

To: City Executive Board

Date: 20 December 2017

Report of: Head of Financial Services

Title of Report: Medium Term Financial Strategy 2019-20 to 2021-22 and 2018-19 Budget for Consultation.

Summary and Recommendations

Purpose of report: To propose a Medium Term Financial Strategy and the 2018/19 Budget for consultation

Key decision Yes

Executive lead member: Councillor Ed Turner, Finance and Asset Management

Policy Framework: The Council's Corporate Plan

Recommendation(s): The City Executive Board is recommended to:

- 1) Approve the 2018-19 General Fund and Housing Revenue Account budgets for consultation and the General Fund and Housing Revenue Account Medium Term Financial Plan as set out in Appendices 1-9, noting :
 - a) the Council's General Fund Budget Requirement of £23.281 million for 2018/19 and an increase in the Band D Council Tax of 1.99% or £5.77 per annum representing a Band D Council Tax of £295.96 per annum as set out in Appendix 1
 - b) the Housing Revenue Account budget for 2018/19 of £43.241 million and a reduction of 1% (£0.85/wk) in social dwelling rents from April 2018 giving a revised weekly average social rent of £104.58 as set out in Appendix 4 & 5
 - c) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6.
- 2) Agree the fees and charges shown in Appendix 7

Appendices

Appendix 1	Summary of General Fund Budget by Service 2018-19 to 2021-22
Appendix 2	General Fund Revenue Budget by Service 2018-19 to 2021-22
Appendix 3	Detailed General Fund and HRA Service Budgets 2018-19 to 2021-22
Appendix 4	Housing Revenue Account Budget 2018-19 to 2021-22
Appendix 5	Council House Rents By Estate
Appendix 6	General Fund and HRA Capital Programme 2018-19 to 2021-22
Appendix 7	Fees and charges
Appendix 8	Risk Register
Appendix 9	Draft Equalities Impact Assessment

Comment from the Portfolio holder

This budget has been produced in challenging times for Oxford. On the one hand, we see great opportunities for our city: the opening of the new Westgate Centre has provided a boost to employment locally and our retail sector; the proposed new Housing Deal with government should accelerate housing growth locally and provide funding for desperately needed affordable housing; our economy locally continues to be in a strong position. However, there are significant challenges: poverty and homelessness continue to be major problems, with rough sleeping numbers rising steeply; some government policies, notably the freeze on benefits and the introduction of Universal Credit, may exacerbate that trend. Moreover, Brexit may have a very problematic impact on our economy, which, in particular through our growing reliance on business rate growth, could affect the Council's finances as well as the city's prosperity more widely. We should also remember that in 2019/20 the government plans completely to withdraw Revenue Support Grant, and over £9 million has been removed from government funding since 2013.

Our aim, in putting together this budget, has been to protect frontline services, and focus additional investment on areas that need it most.

Quite specifically:

- A top priority remains the provision of more affordable housing and tackling the rising tide of homelessness and rough sleeping. We therefore propose:
 - To increase funding of homelessness prevention services by £200,000 per annum from 2019/20, to lobby other organisations, notably the County Council, to do more.
 - To spend an additional £5 million to purchase properties for local homeless families.
 - To earmark over £10 million in the Housing Revenue Account for provision of council housing at the East Oxford Community Centre, as part of that building's renewal, and at associated sites.
- We want to see retail in Oxford City Centre thrive, to maintain visitor numbers, but to encourage sustainable modes of transport. We therefore

propose to freeze park and ride charges, rather than implement the increase previously proposed. Instead, charges will rise at other car parks.

- As part of our vision to reduce carbon emissions and reduce fuel poverty, we will extend the energy efficiency advice service introduced for council tenants, and have earmarked an additional £100,000 for energy efficiency works in council properties, as well as our ongoing programme of £24.4 million to raise standards in council homes.
- We propose investment of £1.6 million in the fabric of the Covered Market, as part of our commitment to the city centre.
- We propose to fund two Police Community Support Officers for the coming year in areas where depleted police numbers are having the highest impact, and will press government for adequate funding of the police service in the future. We also propose additional investment in our tree team, to ensure potentially dangerous trees are treated and made safe.
- As part of our mission to reduce inequality and poverty in Oxford, we will continue to provide the full level of council tax support to households on low incomes.
- To safeguard frontline services, we intend to press ahead with the establishment of our Local Authority Trading Company, to offer services to local firms, charities and other organisations, with additional income of £500,000 being forecast annually once the organisation is fully established.
- We are aware that parking pressures in some areas of the city are severe, for instance due to commuter parking. We are therefore proposing additional funding of £200,000 to create new controlled parking zones, where there is local support for these.
- The budget incorporates continued provision, in full, of our programme of grants of £1.4 million to the community and voluntary sectors. It also includes increased funding of £1million for the Museum of Oxford (levering in £1.3 million from the Heritage Lottery Fund), which will ensure both visitors and local people are able to access an excellent insight into our city's history.

This programme of investment in Oxford, at a challenging time, will make a real difference. Reducing the gap between rich and poor, cutting our carbon footprint, maintaining high-quality public services, tackling homelessness and providing more homes, and keeping our city safe, remain top priorities. This budget proposes neither service cuts nor compulsory redundancies, and we hope it will give a basis for providing excellent services to our city over the coming years. Feedback to our consultation will be very welcome.

Summary

- 1 This report sets out the Council's Medium Term Financial Strategy (MTFS) and associated spending plans for the four years 2018/19 to 2021/22 and gives interested parties the opportunity to comment and be consulted on the Council's budget proposals for the financial year (2018/19). The report covers all aspects of the Council's spend: General Fund revenue expenditure funded by the council tax payer, government grant and other sources of income, Housing Revenue Account (HRA) expenditure, funded by council tenants' rents, and the Council's Capital Programmes (General Fund and HRA) funded by Capital Receipts, revenue and borrowing.

- 2 The proposed Medium Term Financial Strategy:
- a) Is financially balanced over the 4 year period;
 - b) Assumes Revenue Support Grant from government reduces to zero by 1/4/2019;
 - c) Assumes New Homes Bonus is used to finance the Capital Programme rather than ongoing revenue expenditure
 - d) Assumes contingencies of 30% are held against the achievement of high risk efficiencies and fees and charges increases
 - e) Assumes annual Council Tax increases of 1.99%
 - f) Includes £12 million of efficiencies, increased income and services changes across the 4 years;
 - g) Facilitates capital investment of over £225 million over the four year period including:
 - i. Regeneration in the City
 - ii. Museum of Oxford
 - iii. East Oxford Community Centre
 - iv. Flood alleviation at Northway & Marston and contributing £1.5 million to the Oxford and Abingdon flood alleviation scheme
 - v. Community Centre and Sports Pavilion new build and refurbishment
 - vi. Car parks refurbishment and improvement
 - vii. Purchase of homes for local homeless families
 - viii. Improvements and refurbishments to council housing
 - ix. Regeneration of council estates
 - h) Provides resources of £61million for use by the Housing Company for the acquisition and building of around 500 new homes
- 3 In April 2016 the Council incorporated a Local Authority Trading Company (LATCO), Oxford Direct Services Ltd, to provide statutory services currently undertaken by Direct Services and also continue to trade commercially in the provision of waste collection. The Company will return income back to the Council in the form of dividends together with reduced costs for statutory services resulting from efficiencies which by 2021/22 are forecast to increase by £500k over those currently provided to the Council. The Company will become operational with effect from 1/4/2018 and the financial implications of the Company to the Council have been included in the Medium Term Financial Plan.
- 4 For ease of reading; the report is split into four sections :

Section A Background and Context
Section B General Fund Revenue Budget
Section C Housing Revenue Account (HRA) Budget
Section D Capital Programme

Section A Background and Context

Background

- 5 This report sets out the Council's financial plans for the period 2018/19 to 2021/22. The plans make assumptions about income from Government grants, Council Tax and rents. The plans underpin service provision and the Council's vision of "Building a World Class City for Everyone".

National Economic Position

- 6 On 8th March 2017 the Chancellor delivered his spring budget to Parliament. The main headlines of this speech were :
- Office for Budget Responsibility (OBR) forecast that the UK economy would grow by 2% in 2017, dip below 2% in 2018 - 2020, before picking up to 2% in 2021.
 - £2 billion would be given for adult social care over the next three years
 - There would be £425 million investment in the NHS in the next three years
 - £435 million would be available to support businesses affected by the business rates relief revaluation
- 7 In further announcements
- The Chancellor ruled out the possibility of a summer budget in favour of a regular budget in November in which the Government will set out future plans for public spending, for taxation and fiscal balance.
 - The Government announced the lifting of the pay cap which had been restricted to 1% since 2013
 - From 2020 a guideline rent increase of CPI+1% will be reintroduced for increases to social housing for the following 5 years.
- 8 The Chancellor delivered his Autumn Statement on 22nd November 2017. He announced that the Government is producing this Budget against the background of preparing for exiting the EU, and, to help ensure a smooth transition, they are setting aside an additional £3 billion.
- 9 The Chancellor also stated that the level of public sector net borrowing is now forecast to be £49.9bn in 2017/18, reduced from £58.3bn in the March Budget. However, the forecast for the last year of the current Spending Round is for borrowing of £34.7bn, compared to £21.4bn in the March Budget, and, by 2021/22, for £30.1bn, compared to £16.8bn.
- 10 The following initiatives across a number of themes were announced:
- Additional measures to boost productivity, including a £1.7 billion new Transforming Cities Fund through the NPIF, launched in 2016 to improve connectivity and support jobs across England's city regions;
 - Measures to increase the numbers of new homes being built and access to homes for the young and first time buyers; and
 - £2.8bn of additional funding for the NHS up to 2019/20, with £0.3bn in 2017/18, £1.6bn in 2018/19 and £0.9bn in 2019/20 and additional capital funding of £3.5bn.
- 11 Other announcements specifically for local government included :

- The business rates revaluation cycle will switch from five years to three years following the next revaluation. This should mean that, following the planned 2022 revaluation, the next revaluation will be in 2025
- There will be a one year extension to the £1,000 discount to business rates for pubs with a rateable value of less than £100,000 to 2018/19.
- The proposal to move to uprating the business rates multiplier by CPI from April 2018 rather than RPI should see a reduction in the rate of increase from 3.9% (September RPI) to 3.0% (CPI rate). This change should be cost neutral for local authorities if it is compensated for by Section 31 grants as happened previously with the 2% cap.
- From April 2019, local authorities will be given the power to increase the council tax empty homes premium from 50% to 100% for homes that have been empty for 2 years or more. It has been clarified that this announcement requires primary legislation and so the option will not be available to local authorities until 2019/20.

12 The Council will have to wait until the Finance Settlement is announced in December to understand the impact on Retained Business Rates. Any variation to that currently included in the MTFS will be reported to CEB in January 2018.

Interest Rates and Inflation

13 The Monetary Policy Committee met on 2nd November 2017 and voted unanimously to increase the base rate by 0.25% to 0.5%. It is yet to be seen whether this will be a one off increase or the start of a slow, but regular, increase in Base Rate. While there is so much uncertainty regarding the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two years will pan out.

14 Reports during 2017 have clearly flagged that CPI inflation is expected to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. Inflation was 2.9% in August and so the Bank of England revised its forecast for the peak to over 3% at the September Monetary Policy Committee meeting.

Local Government Finance Settlement 2018/19

15 As in previous years a one year Council Tax Freeze Grant is expected to be available to authorities that freeze their Council Tax at the previous year's level, equivalent to the product of a 1% Council Tax increase. Given the loss of revenue to the Council in the current and following years the recommendation is for the Council to increase Council Tax up to the maximum level before a referendum is required. It is expected that this level will be 2% although this is subject to confirmation.

16 Revenue Support Grant will be £630k in 2018-19 which has already been agreed following the signing of an 'efficiency deal' with Government in 2016-17. With effect from 1/4/2019 Revenue Support Grant will reduce to zero, a reduction of around £9.3million since 2013-14.

Retained Business Rates

17 Business rates income collected by the Oxford City Council as billing authority is split 50/50 with central government with the balance split 80/20 between Oxford City Council and Oxfordshire County Council respectively. From our 80% share the Council pays a tariff to central government and retains a baseline amount (set by the Government) together with 50% of any income above the baseline. The main components of the system with estimates of individual elements for Oxford City for 2018/19 are as follows:

Table 1 : Retained Business Rates 2018-19	
	£million
Estimated Business Rates Income	101.763
Billing Authority Share (50%)	50.881
Oxford City Share (80%)	40.705
Less Tariff paid to Government	29.515
Amount remaining after tariff	11.190
Baseline Business Rates (A)	6.034
Income above baseline (11.190-6.034)	5.156
50% of income above baseline (B)	2.578
S31 Grant adjustment (C)	(0.442)
Total retained business rate income (A+B+C)	8.170

Note

- **Baseline Business Rates (A)** – The Government’s view of a fair starting point of Business Rates income for the billing authority based on Formula Grant distribution. Updated by RPI each year.
- **Section 31 Grant – (C)** Section 31 of the Local Government Act 2003 allows ministers to pay grants to any local authority in England or Wales for any expenditure. In respect of business rates Section 31 grant has previously been paid in respect of the 2% cap on the multiplier and a number of reliefs for flooding, rural and retail property.

18 The Medium Term Financial Strategy allows for an estimated increase in Business Rates due to the Westgate shopping centre re-opening in October 2017. Projected retained Business Rates income is shown in the Table 2 below:

Table 2 : Retained Business Rates		
	Total	Variation
	£million	%
2017/18***	6.817	6.3
2018/19	8.169	19.8

2019/20	8.187	0.2
2020/21	8.193	0.1
2021/22	8.498	3.7

*** Westgate development completed

- 19 The Council benefits from the opening of the Westgate shopping centre with effect from October 2017. However, the Valuation Office has yet to value the building and the Council is unable to invoice for the rates due until this work is complete. For business planning purposes this presents a real risk to the Council should the rates vary significantly to those estimated by the Council, which have been based on similar sized shopping centres. Vigorous representations are being made to the Valuation Office on this point.

Fair Funding Review and 100% Retained Business Rates

- 20 The Government is still committed to a fairer funding review alongside the 100% Business Rates retention system which will be introduced with effect from 1/4/2019 as announced in October 2015. Under the retained business rates system the Council will be able to retain 100% of all business rates above the baseline, instead of paying 50% to the Government. It is thought there will new burdens passed to local authorities in exchange for this change.
- 21 Although there is little information available it is understood that the 'fairer funding' review will seek to:
- set new baseline funding allocations for local authorities,
 - deliver an up-to-date assessment of the relative needs of local authorities,
 - examine the relative resources of local authorities,
 - focus initially on the services currently funded through the local government finance settlement
 - redistribute business rates income between upper and lower tier authorities, possibly to the detriment of the City Council

100% Retained Business Rates Pilot

- 22 The Government recently invited all local authorities to bid for inclusion in the 100% retained business rates pilot which has been in operation since 1/4/2017. Oxfordshire's six authorities have worked together to submit a bid. This new wave of pilots will run alongside the existing 5 pilots. Pilots will retain all of their growth in Business Rates income. The pilots offer the Government an opportunity to evaluate the more technical aspects of 100% retention. The Government are encouraging authorities to operate as a business rates pool with the additional growth being used to promote the 'financial stability and sustainability of the pooled area' with increased spend on infrastructure.
- 23 In forming the bid the Oxfordshire authorities unanimously agreed that:

- the biggest pressures in terms of financial sustainability rest with the County Council largely caused by Social Care, both adults and children;
 - That the best way to maximise the additional funding is to collaborate and fund schemes that have mutual benefits.
- 24 The additional benefit from the Oxfordshire pilot is estimated to be approximately £20 million. It has been agreed this will be pooled and used to fund the following:
- **70% Economic Growth** – to be linked to the Place Based Growth Package deal, which may include funding the costs of developing the joint spatial plan for the whole of Oxfordshire.
 - **30% Sustainable Finances** – applying the funds to commonly agreed projects and shared priorities agreed through the Growth Board.
- 25 In the Autumn Statement the Chancellor announced that ‘new pilots for 2018-19 will be announced following the Department for Communities and Local Government’s (DCLG) assessment of recent applications to its scheme’. It is expected that this will be announced alongside the Finance Settlement in December. Should this bid be successful then the current West Oxfordshire Business Rates Pool consisting of Oxfordshire County Council (OCC), Cherwell District Council (CDC) and West Oxfordshire District Council (WODC) will not be formed. Equally Oxford City Council will not be part of the Business Rates Distribution Group.

Oxfordshire Place Based Housing and Growth Deal

- 26 Following the Autumn Budget the Oxfordshire Growth Board has announced that the Oxfordshire councils and the Oxfordshire Local Enterprise Partnership (OxLEP) have reached an agreement with the Government for an additional investment of £215 million over the next five years (£60 million for affordable housing and £150 million for infrastructure) to build infrastructure, deliver new homes and boost economic productivity across the County.
- 27 For the City Council the deal offers the potential to increase investment in building homes for affordable and social rent and in infrastructure to support our key development projects.
- 28 The funding will not only frame Oxfordshire’s development through the production of a Joint Strategic Spatial Plan to provide a county-wide planning framework to guide growth, it will also have an effect on the way that planning, finance and other services in each of the county’s six councils will operate.
- 29 The Growth Board, working with the Homes and Communities Agency, the Highways Agency and other partners, will oversee the investment with the aim of cementing a partnership with the Government to deliver growth and economic development across the County. It will also help Oxfordshire councils achieve the ambition of delivering 100,000 new homes across the County over the period 2011-2031, as identified through the 2014 countywide Strategic Housing Market Assessment.

- 30 Oxfordshire's local authorities and partners including the Universities and OxLEP have worked through the Oxfordshire Growth Board to submit an ambitious and comprehensive package of infrastructure, housing, and economic investment proposals to Government. The Deal is the first stage in what will hopefully be an on-going discussion with Government about long term investment in Oxfordshire's potential
- 31 The Government has also committed £5 million in capacity funding to help take the programme forward.

New Homes Bonus (NHB)

- 32 The current methodology for the allocation of New Homes Bonus allows for the award to be given for 5 years in 2017-18 with a reduction to 4 years from 2018-19 onwards. In addition from 2017 a national baseline for housing growth was set at 0.4%, below which no New Homes Bonus will be payable. This may change once more details of the scheme are known in December.
- 33 The Council uses New Homes Bonus to fund its Capital Programme in order to de-risk the Medium Term Financial Strategy. In the event that the grant is lower than estimated or ceases altogether then a mitigating action is to reduce the Capital Programme.

Table 3 : Anticipated New Homes Bonus				
	2018/19	2019/20	2020/21	2020/21
	£000's	£000's	£000's	£000's
New Homes Bonus	1,275	1,699	1,503	1,170
Percentage increase/(decrease)	(4.7)	33.2	(11.5)	(22.2)

Financial Inclusion

- 34 The Council is committed to promoting financial inclusion and prioritises services which achieve this. Specific areas which are discussed in more details below include:

- Hardship Fund to assist Universal Credit claimants
- Council Tax Support
- Homelessness
- Concessions for those on benefits
- Welfare Reform Team and Advice Agency Support

In total the cost of maintaining these services is around £5 million per annum.

Universal Credit

- 35 The roll out of universal credit commenced in Oxford on 18th October 2017 for all working age claimants replacing a number of existing benefits and tax credits. Full roll out to all claimants is likely to take until 2022.
- 36 On 16th October the Council's City Executive Board agreed a one off hardship fund in 2017-18 of £50k to mitigate the expected 6 week delay in the processing of claims by DWP.
- 37 The recent Autumn Budget announced the following changes to Universal credit:
- The standard wait for universal credit claimants to get their first benefit payment will be cut from six to five weeks from February
 - Anyone claiming universal credit for the first time who previously got housing benefit will continue to receive housing benefit for another two weeks after their application, from April. Right now, the benefit stops and a claimant doesn't get anything until their universal credit begins
 - People struggling financially can from January also get a full month's advance payment within five days of applying. The current advance is just half a month's.
- 38 As a result of the changes the Council have proposed an annual budget of £25k for a hardship scheme.
- 39 The MTFS makes provision for service changes arising from Universal Credit as follows: it is expected that Housing Benefit Admin Grant will reduce by around £383k over the life of the MTFS. Savings in Housing Benefit staff of £240k per annum have been factored in as the Housing Benefit caseload transfers to Universal Credit. Confirmation of grant levels are expected in January 2018 and assumptions will be updated as necessary in the February Budget report.

Council Tax Support

- 40 At the City Executive Board on 18th July 2017 members considered proposals to consult on changes to the existing Council Tax Reduction Scheme introduced on 1st April 2013. It is estimated the scheme will cost the Council £1.2 million in 2017/18 rising to £1.8 million from 1/4/2019. Most local authorities have reduced the support available in order to reduce the cost of the scheme. Oxford is one of only 37 authorities who have not reduced the support available.
- 41 The City Executive Board will receive the results of the consultation on the proposed changes and a revised scheme at their meeting in December.

Homelessness

- 42 Oxford City Council has provided circa £1.4m of funding for rough sleeping and single homelessness commissioning for many years. This has been comprised of the Council's allocation of Preventing Homelessness Grant (PHG), which the Council is continuing to fund this despite the Government reduction in grant of £956k in 2016-17. In addition the Council allocates part of its grants programme

(approx. £442k pa) to fund initiatives such as the street outreach team (currently provided by St Mungos), day Centre provision; prevention activity; in-reach and other wrap around services

- 43 Oxford has large numbers of rough sleepers. Over 300 people a year (more than 25 per month) fall into rough sleeping, and at the last street count (Nov 17) the Council recorded 61 people sleeping rough, the highest recorded figure for the City. Austerity, Welfare Reform changes, the unaffordability of the local housing market, and the young demographic of the city, all contribute to this pressure
- 44 As the County Council withdraws funding for supported accommodation for homeless persons pressure will increase on the City Councils budget allocation for homelessness. The City Council proposes in this consultation budget to increase funding of homelessness services by £200k per annum from 2019/20 onwards, and will be making strong representations to the County Council and other agencies to match this commitment.

Concessionary Charging

- 45 Residents in receipt of means tested benefits are eligible for additional or free council services. The introduction of Universal Credit means that many of the benefits and allowances currently received by residents will be incorporated within the UC single payment. This will not affect the eligibility of residents to concession they currently receive.
- 46 The Council gives concessions in the following areas:

Leisure Services –

Estimated cost of concession - £560k per annum

The concession is given for various leisure activities and free swimming for children under 17 at various sessions during week

Garden Maintenance

Approx. 400 tenants were assisted throughout the year with garden maintenance, to a cost of approx. £102,000;

Pest Control

Approximately 3,273 customers last year received concessions of £142,000 for various discounts such as treatment of pests.

Garden waste

There are approximately 16,000 garden waste customers and 3,000 (19%) that are provided the service for free resulting in a subsidy of around £137k per annum.

Welfare Reform Team and Advice Agency Support

- 47 The Welfare Reform Team costs the authority around £270k per annum and provides support to residents whose tenancy is at risk as a result of the adverse impacts of welfare reform, and managing the transition to Universal Credit. A focus is placed on empowering customers to find long term solutions to their situation, usually with a focus on obtaining employment.

- 48 In 2016/17 the team supported 70 people into work which generated £779,006 of public value in terms of savings for the DWP and NHS. The team have also supported residents to maintain their tenancies by making 549 Discretionary Housing Payment awards from 744 applications, totalling £379,009 awarding. Two projects with a value of £1.1m funded by the European Social Fund are being delivered by the Welfare Reform Team to support disadvantaged groups into training and employment pathways. In addition the authority grant funds the advice sector at a cost of around £500k per annum to provide independent advice to residents on debt and benefit issues in order to achieve the aims of the Council's Financial Inclusion Strategy. .

Section B General Fund Revenue Budget

- 49 In February 2017 Council agreed a balanced budget for the four years of the Medium Term Financial Plan 2017/18 to 2020/21. The Plan has been extended to 2021/22 and all income and expenditure and planning assumptions have been reviewed.

Value for Money & Efficiency

- 50 Over the next four years the Council will generate a further £1.8 million of efficiencies, with on-going efficiencies of £0.6 million being achieved beyond 2021/22. The programme of cumulative efficiency savings are set out in Appendix 3. They include:

- Multi skilling in call centre - £110k per annum
- Closure of Templars Square Office - £143k per annum
- Savings in payroll ICT costs -£124k over 2 years
- Operational savings from construction of waste recycling station - £240k per annum
- Increased income and efficiency savings from the Local Authority Trading Company (LATCO) rising to £500k per annum by 2021-22.

Fundamental Service Reviews

- 51 As part of the Council's budget setting preparations officers have initiated a number of fundamental service reviews. The reviews have challenged current working practices, looking at benchmarking data for performance and costs, alternative delivery models and best practice both within and outside the sector.
- 52 Reviews are ongoing in the following areas:

Parks and Street Scene – the thrust of the review has been to join similar operations together, share best practice and resources and have a wider pool to help with delivering a great service and meeting the increasing commercial challenge. This would help mitigate recent reduction in public perception around cleanliness of streets and the increased standards arising from the opening of Westgate. The service has recently restructured and although there have been no net financial savings there has been a number of efficiencies from the services.

Community Safety – There have been a number of work streams examined with the main thrust of the review looking at the workloads of the Community Response Team which has come under pressure in recent months to undertake more work as the Police reduce resourcing within the City. The team has been restructured and additional management capacity built in to tackle this issue together with a project manager for 2 years to be funded by the Transformation Fund Budget. This will not release savings in the early years but may do later on. The team are also seeking consultancy advice to look at the future operation of the CCTV system in Oxford including the potential to sell services to other authorities. This is linked to the capital bid of £70k

Commercial Property – The team are currently reviving the Councils property portfolio in terms of the returns that the Council is achieving and the mix of the portfolio between industrial, retail etc. In addition a paper is being prepared to commission work to look at the potential for using prudential borrowing powers to either purchase additional property or make further advances into the Councils property funds for financial gain. The Government are currently consulting on restricting the ability of local authorities to use borrowing to purchase property for financial gain which may affect this work stream.

Environmental Health – work streams in this area include:

- Refreshing policy on adaptations
- Considering differing rates of charge for the small handyman repairs service currently offered
- Analyse costs to ensure income optimisation for HMO licensing
- Prepare business case for commercialisation of building control
- Work up proposals for report on PRS selective licensing

Finance – Reviewing the operation of accountancy service with other local authorities similar in size and offering similar services seeking best practice and efficiency of operation. Recent workloads around companies have necessitated the employment of additional staff in this area to increase the capacity to provide the strategic financial leadership to companies and additional operational workloads such as increased statement of accounts, reconciliations, forecasting and other management accounting functions. Review still ongoing

Benefits – Undertaken a number of work streams including:

- Stakeholder Benchmarking
- Cost benchmarking
- Staff reviews
- Mapping and review of processes for new claims and change of circs
- Reviewing system automation of Atlas changes for DWP
- Introducing electronic forms for processing claims and change of circs
- Health Check on Info@Work system
- Looking at automation of e-claim through robots

- Restructure of team following introduction of UC to achieve £110k of savings already built into the plan

Local Authority Trading Company

- 53 On 1st April 2016 the Council established a wholly owned local authority trading company for services currently provided by Direct Services. The company takes the form of:
- A Teckal company (Oxford Direct Services Ltd)– providing all statutory services to the Council benefiting from a procurement exemption together with externally traded services for engineering, motor transport and building works
 - A Trading Company (Oxford Direct Services Trading Ltd) – providing externally traded commercial waste services
- 54 There has been a significant amount of work to set the company up before the company goes operational, involving many changes to processes and systems.
- 55 City Executive Board on 21st November 2017 approved the Memorandum of Understanding which sets out the terms and conditions of the contracts between the Council and the Company for services and the transfer date of 1st April 2018 on which staff will transfer to the company and the company will become operational.
- 56 The Company will be paid by the Council for delivering statutory services such as waste collection, street cleaning and building works and the Council will be paid under a similar arrangement for support services delivered to the company. In addition surpluses will be delivered back to the Council from trading activities with an additional £500k per annum above the MTFS by 2020/21 as indicated below:

	£000s	£000s	£000s	£000s
	2018-19	2019-20	2020-21	2021-22
Turnover	54,641	55,142	55,440	55,590
Surpluses				
Teckal Company	425	543	628	768
Trading	953	1,004	1,043	1,083
Profit before tax	1,378	1,547	1,671	1,851
Corporation Tax	(262)	(263)	(284)	(315)
Profit after tax	1,116	1,284	1,387	1,536

Planning Assumptions

57 The following planning assumptions are included within the Medium Term Financial Strategy:

- a) **Base Budget** - The starting point for planning is the 2017-18 base budget position as agreed by Council in February 2017, adjusted for any one-off savings and growth.
- b) **Council Tax Increase** – The current assumption is for a 1.99% rise per annum for the four years of the plan on the basis that increases will be capped at 2%.
- c) **Investment Interest** – The Bank of England base rate is currently 0.50%. Interest rate projections in the MTFS range from 0.3% to 0.5% over the next four years in line with forecasts. The Council currently benefits from a number of property investments :
 - o **External Managed Property Investments** – The Council has £10 million invested in two funds. The Council makes a return of around 3.5% plus any increase in the capital value
 - o **OxWed Development** – The Council has made loans of approximately £6.5 million into its 50/50 Joint venture with Nuffield College which attracts a return of 6.5% and has agreed to loan a further £4.1 million in December 2017 on similar terms.
 - o **Housing Company** – The Council has agreed a loan facility for the first four years with Oxford City Housing Ltd, of £61 million. The Council makes a return above that which it borrows from PWLB. The Council has already loaned £742k to the Company in respect of the acquisition of properties in 2016-17. All loans will be at state aid compliant rates, which for social housing activity is 1% over PWLB and for non-social housing at 4% above PWLB. Interest currently included in the Council's MTFS over the next four years is £1.8million and is dependent on the Company undertaking the developments and drawing down the loans and the company continuing to take the loans from the Council, which are currently competitive in the market.
- d) **Inflation** –Most budgets are cash limited. Over the period CPI is expected to increase to 2%-3% which could squeeze budgets harder.
- e) **Pay Assumptions** – During 2017/18 a new pay deal was agreed in respect of the three year period commencing 1/4/18. In accordance with the agreement the MTFS makes provision for increases based on the higher of 1.25% or £575 the reinstatement of spinal point increases with effect from 1/10/2019 and the removal of the partnership payment.
- f) **Pensions** - The Medium Term Financial Strategy includes an increase from the current contribution in line with pay inflation increases and the results of the recent triennial review with effect from 1/4/2017.
- g) **Increases in Fees and Charges** –Fees and charges are projected to increase by £2.3 million over the 4 years to 2020-21. In 2017-18 there are increases in the areas shown below details of which are given in Appendix 8.

- i. Garden waste bins - £2 per bin per year
- ii. Pre-application advice for planning services 4%
- iii. Leisure activities
 - Casual Swimming – 10p (2.2%)
 - Adult gym – 20p (2.4%)
 - Adult Skating - 20p (2.4%)
 - Adult Tennis – reduction 50p (8.3%)
- iv. Pest Control increases for rats and mice £10 increases to more accurately reflecting the cost of the service
- v. Cemeteries increases range from 1.0% to 2.5% - £5 to £20
- vi. Off street Car Parking – No change in Oxpens car park, increases of up to 50p per hour for premium city centre car parks (Gloucester Green and Worcester Street) and at some suburban car parks, with lower increases in parks. Offsetting this, it is proposed not to implement the previously planned increase in Park and Ride charges at this time. Westgate Car Park charges are not set by the City Council.
- vii. Garages – 65p per week (4.3%).

h) **Capital Financing** - Capital financing for the draft Capital Programme is detailed in Section D. The four year Medium Term Financial Strategy assumes £8.9 million of revenue contributions will be made to finance vehicle replacements and ICT software and hardware over the period.

l) **Planned Repairs and Maintenance** – £2 million per annum for planned maintenance to Corporate Buildings. At the end of the 4 year period backlog repairs and maintenance is estimated at around £2.6 million

i) **Contingencies** – In a change to previous years’ policy contingencies of 30% are proposed against high risk efficiencies, fees and charges and service reduction proposals where required as set out below. This seems financially prudent given that the Council has had a good track record of delivering within budget.

Table 5 : Contingencies held against efficiencies, service reductions and fees and charge increases				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Total cumulative Savings in plan	555	1,259	2,059	2,757
Cumulative contingency in MTFS	59	89	143	176
% of total savings covered by contingency	10.6%	7.1%	6.9%	6.4%

58 Set against a background of uncertainty new items of ongoing revenue expenditure total over £2 million per annum are shown in Appendix 3. The most significant being:

- **Additional funding for homelessness services:** £200k per annum additional funding for homelessness prevention services from 2019/20 onwards.
- **Telecommunication costs** - £138k – additional costs associated with BTonePhone contract
- **ICT Restructure costs** -£400k over 2 years and then £200k per annum. To provide further investment in staffing in ICT includes an additional 5 posts
- **Finance posts re LATCO** -£110k assist with additional work in respect of LATCO including preparation of accounts, strategic financial leadership, reconciliations
- **Investigation Services** - £300k per annum offset by income. A business case has been prepared to sell services to other organisations. A number of leads are being pursued and will be secured before staff are taken on to fulfil the contracts
- **Planning Services** - £160k – additional posts to ensure the robustness of the service going forward
- **Joint Spatial Plan** - £300k as the Council’s contribution to work with other planning authorities in Oxfordshire to provide an Oxfordshire-wide integrated strategic planning framework and supporting evidence base to support sustainable growth across the county, including the planned delivery of the new homes and economic development, and the anticipated supporting infrastructure needed
- **Barton Park** – £223k pa Operation and maintenance of pitches and pavilions maintenance and street cleansing
- **Tree Team** -£96k Increase of 2 FTE plus vehicle for additional tree maintenance work identified by safety surveys
- **Supporting recycling** - £338k over three years – To continue the funding for proactive work to encourage recycling, including the “Blue Bin League”, now in the final year of three year grant funding. To achieve cost/benefit savings of (a) savings from recycling vs. landfill and (b) avoiding penalties from failing to meet recycling targets.
- **Police Community Support Officers** - £70k – Provide an additional 2 officers for one year to provide additional support to Police operating in areas where resources are particularly stretched at this point.
- **Waterways management** -£120k two years’ resource for Waterways Management working with stakeholders and partners to improve and develop the canal and river areas.

59 The Council's General Fund Budget for Consultation is set out in Appendices 1, 2 and 3 attached and summarised below:

Table 6 : Summary General Fund Medium Term Financial Plan 2018/19 to 2021/22				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
EXPENDITURE				
Base Budget	21,869	21,869	21,869	21,869
Efficiencies	(409)	(578)	(786)	(1,197)
Fees and Charges	(138)	(666)	(1,251)	(1,943)
Service reductions	(8)	(15)	(22)	(28)
Inflation & other pressures	911	1,148	1,282	1,881
Revenue Contributions	1,218	1,543	1,547	1,114
Corporate costs including interest, MRP, pay	(1,244)	(2,408)	(2,399)	(2,569)
Contingencies	1,523	2,235	3,838	5,231
Transfers to/ (from) reserves and working balances	(441)	378	(352)	(239)
Net Budget Requirement	23,281	23,506	23,726	24,119
FUNDING				
Council Tax	13,207	13,619	14,029	14,452
Revenue Support Grant	630	0	0	0
Retained Business Rates	8,170	8,188	8,193	8,607
New Homes Bonus	1,274	1,699	1,504	1,170
Total	23,281	23,506	23,726	24,219
Surplus/ (Deficit)	0	0	0	0
Year End General Fund Working Balance	3,915	4,293	3,941	3,701

Key

- **MRP – Minimum Revenue Provision** – A charge made to revenue in respect the cost of borrowing to fund the Capital Programme.
- **NHB – New Homes Bonus** - This grant is given for a four year period based on new dwelling completions in year.

Use of Working Balances

60 The budget assumes transfers to and from the working balance which as at 1/4/2017 were £3.622 million. Over the four year period of the MTFS assuming delivery as planned, the balances increase slightly to £3.701 million.

Risk Implications

- 61 The main risks to the balanced position of the General Fund consultation budget (Appendix 8) are that:
- Variations of actual income and expenditure against budget especially in volatile areas such as income
 - Pay negotiations are more than budgeted from April 2021 onwards
 - Trading company does not perform in accordance with its business plan leading to reduced income to Council
 - Business Rates income is lower than forecast arising from the fairer funding review
 - Welfare Reforms impacts the authority more adversely than assumed
 - Outcome of New Homes Bonus consultation is not as favourable as assumed
 - Interest rates lower than projected arising from Brexit
 - Company investments do not materialise
 - Slippage in the capital programme adversely effects revenue savings and additional income in the MTFS

Section C Housing Revenue Account Budget

Background

- 62 In October 2017 the Government confirmed plans for a new generation of council and housing association homes. Funding for affordable homes will be increased by a further £2 billion to more than £9 billion. Under this Government Programme the Council has recently submitted an application for £60 million of Government grant funding together with £75million of spend by the Council to be funded through Prudential borrowing. This additional borrowing would be funded from the removal of the debt cap by the Government and the resultant total spend would result in the building of around 625 new social rented homes.
- 63 The number of homes will be determined on type and location of housing, and bids received for funding. With a typical £80,000 subsidy, this £2 billion investment can supply around 25,000 more homes at rents affordable for local people.
- 64 Ministers also confirmed plans to create a stable financial environment by setting a long term rent deal for councils and housing associations in England from 2020 and under the proposal increases to social housing rents will be limited to a guideline of Consumer Price Index (CPI) plus 1% for 5 years from 2020.
- 65 There was no announcement in the Chancellor's Budget speech about the removal of the High Value Levy first announced in 2016 and deferred from implementation in 2017-18. However, the pilot to extend right to buy to Registered Social Landlords is progressing.
- 66 It has been announced that authorities in high value areas can apply to have their Housing Revenue Account borrowing caps lifted from 2019 so they can build more council homes. A total of £1bn is available up to the end of 2021/22.

The Government will monitor how authorities respond to this opportunity, and consider whether any further action is needed

Key assumptions made in preparing the HRA budget for 2017/18 – 2020/21

- **Rent setting** – In 2002 the Government introduced a rent convergence policy under which, over a 10-year period, rents in social housing (local authority and housing association owned stock) were to be brought into alignment. A rent formula was established with actual rents moving towards a national formula rent which took account of values of properties and local earnings relative to national earnings. As part of the 2013 Spending Review the Coalition Government announced that “from 2015-16 social rents will rise by CPI plus 1 per cent each year for 10 years .The Welfare Reform and Work Bill introduced a policy with effect from April 2016 that social housing rents must be reduced by 1% per year for 4 years from their 8 July 2015 position which runs until 1/4/2020.
- Recent Government announcements have indicated that from 1/4/2020 the guideline rent increase will revert to CPI +1% for a period of 5 years. Whilst we do not yet know whether this is either a guideline or mandatory cap given that it was previously a guideline and given the recent Governments encouragement of LAs building again it is reasonable to assume that it will again be a guideline. Assuming this, the impact on rents for 2018/19 is shown in Appendix 5 with a summary over the next 4 years shown below. For 2020/21 and beyond CPI is estimated at 2% giving formula rent increases of 3% i.e 2% + 1%. Assuming the Council moves to rental convergence over a 4 year period, actual rent rises are estimated to rise by 4% per annum for this period.

Table 7 : Effect of Rent Changes on Average Rent 2018/19 to 2021/22				
	Actual Average Weekly Rent			
	Change	Change	Average weekly Rent	Formula Rent
	%	£	£	£
2018/19	(1.00)	(0.85)	104.58	108.89
2019/20	(1.00)	(0.85)	103.73	107.80
2020/21	4.00	4.19	107.92	111.04
2021/22	4.00	4.26	112.18	114.37

- **Debt Management Strategy**

The first £20m of the £200 million self- financing loan was due for repayment on 31 March 2021. Last year it was agreed that this payment would be deferred which will generate an initial net saving of £19.3 million. The overall strategy is to repay debt when possible allowing for commitments to be financed whilst maintaining a minimum HRA working balance of £3.5 million. Additional loan financing of around £10.7 million will be taken out over the period 2018-19 to 2024-25 to fund capital expenditure. Debt will peak at £233 million in 2024-25, £8 million below the authorities debt cap. Loan

repayments of £10.7 million are provided for during the period 2025-26 to 2030-31 and further loan debt repayments of the self-financing loan will recommence in 2041-42.

- **High Value Council Housing Levy**

Although the Government have not yet implemented the High Value Levy it is still on the statute books and therefore can still be enacted. In line with previous years assumptions the Council has provided for capital spend of around £7million per annum on this issue in lieu of Council house disposals to fund. In the Autumn Budget the Government confirmed that there would be a Right To Buy pilot in the Midlands beginning in April 2018 for 1 year. It is unlikely that the high value levy initiative will be rolled out in 2018-19 and consequently the provision of £7million in 2018-19 will not be required.

- **Right To Buy and other disposals**

Disposals of around 40 dwellings per year until 2021/22 are assumed. Additionally, the plan allows for 5 properties to be transferred to the Housing Company which the Council is able to do without Secretary of States approval under Section 32 of the Housing Act 1985 (as amended) and set out in the DCLG's General Housing Consents.

- **Inflation and pay assumptions**

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

- **Service Charges**

Service charges such as 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 and by 2017-18 this limiter has been removed.

Working Balance

The working balance levels allow sufficient monies for the funding of future years' Capital Programme, the repayment of the debt, as well as an amount of £3.5 million as being the minimum required to cover unexpected events such as falling investment income or increased costs.

New investment Proposals

67 Increased HRA revenue spend is shown in Appendix 3 with the more significant being as follows:

- **Energy Officer** – 2 FTEs for first 2 years (£80k) reducing to 1 from 2020/21 (£40k). To build on the continued success of this project over the last 2 years.
- **Decants and homeloss costs** - £65k for 2 years to allow for decanting costs and "homeloss" payments in new regeneration and development schemes within the Housing Capital Programme
- **Resident Liaison Co-ordinator** - £38k ongoing. Due to the success of employing a temporary member of staff for Tower

Block refurbishment programme this resource will provide liaison with tenants for other major refurbishment programmes

- **Increased court costs** – £150k pa Increased costs due to increased arrears recovery activity.
- **Pest Control** - £45k To provide enhanced pest control services.
- **Income Officer** - £45k one additional post in income collection and administration to deal with increased work arising from Universal Credit.
- **Health and Safety** - £194k ongoing and £35k for one year. There have been a number of issues recently in regard to health and safety matters with council property. The additional monies will be used to strengthen compliance with regard to fire asbestos and water safety.
- **Communal Areas** – One off £100k – additional works for pre paint repairs and decoration in respect of communal areas in flats .

Housing Revenue Account Budget 2018/19 to 2021/22

68 Appendix 4 details the HRA Budget for the period 2018/19 to 2021/22 which is summarised below:

TABLE 8 HOUSING REVENUE ACCOUNT	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Income	(43,241)	(43,492)	(44,107)	(45,498)
Expenditure	42,073	41,689	42,410	43,690
Net Operating Expenditure	(1,168)	(1,803)	(1,697)	(1,807)
Appropriations	2,636	1,831	1,718	1,836
(Surplus)/Deficit for the Year	1,468	28	21	29
(Surplus)/Deficit b/fwd	(4,941)	(3,501)	(3,493)	(3,500)
Investment Income	(28)	(20)	(28)	(28)
(Surplus)/Deficit c/fwd	(3,501)	(3,493)	(3,500)	(3,499)

69 The Housing Revenue Account currently shows a stable financial position over the next four years.

Risk Implications

70 The main risks to the balanced position of HRA are summarised below and detailed in Appendix 8:

- Liability arising from high value voids levy is more than estimated
- Guideline rent increase from 2020/21 is mandatory

- Increased arrears due to benefit changes arising from the roll out of Universal Credit
- Non-achievement of assumed Right to Buy sales now required to fund increased capital spend commitments.
- Non-achievement of planned efficiencies and cost overruns
- Variations in estimates causing cash flow problems

Section D Capital Programme

General Fund Capital Programme

71 The proposed General Fund Capital Programme shown in Appendix 6 totals £146 million over the four year period. New bids included within the Programme are set out in Table 9 below :

Table 9 : General Fund Variations to Capital Budget				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
New Bids				
National Homeless Property Fund (1)	2,500	2,500		
Gloucester Green car park-Health and safety	195			
Covered market (2)	400	400	400	400
Lift refurbishment	154			
Pest control vehicle	35			
Car park resurfacing	50	50	50	50
Hinksey outside kiosk	49			
Barton cycle studio	40			
CCTV Upgrade	80			
Horspath 3 G		900		
Barton Park 2 additional vehicles	52			
Rose Hill CC Parking Management	10			
Infrastructure improvements Florence Park	81			
Meadow Lane Car Park	92			
BT One Phone Ph2	83			
Vehicle and equipment for tree team	26			
Telephony device refresh	10	60	60	60
Capitalized planned maintenance and refurbishment (3)	825	325	325	325
Discretionary funding for housing improvements re disabled adaptations	15	15	15	15
Controlled Parking zones (4)	200			
Total General Fund New bids	4,897	4,250	850	850

Notes:

(1) Purchase of properties for homeless families – Further properties purchased through the Real Assets Letting scheme in conjunction with Resonance and St Mungos Broadway in which the Council has already invested £10million. The additional £5million will provide another 15-20 homes for homeless families, providing additional net income and savings on the temporary accommodation homelessness budget.

(2) Covered market - Works to the indoor covered market including roofing, public conveniences, signage, external paving

(3) Planned maintenance – Planned maintenance and refurbishment of commercial property including Floyds Row and Queen Street, community centres, pavilions and other corporate property

(4) Controlled Parking Zones: This will provide additional funding for controlled parking zones in areas where consultation demonstrates there is local support, and the need is supported by the Highways Authority.

- 72 Incorporating the items shown in Table 9 above the full amount of investment is shown in Appendix 6 and includes other significant items such as the Museum of Oxford £2.842 million, flood relief scheme £2.6 million, community centre improvements £3.8 million, Disabled Facility Grants £4.5 million, parks, open spaces and athletics facilities £5 million, car parks resurfacing and improvements £1.2 million, ongoing renewal of council vehicles £9.2 million, £61 million loans to companies, investment in ICT £2.4 million and improvements to investment properties £9.2 million.
- 73 Funding of the Programme is by revenue £16.1 million (11%), Capital Receipts £38.3 million (26.1%) Community Infrastructure Levy £4.0 million (2.7%), borrowing £81.9 million (55.9%) and Government Grants and third party contributions £6.3 million (4.3%). All revenue costs have been included in the General Fund revenue budget.

Housing Company

- 74 In March 2016 the Council approved the establishment of a Local Authority housing company and the company was incorporated in June 2016. The Company Business Plan agreed with the Shareholder sets out plans to undertake, the purchase and management of affordable rented homes at Barton, the development of new affordable and market housing, the purchase of 5 void properties per annum from the HRA as well as future estate regeneration.
- 75 The Company purchased 5 properties in 2016/17 for around £776k which it subsequently leased back to the Council for homeless families.
- 76 The Council lends money to the Housing Company at state aid compliant rates of interest using its prudential borrowing powers with the company repaying the Council either based on an annuity or overdraft method. Loans already approved to the Housing Company and included in the Council's Capital Programme are as follows:

Table 10 : Loans to Housing Company				
	2017/18	2018/19	2019/20	2020/21
	£000's	£000's	£000's	£000's
Loan Amount	3,000	29,000	17,000	12,000

- 77 On 20th February 2016 Council agreed a loan facility over the next 4 years loans of £61 million facilitating the construction and acquisition of approximately 500 new dwellings.

OXWED

- 78 The Council has a 50/50 partnership with Nuffield College to undertake the development of the land at Oxpens. The Council has already approved loans totaling £4.1 million as its 50% share of the cost of purchasing additional land in December 2017 for which the Council is due to receive £8million. In addition, loans have also been approved to fund working capital of £150k up to March 2018. Nuffield College has matched these amounts.

Housing Revenue Account Capital Programme

- 79 The draft HRA Capital Programme is intrinsically linked to the HRA Business Plan since the resources to fund the Programme are largely generated through housing rents. All Capital projects in the existing Programme have been considered and adjustments made accordingly. Additional capital bids include :

Table 11 : HRA Variations to Capital Budget				
	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
New Bids				
Door and window replacements	50	0	0	0
Energy Efficiency Initiatives	100	0	0	0
Extension to buildings to create larger units	150	0	0	0
Fire Door replacements	250	0	0	0
Compulsory purchase of property	1,000			
East Oxford Community Centre Development	5,300	5,300	0	0
Total	6,850	5,300	0	0

80 For planning purposes a 4 year period is considered in detail and this is shown in Appendix 6. In summary spend over the 4 year planning period is as follows:

Table 12 : Summary of HRA Capital Programme over next 4 years				
Budget	2018/19	2019/20	2020/21	2021/22
	£000's	£000's	£000's	£000's
Tower Blocks	784	0	0	0
Disabled adaptations	617	633	648	664
Improvements	973	784	795	805
Regulatory	5,203	5,344	5,479	5,203
Regeneration	11,021	9,073	3,371	600
Other	792	709	727	772
Contingency for HVCH	0	7,703	7,703	7,703
Total	19,390	24,246	18,723	15,747

- 81 The revised programme of £78 million over the next 4 years includes:
- Great Estates enhancement of car parking and other infrastructure £3.6 million
 - Barton Regeneration £2.4 million
 - Improvements to doors, windows, controlled entry including the Oxford Standard - £3.2 million
 - Replacements of kitchens, bathrooms, roofs, heating and electrics -£21.2 million
 - Blackbird Leys Regeneration - £5.4 million – to undertake regeneration at the heart of the estate
 - New Build housing at Bracegirdle and Salford Rd and the East Oxford site
 - Purchase land or property for development - £1million
 - A contingency of £23.1 million to mitigate the potential financial effect of the Government's initiatives around High Value Council Housing in lieu of selling high value council housing

82 The Council is looking to redevelop the Community Centre at East Oxford. We now propose to include at least 50% council housing on the three related sites. The overall cost of the development is £10.6 million; for a scheme where 50% of the units were for market sale, around £8 million would be recouped from sale of private units, but the council retains the option to develop more than 50% for council housing. The initial spend would be financed from the high value levy of £7.3 million with the balance funded from borrowing.

83 At City Executive Board in August 2017, it was agreed to increase the budget by £1million to allow for the replacement of rain screen cladding to Windrush and Evenlode Towers. Since this decision further works and costs are now anticipated in the sum of £650k in respect of:

- Claims for time delays and complications arising from land ownership
- Complications and claims for time extensions around the additional works

84 The Council hopes to recover some of these additional costs from third parties.

85 The financing of the HRA Capital Programme is £53.4 million from revenue, Capital Receipts £9.3 million and borrowing of £10 million. Additional borrowing of £18.8 million takes borrowing to the debt cap of £241 million in 2024-25 which reduces once this new debt is repaid by 2030/31.

Risk Implications impacting the Capital Programme

86 The main risks to the Capital Programme are set out in Appendix 8 and summarised below:

- Disposals as detailed before are not secured causing a shortfall in funding of schemes
- Estimate for payment to Government in respect of HVCH is insufficient
- Slippage in Capital Programme and impact on delivery of priorities
- Robustness of estimates

Budget next steps

87 The timetable for consultation and for Budget approval by Council is set out in the following table:

Table 13 Budget Consultation Timetable	
Consultation Budget Report to CEB	20th December
Budget Consultation Period	21st December to January 2018
Final Budget Report to CEB including outcome of Consultation	13th February 2018
Budget approval and Council Tax Setting	19th February 2018

88 The budget consultation exercise will commence in December 2017 and involve an online survey. The outcome of the consultation process will be reported to CEB in February 2018, together with the outcome of the final settlement determination

89 Tenants will be consulted on the HRA budget including rent and service charge changes with a special resident focus group(s) and the tenant newsletter 'Tenants in Touch'.

Financial Implications

90 These are covered within the main body of the report

Legal Implications

91 The Council is required to set a balanced budget taking account of working balances and any other available reserves before the commencement of the financial year to which it relates. Consultation will be undertaken with the General Public for a period of 6 weeks in accordance with CIPFA Guidance.

Risk Implications

92 These are shown in Appendix 8 of the report

Equalities Impact Assessment

93 These are shown in Appendix 9 of the report

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