14 Park Way, Old Marston, Oxford OX3 0QH	Utility Sites	0.00	
leasehold interest in flats at Southfield Park, Bartlemas Close, Oxford OX4	Other Housing	1.00	
Other Land & Buildings total NBV	Property		17,985,027.16
Surplus Assets			
disused Allotment Gardens, south of Horspath Road, Oxford OX4	Land	19,100.00	
Pump House (BT Kiosk) on Horspath Driftway, south of Brasenose Farm, Eastern By-Pass Road, Oxford OX4	Land & Structure	40,566.67	
West Hill Farm, The Ridings, Headington, Oxford OX3	Land	240,000.00	
Brasenose Farm Office (depot), Brasenose Farm, Horspath Driftway, Oxford OX3	Land & Structure	98,724.00	
Oxford City Council Depot, South Park, Cheney Lane, Headington, Oxford OX3	Land & Structure	70,274.13	
Surplus Assets total NBV			468,664.80
Investment Property			
The Bullnose PH, Watlington Rd/Cuddesdon Way, Cowley, Oxford OX4 6SS	Land	40,000.00	
Investment Property total NBV		40,000.00	
Service Properties transferred into the HRA			

Flat 2 Bury Knowle House, North Place, Oxford OX3 9HY (service tenancy)
The Lodge, Headington Cemetery, Dunstan Road, Oxford OX3 9BY (staff house)
87 St Mary's Road, Oxford OX4 1QD (house)
The Lodge, South Park, Cheney Lane, Oxford OX3 7QJ (staff house)

land & building listed	-44,200.00	
land & building listed	-186,534.00	
land & building listed	-120,555.00	
land & building listed	-211,500.00	-562,789.00

Total NBV at 31.03.2013

17,997,222.06

This page is intentionally left blank

EXTRACT FROM THE MINUTES

CITY EXECUTIVE BOARD

Wednesday 11 September 2013

58. TRANSFERS FROM HOUSING REVENUE ACCOUNT TO GENERAL FUND

The Head of Finance submitted a report (previously circulated, now appended) that sought approval for the transfer of assets from the HRA to the General Fund, together with a proportion of HRA cash balances.

Jackie Yates (Executive Director for Organisational Development and Corporate Services) presented the report to the Board and provided some background and context. The Board noted that the proposed £7million transfer was to be used in such a way that it could in future achieve long term savings and solid value; and should not be allowed to fund ephemeral schemes of the moment, no matter how well meaning.

Resolved to recommend that Council:-

- (1) Transfers the non-dwelling assets identified in Appendix B of the report with a net book value of around £18 million from the HRA to the General Fund;
- (2) Transfers with immediate effect cash balances of £7 million from the HRA to the General Fund in order to fund future projects that achieve on-going General Fund savings.

This page is intentionally left blank

FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE)

Friday 6 September 2013

COUNCILLORS PRESENT: Councillors Simmons (Chair), Fry, Darke and Fooks.

1. PANEL SCOPE AND WORK PROGRAMME

The Panel noted the terms of reference and operating principles.

The membership of the Panel was confirmed with the amendment agreed at the Scrutiny Committee on the 5th. November replacing Councillor Mills with Councillor Fooks.

The dates and times of meetings were agreed with one change:

- The start time of the meeting on the 7th. November will be 5.30pm.

It was agreed that Councillor Simmons will meet with Finance officers before the next meeting to allow him to bring forward a budget review timetable outline to the next meeting of the Panel.

2. QUARTER 1 (APRIL TO JUNE 2013) SPENDING

The Panel agreed that the Council's finances are in a robust state. The Panel pointed out a few errors in the report and officers agreed to make the appropriate changes.

The Panel has asked officers to provide more detailed information in some areas. This is listed below for information:

- Model the financial affects in the HRA and GF of the proposed transfer of assets.
- Details of contingencies and reserves for the last 5 years showing movements in and out.
- In future reports to show variances to date as well as variances against budget.

A number of recommendations are presented for the City Executive Board to consider.

Conclusions and Recommendation

Capital Programme delivery.

The Panel discussed the difficulties outlined of delivering planned efficiencies in Corporate Property and wanted to be sure that the resources are available to deliver our significant Capital programme. Officers outlined that considerations of resources are underway.

Recommendation 1

To express concern about the availability of resources to deliver the Capital Programme.

Reporting Commercial Property Income.

The reported outcome against the rent arrears measure is shown as significantly off target. The explanation suggests that the date used to compare collection against the debit due is always likely to produce a “false” outcome. This is unsatisfactory.

Recommendation 2

To reconsider the reporting of the Commercial Property rental measure using dates that align to produce a more accurate picture of performance.

The Panel discussed the large amounts in contingencies and as mentioned earlier in the report have asked for more data on the total amounts available in contingencies and reserves and how these have moved and developed over the previous 5 years. In addition the Panel heard that the robust delivery of savings and efficiencies has meant that £800k of the contingency set aside to support non delivery in this area will no longer be needed.

At the last budget round the City Executive Board, in response to a scrutiny recommendation, agreed to reconsider the current strategy for the provision of contingencies and to consider a policy of pooling risks. The Panel hope that these considerations will be available to them as soon as possible.

Recommendation 3

That the City Executive Board bring forward their strategy for the provision of contingencies with the forthcoming medium Term Financial Strategy to the next meeting of the Panel in November.

3. TREASURY MANAGEMENT ANNUAL REPORT - 2012 TO 2013

The Panel was pleased to see good performance against prudential indicators and that the budget target for investment income is on track to be achieved. However, this was due to higher than expected funds rather than meeting the target rate of return. A number of recommendations are presented for consideration by the City Executive Board around the management of the investment fund.

Conclusions and Recommendation

The Panel noted the high levels of investment balances with a peak of £64m in June. It seems likely that these levels will continue going forward. The management of this level of available investment with falling average rate of return is a concern to Panel.

Opportunities taken by officers to invest in property funds have been successful and the Panel welcomed this diversification but noted the limits

placed on non-specified investments would limit opportunities. The Panel wants to see a change in this area.

Recommendation 1

To raise the non-specified investment limits from their current levels and redefine what is grouped in this area to manage risk, in an effort to encourage investment diversity and higher rates of return.

Recommendation 2

Wherever it provides for good value for money to consider using investment funds for internal borrowing in order to avoid prudential borrowing.

4. QUARTER 1 (APRIL TO JUNE 2013) TREASURY MANAGEMENT PERFORMANCE

Item considered with Treasury Management Strategy outcome.

This page is intentionally left blank