

# Briefing Note (all supplementary papers) for Council - Wednesday 13 February 2019

Please see the main agenda pack for recommendations and reports for all items.

6 **Public addresses and questions that relate to matters for decision at this meeting (Pages 3 - 4)**

There is one public address on Item 14 – Community Governance Review.  
Address attached.

8 **Scrutiny Response: Budget 2019 -2020 (Pages 5 - 36)**

Attached:

- Report of the Scrutiny Committee Budget Review Group.
- City Executive Board draft response (any changes will be tabled at the meeting)

10 **Medium Term Financial Strategy 2020-21 to 2022-23 and Budget for 2019-20**

*The procedure for this item is set out in Part 11.4 of the Council's Constitution.*

**Amended Recommendations: Council is recommended to:**

- a. consider the City Executive Board recommendations to Council, including the budget published as part of the agenda for this meeting along with any amendments resulting from the CEB meeting of 12 February tabled at this meeting;
- b. consider the substantive amendments proposed by the opposition groups; and published with the briefing note;
- c. consider individual amendments; and
- d. agree the recommendations from the City Executive Board as presented to Council, or with further amendments as decided by Council.

**Subject to the recommendations of the City Executive Board at their meeting on 12 February Council is recommended to resolve to:**

1. **Approve** the 2019-20 General Fund and Housing Revenue Account budgets and the General Fund and Housing Revenue Account Medium Term Financial Plan as set out in Appendices 1-10 of the report, noting:
  - a) the Council's General Fund Budget Requirement of £24.167 million for 2019/20 and an increase in the Band D Council Tax of 2.99% or £8.94 per annum representing a Band D Council Tax of £307.80 per annum;
  - b) the Housing Revenue Account budget for 2019/20 of £42.466 million and a reduction

of 1% (£1.03/wk) in social dwelling rents from April 2019 giving a revised weekly average social rent of £102.26 as set out in Appendix 4;

- c) the General Fund and Housing Revenue Account Capital Programme as shown in Appendix 6 (amended and as attached to this briefing note).
2. **Agree** the fees and charges shown in Appendix 7.
  3. **Delegate** to the Section 151 Officer in consultation with the Board Member for Finance and Assets the decision to determine whether it is financially advantageous for the Council to enter into a Business Rates Distribution Agreement as referred to in paragraphs 12-14 of the report.
  4. **Ratify** their decision to implement the Premium Council Tax of 100% for properties that have been empty for more than 2 years and approve the escalated rate of premium council tax when permitted to do so. (Para 17-19 of the report).
  5. **Agree** the transfer of property from the General Fund to the HRA as referred to in paragraph 35 of the report.
  6. **formally adopt** the Business Rates Retail Discount Scheme and applies the scheme in accordance with the guidance issued. (new recommendation)

*A recorded vote must be taken when voting to agree the final budget and medium term financial strategy.*

- 10 a) Additional recommendations from CEB and corrections to published budget (Pages 37 - 40)  
Attached:
  - Additional recommendations to the Budget Report to be presented to CEB on 12 February 2019:
    - Seacourt Park and Ride extension
    - Business Rates retail discount scheme
  - Revised Appendix 6 to include the above
- 10 b) Alternative budget proposals - Liberal Democrat amendments (Pages 41 - 46)  
Attached:
  - Liberal Democrat Group's amendments to the revenue and capital budgets for debate.
  - Head of Finance – Section 151 officer comments
- 10 c) Alternative budget proposals - Green amendments (Pages 47 - 54)  
Attached:
  - Green Group's explanatory notes to their amendments.
  - Green Group's amendments to the revenue, HRA and capital budgets for debate, and explanatory notes.
  - Head of Finance – Section 151 officer comments
- 10 d) Individual amendments to the budget

No individual amendments were submitted for publication.

## **ADDRESS TO FULL COUNCIL MEETING ON 13<sup>TH</sup> FEBRUARY**

### **PATRICK COULTER FOR HEADINGTON NEIGHBOURHOOD FORUM.**

#### **PROPOSED GOVERNANCE REVIEW FOR A COMMUNITY COUNCIL FOR HEADINGTON.**

I'm Chair of Headington Neighbourhood Forum. We warmly support the proposed governance review for a Community Council for Headington.

The provision of a Community Council has been a key policy of the Headington Neighbourhood Plan from the outset. We recognised the need for a body to deliver the Plan policies and projects in the long term.

The Community Council would also help to develop a sense of identity for Headington and would strengthen and improve community cohesion. We have excellent local councillors in Headington both City and County. The Community Council would be a democratically provided layer of support for the work of our councillors.

We are pleased to offer all our support to officers as they carry out the governance review. For example we can encourage local groups to respond to the consultation.

A key task for us all is to build strong and cohesive communities in Oxford. We believe that a Headington Community Council could make a major contribution to this work.

Thank you.

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**To:** City Executive Board  
**Date:** 12 February 2019  
**Report of:** Scrutiny Committee  
**Title of Report:** Budget Review Report and Recommendations

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To present the recommendations of the Scrutiny Committee's Budget Review Group
<b>Key decision:</b>	Yes
<b>Scrutiny Lead Members:</b>	Councillor James Fry, Chair of the Budget Review Group Councillor Andrew Gant, Chair of the Scrutiny Committee
<b>Executive Board Member:</b>	Councillor Ed Turner, Board Member for Finance and Asset Management
<b>Corporate Priority:</b>	An Efficient and Effective Council
<b>Policy Framework:</b>	The 2019/20 Budget
<b>Recommendation: That the City Executive Board states whether it agrees or disagrees with the 15 recommendations in the report of the Budget Review Group (Appendix 1)</b>	

<b>Appendices</b>
Appendix 1: Scrutiny Budget Review – Report of the Budget Review Group
Appendix 2: Draft City Executive Board response to the recommendations of the Budget Review Group tabled by the Board Member for Finance and Asset Management

1. The Scrutiny Committee established the Budget Review Group in July 2018 as a recurring annual review group, alongside the one off No Local Connection Review Group and the Tourism Management Review Group. The report of the Budget Review Group was presented to the Scrutiny Committee at a meeting on 5 February 2019 for their endorsement to submit to the City Executive Board.

2. Before discussing the report the Scrutiny Committee heard contributions from Councillor Fry, as Chair, and Councillor Simmons, as a member of the Budget Review Group. The Committee thanked the Review Group for their work and discussed the report at length. The full record of the discussion can be found in the draft minutes of that meeting.
3. Two of the principle matters discussed during the meeting were the possible negative impact of Central Government's Fair Funding Review and the need for long term contingency plans to be developed for the Homelessness Reserves. Recommendations in this regard are set out in recommendations 6 and 14 within the Review Group's report.
4. The Government is still committed to its Fair Funding Review of local authority funding which will be introduced with effect from 1 April 2020. The Review will affect the Council's budget position, and there are difficulties in long term planning when the outcome of the review will not be known for some time. An initial assessment by the Budget Review Group suggests potential adverse financial implications for the Council.
5. The Government's Consultation document states that "The treatment of discounts, exemptions and premiums in the measure of council tax resources needs to be determined." There is a risk that if Central Government uses an assumptions-based approach in calculating Oxford's resources (i.e. they assume a maximum council tax base rate, rather than the actual council tax income) the Council could be penalised. This would in effect act as a "double taxation" on the Council, given that that Council also takes on the full cost of providing the Council Tax Reduction Scheme. There is similarly a risk that the Council could be penalised in this review for its income from off-street car parking.
6. This year, 11-12% of the Council's total net expenditure will be on Homelessness Services. Within the Medium Term Financial Plan, the Council is forecasting a drawdown on the Homelessness Reserves of £1m in 2022/23. The table below shows how the reserves are forecast to decline from £3,234,369 in 2019/20 to £796,843 in 2022/23.

<b>Homelessness Reserves Balance Forecast</b>				
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Total net spend</b>	£-197,531	£777,526	£660,000	£1,000,000
<b>Remaining reserves</b>	£3,234,369	£2,456,843	£1,796,843	£796,843

7. In reviewing the draft recommendations of the Budget Review Group, the Committee wished to add a further emphasis on the need for the Council to prepare contingency plans concerning the Homelessness Reserves, in light of the uncertainty surround the Fair Funding Review, and the short termism of one off Government grants for services. Accordingly, recommendation 14 now adds a request for contingency plans to be made, and these will want to be considered by the Scrutiny Committee or the Finance Panel in 2019/20.
8. Subject to these and other minor amendments, the Committee agreed to endorse the report and submit it to the City Executive Board on 12 February 2019.

9. The City Executive Board is asked to agree its response to the 15 recommendations in the Review Group’s report. A draft response submitted by the Board Member for Finance and Asset Management is set out in Appendix 2 for the Boards consideration. The implementation of any agreed recommendations will be monitored by the Scrutiny Committee in the normal way.

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# Scrutiny Budget Review 2019/20

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**Report of the Budget Review Group 2019/20**  
Commissioned by Oxford City Council's Scrutiny Committee

February 2019

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## Foreword by the Chair of the Budget Review Group



The Budget Review Group has again been very fortunate in the support it has received from senior officers in reviewing the City Council's Draft Budget and Medium Term Financial Plan. The task is made particularly hard by the sudden turns in Central Government policy, such as the announcement that, after years in which councils were not allowed to borrow to build more social housing, they are free to borrow again. This has potentially major significance for the City Council's future strategy for the construction of badly needed social housing.

Brexit and great uncertainty about the outcome overshadows Budget forecasting in a city which welcomes residents from outside the UK. BMW, relying heavily on EU trade, is a major employer and the universities and hospitals rely heavily upon foreign staff.

Against this background, the City Council's Budget is very gratifying in managing once again to maintain or expand services despite the ending of Central Government Revenue Support Grants, until recently a key element of City Council funding. New sources of income, notably the establishment of the wholly-owned Oxford Direct Services Company and the increased business rate revenue from the opening of the Westgate shopping centre, have enabled the Council to avoid cutbacks that have been forced upon many county and district councils.

The City Council rightly prides itself on its ability to increase the provision of housing for homeless people and rough sleepers, and in taking the lead in combatting climate change, exemplified by the creation of the first Zero Emission Zone in the city from 2020, but it is important to note that the City Council's ability to fund extra initiatives is greatly limited by Central Government rules on funding. Two striking statistics are that of total business rate income in the city, after complex reallocation formulae, a mere 8.5% is retained by the City, and even that small share is under threat from the "Fair Funding Review". Another fact to note is that this year 11-12% of total City Council net expenditure is on homelessness services.

As this report notes, the homeless budget will be very challenging going forward. The City Council prudently built up a reserve to cover spending on homelessness in future years but this reserve will be virtually exhausted by the end of the current four year plan, unless Central Government and the County Council resume their previous levels of funding. We must hope, therefore, that the promised end to austerity benefits the City as it should.

**Councillor James Fry, Chair of the Budget Review Group**

# Chapter 1: Introduction

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1. The role of Oxford City Council's Scrutiny Committee is similar to the role of UK Parliamentary Select Committees. Scrutiny is led by councillors who are not on the City Executive Board (the main council decision making body) and is empowered to question council decision makers and make recommendations to them about policy decisions. Scrutiny can also investigate any issue that affects the local area or its residents, whether or not it is the direct responsibility of the Council.
2. The Scrutiny Committee established the Budget Review Group (made up from the membership of the Finance Scrutiny Panel) to meet each January to scrutinise the Draft Budget and Medium Term Financial Plan (as approved for consultation by the City Executive Board on 18 December 2018), and to test the robustness of the underlying assumptions used in the proposals. The Council has a statutory duty each February to agree a four year balanced budget. This report is intended to provide a considered second opinion on the budget proposals with constructive recommendations and suggestions for changes.
3. Having an effective budget scrutiny function is considered a cornerstone of good governance, allowing a cross section of councillors to ask challenging questions about the budget for various services that the Council delivers, as well as the wider financial context in which the Council operates. In addition to the detailed Budget Review Group process, the [Finance Panel](#) leads its own work plan year round to review and evaluate spending against the budget. At least five meetings of the Finance Panel are held each year at the Town Hall, and meetings and agendas are open to the public.
4. The Budget Review Group has a cross-party membership comprising the following City Councillors:
  - Councillor James Fry (Chair)
  - Councillor Tiago Corais
  - Councillor Mohammed Altaf-Khan
  - Councillor Chewe Munkonge
  - Councillor Craig Simmons
  - Councillor Roz Smith
5. The purpose of this report is to set out the work undertaken by the Review Group, together with their conclusions and recommendations. Each recommendation is supported by a narrative based on the discussions of the Review Group at each of its meetings.
6. This report will be presented to the Council's Scrutiny Committee for endorsement on 5 February 2019, and subsequently to the City Executive Board and the Full Council on 12 and 13 February 2019 respectively.
7. The Review Group would like to place on record its thanks to all of the people who contributed to the review, which have enabled the recommendations in the report to be made. Particular thanks go to Nigel Kennedy and Anna Winship for their work in preparing the Budget, and attending each of the Review Group's meetings, and also to Stefan Robinson in his role as Scrutiny Officer, keeping a full record of the meetings.

## Chapter 2: Methodology

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8. The Review Group's work involved a total of 4 meetings which were all held in January 2019. The aim of this work was to provide an independent and cross-party review of the 2019/20 budget proposals to provide assurance concerning the soundness of the budget, and recommendations for improvement and review where necessary. The Review Group used the City Executive Board's [draft budget proposals](#) from 18 December 2018 as the principal document for scrutiny. Reports were also considered including the Capital Strategy and the Treasury Management Strategy. Key themes and questions the Review Group sought to explore included:

- Slippage in the delivery of capital projects
- Business rates income
- The overall shape of gross and net expenditure and income, and future forecasts
- The evolution of Council budgets over recent years
- Contingencies and earmarked reserves
- The impact on council finances of the establishment of council owned companies (Oxford Direct Services and Oxford City Housing Limited)
- Service area proposals including savings, efficiencies, cost pressures and staffing
- The Housing Revenue Account and government policy changes impacting the freedom of local authorities to fund house-building.

9. The Review Group's findings and recommendations have been informed by evidence provided by twelve senior officers of the Council across its meetings, as well as extensive written testimony in response to pre-submitted questions from councillors. Contributors to the review included:

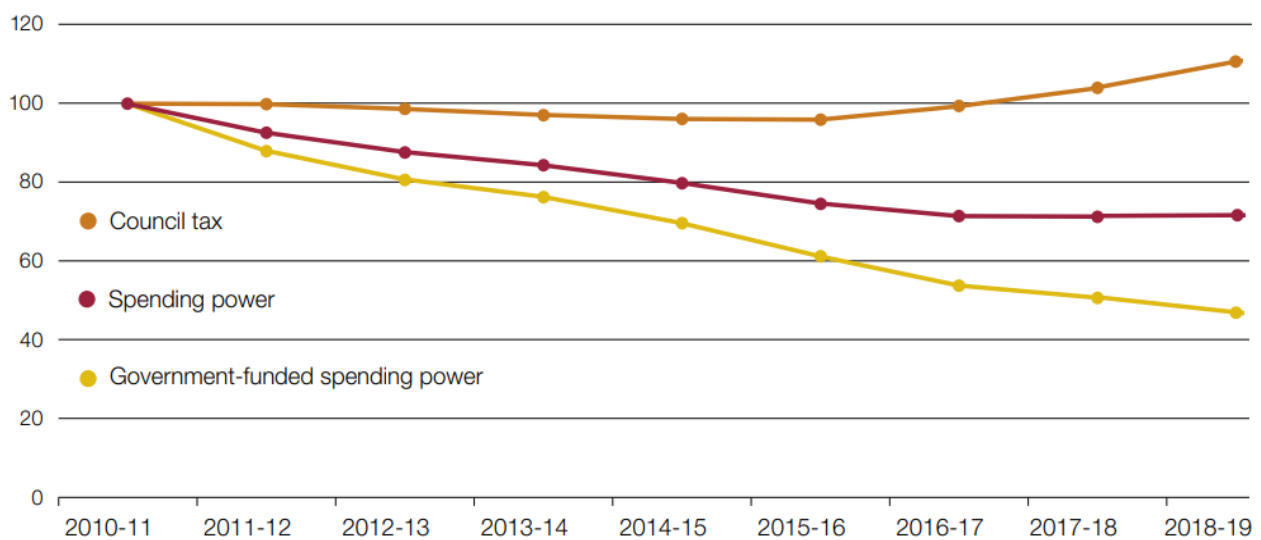
- Adrian Arnold: Acting Head of Planning
- Helen Bishop: Head of Business Improvement
- Anita Bradley: Head of Law and Governance
- Ian Brooke: Head of Community Services
- Aileen Carlisle: Senior Programme Manager
- Stephen Clarke: Head of Housing Services *and* Oxford Direct Services Client Manager
- Ian Gray: Interim Regeneration and Economy Programme Director
- Caroline Green: Assistant Chief Executive
- Nigel Kennedy: Head of Financial Services
- Rocco Labellarte: Chief Technology and Information Officer
- Tim Sadler: Executive Director for Sustainable City
- Anna Winship: Management Accountancy Manager

# Chapter 3: Background

## The National Context

10. Since 2010, successive governments have sought to cut funding for local authorities in England as a means of reducing the national budget deficit. A recent report by the National Audit Office (NAO) highlighted that Government funding for local authorities has fallen by an estimated 49% in real terms from 2010-11 to 2017-18, with overall spending power reducing by 29%.<sup>1</sup> This has placed very acute pressure on the delivery of Council services across the nation; epitomised most recently by the Section 114 Notice issued at Northamptonshire County Council that forecast spending greater than the resources it has available. There are concerns nationally that other local authorities may follow suit.<sup>2</sup>
11. There has been a significant increase in the level of demand placed on Social Care, Highways and Homelessness Services in recent years, as well as widespread cuts in library provision and subsidised bus services. From 2019/20, almost half of all councils (including Oxford City Council) will no longer receive any Revenue Support Grant funding.<sup>3</sup> In these challenging times, it may not be surprising to note that 80% of local authority finance directors lack confidence in their authority's financial sustainability.<sup>4</sup>

**Figure 1: Real Terms Local Authority Spending Power (adapted from NAO 2018)<sup>1</sup>**



12. A recent NAO Report into the sustainability of local authorities concluded that:

*Compared with the situation described in our 2014 report, the financial position of the sector has worsened markedly... The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams... Services are continuing to face reducing funding despite anticipated increases in council tax (p.10 -11).*

<sup>1</sup> The National Audit Office, 2018. The Financial Sustainability of Local Authorities. Available at: <https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainability-of-local-authorities-2018.pdf>

<sup>2</sup> The Guardian. Many Councils will go the way of Northamptonshire. Available at: 2018.

<https://www.theguardian.com/politics/2018/aug/02/many-councils-will-go-the-way-of-northamptonshire>

<sup>3</sup> Local Government Association, 2018. Local services face further £1.3 billion government funding cut in 2019/20. Available at:

<https://www.local.gov.uk/about/news/local-services-face-further-ps13-billion-government-funding-cut-201920>

<sup>4</sup> LGIU. 2018. State of Local Government Finance Survey. Available at: <https://www.lgiu.org.uk/wp-content/uploads/2018/02/LGiU-MJ-State-of-Local-Government-Finance-Survey-2018-Full-Report.pdf>

13. These pressures are most acutely placed on County and Unitary Councils with responsibility for Social Care. County Councils continue to be identified as more at risk of a financial cliff edge than district authorities. This has a knock on effect however, as cuts to these upper tier services inevitably generate more demand for district services, such as the case after recent cuts to homelessness services by Oxfordshire County Council.
14. The NAO's recent research showed that 10% of County and Unitary Councils had less than 3 years of reserves left, if they continued their current rate of spending. Oxford City Council, has managed well through years of austerity by maximising income through its property assets, fees and charges, whilst driving significant service efficiencies. In the NAO's graph on page six, it is clear that the introduction of capped council tax rises of 3% in 2012/13 imposed by Central Government had a significant impact on local authorities' abilities to raise revenue through increased tax.
15. Looking forward, local authorities continue to innovate to cope with the strains on local service delivery, sharing services and operating in a more networked and collaborative way than ever before. This is perhaps best exemplified locally by the work of the Oxfordshire Growth Board, which draws on the combined resources and efforts of the six Oxfordshire councils to deliver an ambitious plan for the long term supply of housing for the County.
16. The Chancellor's Autumn Statement on 29th October 2018 called for an end to the era of austerity, which has until now been the main driver for reductions in funding. At least in the short term however there is no clear sign that pressure on local authority funding will ease, and predictions cannot yet be made on the future spending power of local authorities. A recent report from the House of Commons Public Accounts Committee stressed the uncertainty of future funding:

*The Ministry of Housing, Communities and Local Government has not yet developed a plan to secure local government's long-term financial future. It is not transparent enough about its understanding of the pressures faced by local authorities, meaning Parliament and the taxpayer cannot be sure that it genuinely understands or is addressing the issue...This is an unsustainable situation (p.3).<sup>5</sup>*

### **Oxford City Council's Spending Priorities 2019/20**

17. In spite of these national challenges for local authorities, Oxford City Council has remained financially resilient in its budget setting. Each year the City Council undertakes a systematic review of its budget which starts early in the financial year and involves all senior officers with budget responsibility and the City Executive Board.
18. In terms of overall gross expenditure, the Council's aim to meet local housing needs have a significant impact on the Budget when compared to other priorities. This reflects Oxford's position as one of the least affordable cities in the UK in which to rent or buy a home. Some of the Council's greatest areas of expenditure include housing, cultural and environmental services. Projected annual expenditure on each of the Council's priorities is set out below:

<sup>5</sup> House of Commons Public Accounts Committee. 2018. Financial sustainability of local authorities. Available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/970/970.pdf>

<b>Figure 2: Oxford City Council Gross Expenditure on Priorities 2019/20 (including capital spend)</b>	
Meeting Housing Needs	£47.3m
Effective and Efficient Council	£22.8m
Cleaner, Greener, Environment	£21.5
Strong and Active Communities	£6.3m
Vibrant and Sustainable Economy	£5.8m
<b>Total</b>	<b>£103.7m</b>

## The Housing Revenue Account

19. The Housing Revenue Account is the account through which revenue generated through social rents is managed. By law, this must be managed separately from the General Fund. The Council manages approximately 7,500 residential properties in the City, and has invested in the region of £60m over the past three years, with 113 new houses being delivered in the last year. The establishment of the Council's Housing Company (Oxford City Housing Limited) should improve the speed at which affordable houses can be delivered, including on sites that are not considered viable for developments led by the private sector, whilst returning an income to the Council for further reinvestment into council services.
20. From 2015, local authorities were required to set aside budgetary provision for a levy to Central Government on high value residential properties, and to sell those properties when they become vacant. In December 2017 however, the Government announced that the High Value Levy would not be implemented in 2018-19, but no information was given as to what would happen thereafter. The Council's budget subsequently made provision for of £7.7m per annum for 6 years to pay for this levy making a total of £46 million. In August 2018, the Government stated that it would not go ahead with the levy. The latest refresh of the HRA Business Plan has removed the £46million and adjusted the Plan to repay loans to the Public Works Loan Board earlier than planned.

## The General Fund

21. The General Fund is the account through which all other Council revenue income and expenditure apart from the Housing Revenue Account is managed. Last year, each Head of Service within the Council was asked to find 2% of savings and increase income by 3% within their service, and many of their proposals have been incorporated into the Draft Budget. The Business Improvement service area found £322k of savings and Community Services generated an additional £130k of income. The Council continues to invest in ICT systems and development to improve processing efficiency and customer service, and is also looking to broaden its commercial approach to managing its Planning and Building Control services, and improve use of the Town Hall facilities.
22. The Council has achieved £6.9m of efficiency savings over the last three years in its General Fund, whilst continuing to invest in key priorities including promoting the Oxford Living Wage and apprenticeships. Other major developments over the four year Medium Term Financial Strategy include £11.2 million of revenue contributions to finance vehicle replacements and ICT software and hardware.
23. Income from the New Homes Bonus (NHB) also contributes to this expenditure, and is estimated to contribute around £2.5 million over the four years. The NHB was introduced

by the Government to encourage local authorities to grant planning permissions for the building of new houses in return for additional revenue.<sup>6</sup> The Government initially matched the Council Tax raised on each new home built for six years, but this period has been reduced since 2017/18. The 2019/20 NHB allocations show limited change from figures previously announced by Central Government.

24. £69m has been spent in the last three years major capital projects including improvements to pavilions, community centres and car parks. There is also significant capital being invested into the regeneration of council estates and council owned properties. The Council has been working to identify the likely maintenance costs of its community centres in the medium to long term, with the aim of developing a long term plan for the future. A total of £1.685m is expected to be spent in the next year on relocating the Oxpens Car Park decking to Redbridge Park and Ride.
25. One of the most significant pressures on the General Fund relates to a £6m decline over four years in Revenue Support Grant; the grant given to local authorities by Central Government each year, which has now been reduced to zero for the Council from 1 April 2019. On the positive side, the Council could have been subjected to a negative support grant (where the council would effectively pay the Government), but this proposal has since been withdrawn. Some of the key income streams that supplement the General Fund are set out below:

**Figure 3: Oxford City Council General Fund Revenue Funding 2019/20**

• Fees and Charges	£31.9m
• Council Tax	£14.0m
• Business Rates Retention	£9.3m
• Returns from Oxford Direct Services (Council Company)	£2.1m
• Other Grants and Contributions	£1m
• Revenue Support Grant	£0m

26. A new line appearing in the budget book this year reflects the Council’s success in establishing two new groups of Council-owned companies. A group of housing companies was created in 2016 to deliver new social and affordable housing and the Council also formed Oxford Direct Services, which provides a range of services directly to the Council and competes for work in the wider city economy. Regular reports to each of the Shareholder Groups for these companies can be found on [the Council’s website](#).

**New Growth**

27. Whilst efficiencies continue to be made, the Council remains committed to investing in new ideas and projects to meet the needs of local residents. A number of new growth areas are being proposed for 2019/20, and a sample of the larger commitments are set out below:
28. Homelessness (£200k): This is an increase in the draft budget towards the costs of preventing and reducing homelessness, which is complemented by additional Central Government grants for extra hostel bed spaces. Recommendation 12 makes proposals to

<sup>6</sup> House of Commons Library. 2017. The New Homes Bonus Scheme. Available at: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05724>

improve monitoring and forecasting of the Council's spend from its homelessness reserve.

29. Project Management Office (£375k): Funding has been derived from existing vacancies and restructuring with an additional £100k to develop a new cross-council Project Management Office to improve the Council's management of new projects. Recommendation 9 in this report relates to the role and performance of the Project Management Office.
30. Cycle infrastructure (£250k over 4 years): A contribution towards improving segregated cycle lanes and more cycle parking.
31. Equalities action plan (£140k): Sponsoring professional qualifications for BAME employees and developing a programme for the employment of BAME recruits.

## **New Challenges**

32. Whilst the Council continues to put forward a stable budget position for 2019/20, there are continuing challenges which have the potential to disrupt the delivery of the budget. A sample of the more significant issues are set out below:
33. Brexit: The Council is mindful of the implications that the UK's exit from the European Union may have, both in terms of the effect it can have on the Council's own work, but also businesses and investments in the City. The Finance Panel has received regular reports concerning the potential implications of Brexit over the past two years. Most recently, the Panel heard that national shifts in inflation, which were rising and general economic growth, were yet to feed through to the Oxford economy in a tangible way.
34. Business Rates income is holding up, units in the new Westgate Shopping Centre are being let and there has been no significant increase in bankruptcies. BMW recently announced that the next generation Mini would be produced in Cowley, which was good news for the local economy. The impact on the City Council is currently limited in terms of recruitment issues, key income streams and property funds, although like most authorities the Council is suffering from depressed returns from fixed interest investment over the last few years. With current Brexit uncertainties, there remains a lot to be negotiated, there are still a number of issues and concerns for the country, local Government, Oxfordshire and Oxford City Council which are still too early to quantify.
35. Local Government Funding Review: The Government is still committed to its Fairer Funding review of local authority funding which will be introduced with effect from 1 April 2020. The review has the potential to affect the Councils budget position, and there are difficulties in long term planning when the outcome of the review will not be known for some time. We have yet to understand the full details of the review, but an initial assessment of the consultation documents would indicate potential adverse financial implications for the Council. Recommendation one in this report sets out actions the Council could undertake to mitigate this risk.
36. Business Rates Income: The Council collects tax from local businesses based on rates set by the Valuation Office Agency. There is currently a Central Government consultation underway to review how the system should be reset on a regular basis, the tier split between district and county councils and proposals to reform the levy. Changes in the

rateable values of premises, or volatility in the retail sector due to changing consumer trends and wider economic uncertainty, could adversely affect the Council's income. The Council was unsuccessful in its bid to pilot 75% business rates retention in 2019-20, and so there is no change assumed to this income next year.

37. Increased pressure on existing services: The Council is very aware that national changes concerning universal credit, reductions in welfare benefits and mental health services are triggering a national rise in homelessness. Oxford has consistently increased its funding to support those at risk of, and experiencing, homelessness. There is a risk that without a long term national solution to the issue, the Council's reserves may reduce more rapidly than anticipated. More information on homelessness funding can be found in the supporting evidence for recommendation 12.

# Chapter 4: Findings and Recommendations

## Part 1: Recommendations with budgetary Implications

38. In previous years, the Budget Review Group has put forward recommendations that have had budgetary implications, which have been funded from underspends arising towards the end of the budget setting process. In 2018/19 however, the Review Group understands that there have been no significant underspends, meaning that some of the recommendations put forward in this section of the report will need to be funded through savings elsewhere in the budget. The Review Group asks the City Executive Board to consider how these might be taken forward in preparation for Full Council on 13 February 2019.

### Council Tax

39. HM Government announced that for 2018/19 and 2019/20 the Council Tax referendum threshold has been raised from 2%, where it has been held since it was introduced in 2012/13, to 3%. The Panel found that taking advantage of this opportunity would generate an additional £130k each year for the Council, while costing Band D households less than £3 per year. This approach is already proposed in the draft budget report.
40. The Panel noted, as in previous years, that the City Council's portion of total household Council Tax bills is relatively small, and the greater impact on individual households will be from increases planned by Oxfordshire County Council. At the time of writing this report, the Thames Valley Police and Crime Commissioner was also considering a rise of £24 per year per Band D property.

**Recommendation 1: That Council Tax is increased by 2.99% in 2019/20.**

### Twinning Links in Europe

41. At a Council meeting on 23 July 2018, the Council resolved to:

*Reaffirm its commitment to do all it can to ensure that Oxford remains an international and European city open to all... We are determined to strengthen and deepen Oxford's links with other cities inside and outside Europe.*

42. This collective view has been supplemented by further motions highlighting the Council's wish to maintain its international associations. The Review Group noted that the draft budget proposal included a £7,000 reduction in funding to support Twinning work. This is not as clear as it could be in the budget papers. Whilst this amount of money may not equate to much officer time, it may be used as a budget to support twinning in other ways, such as signage, promotion and hosting.
43. Such a reduction in funding appears contrary to the Council's objective of maintaining and promoting its links with European neighbours and those further afield. The Review Group therefore believes that the level of funding and resource made available to support Twinning should be as a minimum maintained for 2019/20.

44. The Local Government Association's European and International Unit explains that the impetus for town twinning after the Second World War was to promote peace and reconciliation bringing together countries from across the continent.<sup>7</sup> There are also other practical benefits to be realised in terms of learning from innovation in comparable local authority areas abroad, and promoting international visitor exchanges.<sup>8</sup>
45. In light of the Council's wish to strengthen its links with Europe and beyond, the Review Group believes that a brief prospectus or vision document should be developed to set out the Council's twinning aims, as other councils have done such as St Albans City and District Council. This could set out the purpose and benefits of maintaining international links, the work underway to improve these relationships, and the Council's intentions to stay closely connected with Europe.

**Recommendation 2a: That the Council maintains its current level of funding to support international twinning links.**

**Recommendation 2b: That the Council drafts a vision document for its twinning work, to be presented to the City Executive Board for agreement in 2019/20.**

### **Citizens Assembly and Carbon Management**

46. The Review Group noted at its final meeting that the Council passed a motion on 28 January 2019 to "Encourage Council to establish a Citizens Assembly made up of a representative range of Oxford citizens to establish the facts and make recommendations for our city [concerning climate change and carbon reduction]." This motion also saw the Council declare a climate emergency. The Review Group agreed that if a citizen's assembly were to be led effectively by the Council, appropriate resources would need to be made available. Accordingly, the Review Group wishes to make a recommendation to that effect.
47. Furthermore, as a means of remaining aware of the impact that the Council's own work has on the environment, there should be a carbon impact assessment carried out as part of future budget proposals, in a similar way to the equalities impact assessment, for example. This does not need to be an onerous task, but the Council should be provided with independent comment from officers about the impact that the budget as a whole will have on the environment.

**Recommendation 3a: That the Council makes available appropriate resources to support the establishment of a citizen's assembly, in line with the climate change motion passed on 28 January 2019.**

**Recommendation 3b: That future budget proposals feature independent officer comment on the impact that the Council's plans may have on the environment, and how closely aligned the proposals are to the Council's broader environmental ambitions.**

<sup>7</sup> St Albans City and District Council. 2013. Twinning Strategy. Available at: [https://www.stalbans.gov.uk/Images/St%20Albans%20Town%20Twinning%20Strategy%202013\\_tcm15-35248.pdf](https://www.stalbans.gov.uk/Images/St%20Albans%20Town%20Twinning%20Strategy%202013_tcm15-35248.pdf)

<sup>8</sup> Furmankiewicz. 2005. Town-twinning as a factor generating international flows of goods and people. Human Mobility. Available at: <https://journals.openedition.org/belgeo/12466?lang=en#citedby>

## Tackling Public Drug Use

48. Oxford City Council, Thames Valley Police and Oxfordshire County Council recently launched a joint taskforce to tackle open drug dealing and drug taking in Oxford's public spaces. The Taskforce was a direct response to concerns from residents about drug dealing and the number of discarded needles that have been found in the street.
49. The Council's budget previously committed £70,000 of funding towards the Taskforce, but the new draft budget proposes to end this funding from August 2019, without conclusions first being drawn about the effectiveness of its work. The Review Group believes an assessment must first be made before the Council's contribution to the Taskforce discontinues. Councillors said that feedback from the public with regards to the work of the Taskforce had been positive to date.

**Recommendation 4: That the Council carries out a full assessment of the impact made by its funding towards the Joint Taskforce to tackle open drug dealing and drug taking in the City, before a decision is taken on its future funding.**

## Opportunistic Property Acquisitions

50. The Review Group recognises that with the establishment of Oxford City Housing Limited (OCHL), the Council can now operate in a more commercial manner. Specifically, just as private development companies seek to bank land in Oxford and the surrounding area, so too can OCHL. However, this would not be to secure land for higher returns, but rather to provide a long term rolling pipeline of sites for development. On a national scale, it is expected that private sector companies have land banks which if developed, would secure in the region of one million homes.<sup>9</sup> OCHL should compete in this market to ensure these types of sites are developed in an appropriately quick fashion, rather than banked as investment by private companies.
51. The Review Group has concerns that the Council could be acting more quickly to secure development sites. OCHL should be proactive in ensuring that it has its own pipeline of land, which can be developed over the medium term. There are examples of sites which have come to the market, which are then quickly secured by private developers because they are able to act more quickly. It is hoped that through OCHL, the Council can improve how it reacts to ad-hoc acquisitions to be more competitive. This would require the Council to set aside a funding pot for properties to be secured at pace.

**Recommendation 5: That the Council, through its Housing Company, should seek to develop a longer term view of its development plan. This should include establishing a broad programme of property and land acquisitions to be supported by a standalone funding pot provided by the Council for purchases.**

<sup>9</sup> The Big Issue. 2018. A land banking scandal. Available at: <https://www.bigissue.com/latest/finance/a-land-banking-scandal-is-controlling-the-future-of-british-housing/>

## Part 2: Representations to Central Government

### Central Government Funding Adjustments

52. The Review Group found that the local government finance settlement, announced after the draft council budget was issued, was broadly as expected. It is noted with interest that Central Government's review of local authorities' relative needs and resources is currently out for consultation.<sup>10</sup> The consultation seeks views on measuring the relative needs and resources of local authorities, which will in turn determine new baseline funding allocations in 2020-21. The consultation document reads:

*The Government believes that it remains important to continue to take account of councils' relative ability to raise resources. Local resources include council tax... and sales, fees and charges... A relative resources adjustment will therefore be a key step in allocating settlement funding (p.49).*<sup>11</sup>

53. In comparison to other neighbouring authorities, Oxford City Council benefits from a relatively healthy level of income generated from fees and charges; principally from off-street car parking. The Review Group are concerned that should Central Government consider off-street car parking income part of the Council's established resources, there could be a comparable reduction of funding for Oxford in the next finance settlement.
54. The Review Group noted that in areas which are less reliant on income from parking, it is less consequential whether this income is excluded from the settlement. Accordingly, a "relative resource adjustment" may have the potential for Oxford to be penalised disproportionately in comparison to other areas. This income stream has been carefully managed for many years, and contributes to the underwriting of other core council services. As Oxford progresses towards its world leading zero emission ambitions, this income stream will soon reduce in any case.
55. A further concern is raised by the consultation document which explains "The treatment of discounts, exemptions and premiums in the measure of council tax resources needs to be determined (p.52)."<sup>11</sup> The document speculates about the impact of disregarding a local authority's choice to offer discretionary council tax discounts to residents when calculating their overall settlement. It is estimated that providing these discounts will cost the Council in the region of £1.7 million in 2019/20. Oxford is in the minority here, as 277 of the 326 councils in 2017 had reduced the support they offer residents, following the localisation of council tax reduction schemes in 2013.<sup>12</sup>
56. There is a risk that if Central Government uses an assumptions-based approach in calculating Oxford's resources (i.e. they assume a maximum council tax base rate, rather than the actual council tax income) the Council could be penalised. This would in effect act as a "double taxation" on the Council, given that it also takes on the full cost of providing the Council Tax Reduction Scheme. Up until April 2019, the cost of providing

<sup>10</sup> Gov.uk. 2018. Review of local authorities' relative needs and resources. Available at: <https://www.gov.uk/government/consultations/review-of-local-authorities-relative-needs-and-resources>

<sup>11</sup> MHCLG. 2018. A review of local authorities' relative needs and resources. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/764487/Review\\_of\\_Local\\_Authorities\\_Relative\\_Needs\\_and\\_Resources\\_consultation\\_document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764487/Review_of_Local_Authorities_Relative_Needs_and_Resources_consultation_document.pdf)

<sup>12</sup> House of Commons Library. 2017. Council Tax Reduction Schemes. Available at: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06672#fullreport>

this scheme was in part supplemented by the Revenue Support Grant, which will be completely withdrawn at the end of the 2018/19 financial year.

- 57. The use of population statistics in the calculation also has the potential to affect adversely the Council’s funding, as it may fail to recognise the significant influx of visitors and commuters to Oxford who rely on the Council’s services. The Review Group was also advised that forthcoming changes to the business rates baseline had the potential to erode any recent benefits gained from the opening of the Westgate Centre. An allowance has been made of around £500k as a contingency against these potential changes being implemented.
- 58. There is also a much broader risk to which the Council is exposed by becoming increasingly reliant on income streams from business rates, fees, charges, joint ventures, and from its wholly owned companies. The rise in income in this area is a positive sign, but the Council must be mindful that it will need to sustain these income levels as a baseline for future budgets.
- 59. Already next year, a dividend of over £1.5 million for Oxford City Council is projected to come from Oxford Direct Services Limited (ODSL), which will enable front-line services to be supported. ODSL is requesting additional capital investment from the Council in a range of modernisation activities, which should enable that projected dividend to increase to over £3m per annum by 2022/23. The dividends expected from ODSL are set out in Figure 4 below, which shows a significant increase on last year’s projections by the end of the MTFP:

**Figure 4: Estimated ODSL dividend to the Council 2019-20 to 2022/23**

	2019/20	2020/21	2021/22	2022/23
<b>Last Year’s MTFP</b>	£1,547,000	£1,891,000	£1,970,000	£1,970,000
<b>Revised MTFP</b>	£1,552,000	£1,895,000	£2,171,000	£3,136,000

- 60. Any slippage in these projections may have a significant impact on the Council’s budget position in future years. The Housing Company is similarly expected to produce increased returns to the Council in 2019/20 and 2020/21. Should this not happen as forecast, then it will have an adverse impact in later years. One possible threat to income, discussed by the Review Group concerns the post-Brexit labour market, which already struggles to match supply with demand, and this could lead to a higher than expected inflation in labour costs. These various pressures led officers to conclude that 2021/22 had the most risks for the Council in the MTFP, principally associated with the demands and uncertainty surround income.

**Recommendation 6: That the Council makes strong representations within its response to Central Government’s Fairer Funding Consultation ending on 21 February 2019 to the effect that:**

- a) **Council Tax Reduction Schemes should not be taken into account when assessing a local authority’s available resources and calculating its baseline funding level. This is to avoid effective double taxation.**
- b) **Income from car parking, fees and charges should not be taken into account when assessing a local authority’s available resources and calculating its baseline funding level.**

## Council Tax for Second Homes

61. The City Council's first Empty Property Strategy was introduced in 2009 when there were 717 empty dwellings recorded across the City. Since then, there has been a substantial reduction in the number of empty dwellings to 323 in November 2017. In England, Local Authorities have powers to charge properties which are unoccupied and substantially unfurnished (Class C) a full council tax bill, which is sometimes referred to as a second home or holiday home tax. Prior to 2013, these homes attracted a 50% discount if they were not a person's sole or main residents.<sup>13</sup>
62. From the start of the 2019/20 financial year, the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 will allow additional powers for local authorities to increase their tax on long term empty properties. A parliamentary research paper explains:

*In other words, from April 2019, council tax-payers with second homes (those which are unoccupied and substantially unfurnished) may be required to pay 200% of the standard bill after two years; 300% of the standard bill after five; and 400% after ten. It remains up to the billing authority to decide what rate of empty homes premium to impose, within these limits.<sup>13</sup>*

63. Having considered a separate Finance Panel report on Council Tax Exemption Monitoring in the City, the Review Group was of the view that a higher premium than that posed under the existing and future regulations should be applied to second homes, in light of the urgent need for housing in Oxford. This would disincentivise second home ownership in the City to the benefit of first time buyers, and also generate increased revenue to help fund core housing and homelessness services.

**Recommendation 7: That the Council writes to Central Government, making the case for greater local discretion to increase Council tax premiums on second homes. The case should also be made for these premiums to come into effect earlier (i.e sooner than the current two year threshold). This could alternatively feature in a consultation response to Central Government if appropriate.**

## Part 3: Other Recommendations

64. In 2016/17, Oxford City Council's Fraud Investigation Team and Oxfordshire County Council worked in partnership to undertake a review of the Single Person Council Tax Discounts (SPD) offered to people living on their own. The review was carried out using an intelligent risk-based review of all 17,000 SPDs awarded in the City, and was considered a success. The Review Group understands that the Fraud Investigation Team continue to review SPD awards, but not under the same joint arrangements with the County as before.
65. Since February 2015, the Council's Fraud Investigation Team has deployed resources to assist with the review of discounts and exemptions. During this period the team have recovered £765,271 and saved £83,341 from benefit savings.

<sup>13</sup> House of Commons Library. 2018. Council Tax: Empty Properties. Available at: <http://researchbriefings.files.parliament.uk/documents/SN02857/SN02857.pdf>

66. As a partner that benefits significantly from retaining approximately 70% of all the Council Tax collected in Oxfordshire, the Review Group believes that the County Council should invest resource in carrying out fraud investigations concerning SPDs and fraudulent student declarations. In light of the success of joint working in previous years, there would be merit in engaging with the County Council once more to perform a comprehensive review.

**Recommendation 8: That the Council seeks to revive its joint working with Oxfordshire County Council to carry out an investigative review of Council Tax discounts offered to students and single persons.**

### **The Housing Revenue Account Borrowing Cap**

67. The Housing Revenue Account (HRA) Borrowing Cap was lifted on 29 October 2018 by Central Government, which opens up options for future housing development to be undertaken through the HRA, development which was previously assumed to take place through the Council's wholly-owned company, Oxford City Housing Limited (OCHL). In the draft budget the General Fund benefits from £1.6m of interest on loans to OCHL linked to housing development. The Review Group questioned senior officers about the future direction of OCHL, in light of these unexpected freedoms very recently being granted through the lifting of the HRA cap.
68. The Review Group heard that work has already begun to consider developing a number of other sites using HRA funding. The OCHL Shareholder Group will need to consider the relative merits of continuing development through the Housing Company, within the HRA, or a mixture of both. The Review Group notes with interest that a report will be presented to the City Executive Board outlining the various ways forward later this year.
69. The Review Group wishes to highlight the need for any future proposals regarding the mechanism to deliver more Council housing to have oversight by the appropriate scrutiny function within the Council. More broadly, strong democratic oversight (not just through the Council's scrutiny function) of the Council's companies should continue, and be championed by councillors, as a means of safeguarding the Council's interests in light of the Council's increasing financial reliance on dividend payments from the companies.

**Recommendation 9: That the Council ensures any revisions to Oxford City Housing Limited's business plans receive appropriate pre-decision scrutiny, and that any broader changes to Shareholder governance arrangements remain open to Scrutiny.**

### **Supporting for Major Events**

70. The Draft Budget Report explains that one of the most difficult decisions for the Council is to phase out subsidy to Experience Oxfordshire over the next three years. The Council has provided funding to the organisation since its inception. However, the draft budget proposes removing the £78,000 grant and £95,000 support in respect of Council property occupied by the organisation. It is hoped that this organisation will become more self-sustaining and adapt to running without subsidy from the Council.

71. Councillors recognise that Experience Oxfordshire remains a valued partner of the Council, and that the Council continues to hold a place on their Board. Looking forward, the Review Group believes that the Council should now be more aware of major regional events happening in the area, and seek to support and engage with them.

**Recommendation 10: That the Council seeks opportunities to support high profile events in the region, for example, the 2022 Commonwealth Games in Birmingham.**

### **Modular Construction Methods**

72. The Review Group had a wide ranging discussion concerning the Oxfordshire Growth Deal and specifically about modern construction methods for new affordable housing. Officers explained that modular off-site construction methods only provided comparable efficiencies to brick and mortar developments when built on a large scale. Councillors wanted to understand more about the evidence base for this assertion, and the relative construction savings that may be seen given the scale of housing need in the City, and the speed in which modular homes can be built.
73. There is limited space in the City to provide modular developments on a large scale, but the Review Group nonetheless believes there is merit in pursuing options for small 'concept' or 'demonstrator' sites. There may be scope to secure external funding if the Council or its housing company can offer a public profile to these developments, which may build the case for further developments of this type. It is understood the OCHL has looked into this as a viable development option, but various challenges to date have meant that delivery of modular units has not been possible.

**Recommendation 11: That the Council:**

- a) Seeks to promote demonstrator or concept modular housing developments within the City, as potentially quick construction models, whilst seeking to secure external investment in such innovative developments.**
- b) Undertakes a comparative costing of different construction approaches across typical small and large development sites, which includes information on the lower financial contingencies necessary with modular builds, and the financial benefits accruing from more rapid construction.**

### **Project Management Office and Development Team**

74. The Review Group welcomed the introduction of a new Project Management Office (PMO) and Development Team with a role to: implement new ways of working, encourage collaboration, connect people and projects together, and encourage quality documentation to support good decision-making. Councillors also heard from officers that

a key impetus for establishing of the PMO is to address under delivery on the Council's capital funding commitments, which have an adverse impact on the revenue budget. With interests rates being relatively low, and high inflation in construction sector costs, there is a real inflationary cost to delays in the capital programme.

75. As a regular feature of the Finance Panel's discussions, it was noted that the Council continues to deliver approximately 70% of its projected capital spend each year. Officers confirmed that this should not be considered normal practice, and improvements could be made. Accordingly, with £375,000 being invested into the new PMO, councillors wish to see a clearer corporate ambition and target to improve delivery against the capital programme.
76. The Finance Panel will want to hear from the PMO over the course of 2019/20, noting that it will also receive updates on the PMO's work as part of the quarterly integrated reports that go to the City Executive Board. The Review Group heard at their final meeting that the new PMO would be set a target of delivering 80% of the capital programme in 2019/20, and 90% in 2020/21. Councillors believe that with five officers in the PMO, the ambition should be greater than 80% for capital delivery in 2019/20.

**Recommendation 12: That the Council establishes a target higher than 80% for capital delivery against the budget in 2019/20, which should feature in the Council's Capital Strategy going forward.**

## **Maintenance and Repairs**

77. Within the draft budget proposal, £2 million of spend each year is committed through the Council's General Fund to the maintenance and repair of corporate buildings, but there will remain a £2.6m backlog of work to complete after the delivery of the Medium Term Financial Plan (MTFP). The Review Group has questioned whether the annual allocation of £2m is sufficient to address regular maintenance costs and the backlog of works. It is recognised that increased general investment in Council's properties should help to offset any increase in the backlog of repairs.
78. The Review Group believe that this issue should be revisited and a more detailed financial case prepared to establish the optimal pace of maintenance expenditures. It may be that increased investment earlier in the MTFP (i.e, more than the budgeted £2m per annum) will be more favourable to the Council's finances in the long term, as an invest to save scheme. The Review Group recommended last year that more work should be undertaken to identify 'invest to save' projects, and this could be an opportunity.

**Recommendation 13: That the Board Member for Finance and Asset Management reviews the four year budget allocation for maintenance and repairs (£2m per annum) to ensure it represents the optimal level of investment for the Council, in light of the £2.6m backlog of works that will remain after year four.**

## Homelessness Reserves

79. In February 2018, the Council agreed a base budget for homelessness services of £941k per annum. A further commissioning budget was also made available from the Council's own grant budget of £442k. The budget for 2018/19 was further enhanced by £162k allocated from reserves, accumulated from 2016/17 to support the Council's participation in the countywide Adult Homeless Pathway. The overall grants programme to homeless charities in 2018/19 was approximately £1.8m, for which the draft 2019/20 budget proposes an additional £200k.
80. The Review Group notes with concern the use of one-off funds from the Homelessness Reserve from year three onwards for future revenue spending on homelessness services. Whilst there are a number of possible outcomes, it is expected that the Council's current level of spend on homelessness, with no further Central Government contributions, will lead to a substantial exhaustion of the homelessness reserves by the end of the MTFP period; or even sooner if County Council contributions do not continue or flexible support grant discontinues.
81. Last year the Review Group recommended that the Council maintains the Homelessness Reserve by funding all additional spending on homelessness services from revenue. This year's budget proposals show that this is no longer possible for the latter years of the MTFP, without the identification of further revenue streams.
82. The volatility and short termism of one off government grants (welcome though they are) means there remains a risk in maintaining the current level of homelessness services the Council commissions with its partners. The Council is set to provide over 200 bed spaces this winter, and continues to fund a wide range of support services. Prudent planning has enabled the Council to build its reserves in anticipation for these challenges; however, serious consideration must be given to financing these services five years from now, where the revenue requirements of existing services may exhaust any remaining reserves.
83. At present, the Council is forecasting a drawdown on the Homelessness Reserves of £1m in 2022/23. Figure 5 below shows the Council's planned use of the Homelessness Reserves over the MTFP. The Review Group were of the view that appropriate contingency plans need to be made for the end of the MTFP, in light of a very possible adverse funding settlement from Central Government, as set out earlier in this report. It was noted that this was the only area of Council business where reserves were being used to such an extent to support ongoing revenue expenditure. Such contingency plans should be developed, and these will likely form the basis for a scrutiny item in 2019/20.

**Figure 5: Homelessness Reserves Balance Forecast**

	2019/20	2020/21	2021/22	2022/23
<b>Total net spend</b>	£-197,531	£777,526	£660,000	£1,000,000
<b>Remaining reserves</b>	£3,234,369	£2,456,843	£1,796,843	£796,843

**Recommendation 14: That the Council keeps under close review the use of its Homelessness Reserves, and presents a longer-term plan in 2020 which is less reliant on reserves for future revenue expenditure for these services. Appropriate contingency plans should also be developed in light of the uncertainty around long term Central Government funding.**

## Staff Pay Benchmarking

84. The Review Group discussed the current labour market for Council staff, and the wider Oxfordshire employment context. Recently, there was a national shortage of planning officers which meant that there was significant competition among employers and a high turnover nationally. The Review Group wish to note the success of the Council's four planning apprentices, who have now all successfully become planning officers, with a further three apprentices due to start imminently.
85. With the Growth Deal underway and the Local Plan in its final stages, the Council is wise and fortunate to have expanded its workforce to help manage the growth of the City. Councillors also wish to note that the Council continues to be successful in transferring customer service staff into other service specific roles within the organisation, as more customers switch to contacting the Council using online methods rather than face to face or on the telephone.
86. It was agreed that it would be useful to have some wider narrative and wage indicators within the budget report to assist with forecasting future wage growth for City Council Staff. It is noted however that the Council has agreed a pay deal up until April 2021.

**Recommendation 15: That future budget proposals benchmark Oxford City Council's Staff Pay Deal against other national and local wage indicators, to put the Council's pay bill into the wider context, and assist in forecasting future.**

## Chapter 5: Conclusion

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87. The Review Group welcomes the draft budget proposal as a sound plan for the future, but notes the increasing reliance on growing income streams in the medium term from council-owned companies to support core services. Close monitoring should be undertaken to ensure that income targets are met, as there remains minimal room for further efficiency savings to be made within existing services.
88. It is promising to see progress made on key recommendations of the Review Group last year, such as additional resources for City Centre Management and making clear the expected dividend from the Council's companies. There are however concerns that have been carried over from last year concerning the sustainability of funding for homelessness services, and new apprehensions over Central Government's review of the Council's needs and resources.
89. The Review Group hopes that the Group's work will be welcomed by the Council as a positive contribution to the evidence base in determining the 2019/20 budget.

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## Appendix 2 – Draft City Executive Board response to recommendations of the Budget Review Group made on 5 February 2019.

### Draft response provided by the Board Member for Finance and Asset Management

<b>Recommendation</b>	<b>Agree?</b>	<b>Comment</b>
Recommendation 1: That Council Tax is increased by 2.99% in 2019/20.	Y	Agree
Recommendation 2a: That the Council maintains its current level of funding to support international twinning links.  Recommendation 2b: That the Council drafts a vision document for its twinning work to guide future funding decisions, to be presented to the City Executive Board for agreement in 2019/20.	N	The budget proposes increased core funding for town twinning. It does not quite reach the level of funding of this budget year, but that is because the Council included one-off funding to support the establishment of its link with Wroclaw. We will monitor whether funding proves sufficient to support its activities and make recommendations about future years as appropriate.
Recommendation 3a: That the Council makes available appropriate resources to support the establishment of a citizen's assembly, in line with the climate change motion passed on 28 January 2019.	N	The proposal came too late to be included in this year's budget planning. However, we will talk with partners about how to establish this process, and if funding is required will attempt to respond positively in year.
Recommendation 3b: That future budget proposals feature independent officer comment on the impact that the Council's plans may have on the environment, and how closely aligned the proposals are to the Council's broader environmental ambitions.	Y	The Council will look to include an overview of the impact of the Council's Budget proposals on the Environment in future Budget Setting reports. We will look at how this can be resourced over the coming months.
Recommendation 4: That the Council carries out a full assessment of the impact made by its funding towards the Joint Taskforce to tackle open drug dealing and drug taking in the City, before a decision is taken on its future funding.	N	Indications are that the Drug Task Force is having some impact on the level of drug dealing and drug misuse in public spaces. It is understood that Thames Valley Police will undertake this work for next financial year; this represents a "vote of confidence" in this work, but given this is now being funded by TVP, it would be for them rather than the City Council to assess the full impact. This project has been a welcome illustration of how one-off Council support can shape priorities in partnership with other agencies.
Recommendation 5: That the Council, through its Housing Company, should seek to develop a longer term view of its development plan. This	Y	The Council will be considering its policy position and strategic direction of OCHL over the next 3 months

**Date of agreed draft response: 8 February 2019**

<p>should include establishing a broad programme of property and land acquisitions to be supported by a standalone funding pot provided by the Council for purchases.</p>		
<p>Recommendation 6: That the Council makes strong representations within its response to Central Government's Fairer Funding Consultation ending on 21 February 2019 to the effect that:</p> <p>a) Council Tax Reduction Schemes should not be taken into account when assessing a local authority's available resources and calculating its baseline funding level. This is to avoid effective double taxation.</p> <p>b) Income from car parking, fees and charges should not be taken into account when assessing a local authority's available resources and calculating its baseline funding level.</p>	<p>Y</p>	<p>I strongly agree with this recommendation. This Council is one of a handful of authorities across the country that have maintained the Council Tax Reduction Scheme to the same requirements that existed when the scheme was first introduced in 2013. The Council sees this scheme as a key priority, protecting the more vulnerable in society. To 'penalise' the Council for making this choice seems extremely unfair.</p> <p>In respect of car parking charges and fees and charges, the Government themselves do not believe this is a good idea, given the volatility of these income streams which would place further financial risk and exposure on local authorities, so it is uncertain why it is included in the consultation.</p>
<p>Recommendation 7: That the Council writes to Central Government, making the case for greater local discretion to increase Council tax premiums on second homes. The case should also be made for these premiums to come into effect earlier (i.e sooner than the current two year threshold). This could alternatively feature in a consultation response to Central Government if appropriate.</p>	<p>Y</p>	<p>The two year threshold refers to homes that have been empty (unoccupied and unfurnished) for two years or more where a 50% premium is charged (with a recommendation to change to 100% with effect from 1-4-2019) on top of the normal council tax. Furnished second homes are charged in accordance with the normal council tax for the band of property i.e there is no premium or discount. The Council will lobby Government to request a change to allow an additional premium to be placed on second homes in line with the recent changes for empty homes.</p>
<p>Recommendation 8: That the Council seeks to revive its joint working with Oxfordshire County Council to carry out an investigative review of Council Tax discounts offered to students and single persons.</p>	<p>Y</p>	<p>The County Council have made contributions to single person discount review although this has not been forthcoming for this year. This Council will continue to press for a contribution since the majority of the financial benefit accrues to the County Council.</p>
<p>Recommendation 9: That the Council ensures any revisions to Oxford City Housing Limited's business plans receive appropriate pre-decision scrutiny, and that any broader changes to Shareholder governance</p>	<p>Y</p>	<p>Agreed. Changes to the business plan is a reserved matter for the shareholder and as such can be subject to scrutiny by the companies panel</p>

**Date of agreed draft response: 8 February 2019**

arrangements remain open to Scrutiny.		
Recommendation 10: That the Council seeks opportunities to support high profile events in the region, for example, the 2022 Commonwealth Games in Birmingham.	Y	We already plan our work so it links with national campaigns and we will endeavour to do the same for 2022 Commonwealth Games. Where possible we do this by working with partners and within current budgets.
Recommendation 11: That the Council:  a) Seeks to promote demonstrator or concept modular housing developments within the City, as potentially quick construction models, whilst seeking to secure external investment in such innovative developments.  b) Undertakes a comparative costing of different construction approaches across typical small and large development sites, which includes information on the lower financial contingencies necessary with modular builds, and the financial benefits accruing from more rapid construction.	Y	The Council and OCHL will continue to review options for procurement and method of construction in order to deliver overall value for money. Experience so far with regard to off- site construction is showing in order for this to deliver speed of delivery and value for money then this would need to be done at scale. This is something we are also looking to pursue with our Growth Deal partners County wide
Recommendation 12: That the Council establishes a target higher than 80% for capital delivery against the budget in 2019/20, which should feature in the Council's Capital Strategy going forward.	Y	We agree with this recommendation as it aligns with the new processes being put in place and the work of the new Programme Management Office (PMO) regarding prioritisation and implementation of capital spend. Potential targets would be 80% in 2019/20 rising to 90% from 2020/21. This is subject to the completion of the review work.
Recommendation 13: That the Board Member for Finance and Asset Management reviews the four year budget allocation for maintenance and repairs (£2m per annum) to ensure it represents the optimal level of investment for the Council, in light of the £2.6m backlog of works that will remain after year four.	Y	This is a matter that will be reviewed on an annual basis as the effects of our planned maintenance programme are better understood in comparison to the future investment needs of the stock.
Recommendation 14: That the Council keeps under close review the use of its Homelessness Reserves, and presents a longer-term plan in 2020 which is less reliant on reserves for future revenue expenditure for these services. Appropriate contingency plans should also be developed in	Y	A number of current activities in this area are currently funded from government grants and also funding from the County Council, other districts and the Clinical Commissioning Group. Whilst there is some certainty in the

**Date of agreed draft response: 8 February 2019**

light of the uncertainty around long term Central Government funding.		short term over the medium term the position is less certain. The Council is mindful of the need to ensure the sustainability of future plans around homelessness expenditure and will continue to keep this area under review.
Recommendation 15: That future budget proposals benchmark Oxford City Council's Staff Pay Deal against other national and local wage indicators, to put the Council's pay bill into the wider context, and assist in forecasting future.	Y	The Council is about to enter the second year of the existing 3 year pay deal. For future years inflation rates forecasts have been used as an indicator of likely pay inflation. The Council will look at indicators of local and national pay rates when it commences its pay negotiations in the ensuing months.

## **Additional Recommendations to Budget Report to be presented to CEB on 12 February 2019**

### **1) Seacourt Park and Ride extension**

The approved budget (2018/19) for this scheme is £4.211 million and additional budget provision is required in the sum of £945k which if approved would take the total scheme envelope to £5.156 million. There are a number of reasons for this increase in cost of which the most significant is the substantial increase in building cost inflation since the setting of this budget several years ago; additional factors include adverse title issues requiring minor changes to the scheme, additional ground investigation works and additional costs arising from the impact of the Oxford Flood Alleviation Scheme (OFAS). The revised business case shows that with no increases in car-parking fees the payback period would be up to 30 years, but it is unlikely that charges will remain the same for that time period, and it is realistic to assume therefore that the payback period would be significantly less. This therefore still represents a sound investment for the City Council and also aligns with the Council's objective of seeking to promote Park and Ride usage as an alternative to driving into the city centre. The revised figure derives from an independent, expert assessment of the current likely costs of the extension.

**Recommendation:** That the City Executive Board resolves to:

**Agree** that the Capital Budget for the Seacourt Park and Ride Extension scheme is increased by £945k in 2019-20, to be funded from Community Infrastructure Levy where available funds permit, with any balance to come from the Council capital financing reserve.

### **2) Business Rates Retail Discount Scheme**

In the Chancellor's Autumn Statement in October 2018, an announcement was made regarding a Business Rates Retail Discount Scheme. Reference was made to this in the Council's Consultation Budget published in December 2018.

The scheme announced by the Government provides for a discount to be allowed on business rate charges for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 of the Local Government Act 2003 grants have been applied. Where an authority applies a locally funded relief, for instance a hardship fund, under section 49 of the Local Government Finance Act 1988 this must be applied after the Retail Discount. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

**Recommendation:** That the City Executive Board resolves to:

**Recommend** that Council formally adopts the Business Rates Retail Discount Scheme and applies the scheme in accordance with the guidance issued.

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CAPITAL BUDGET 2019/20-2022/23

Appendix 6

	2019-20	2020-21	2021-22	2022-23
	£	£	£	£
<b>General Fund Capital Programme</b>				
<b>NEW BIDS</b>				
Paris Payment System, Replacement / PCI DSS	115,675			
Windows 2008 Server Replacement	110,450			
Infrastructure Monitoring Enhancements - Icinga & Orion		25,225		
Vehicle Replacement Programme - Impact of Zero	293,000	507,650	424,000	302,000
Business Process Automation Full Rollout	85,225			
OFAS -additional costs	250,000			
Idox / Uniform Improvement Project	70,000			
Investment in Horspath Depot		4,250,000		
Investments at Redbridge	1,000,000	2,750,000		
Covered Market Vacant Unit Works	505,000			
Redbridge parking	1,685,000			
Cuttleslowe compactor	39,000			
Redbridge Compactor	23,000			
Parks Paths	90,690	77,670		
Bodycams for Community Safety team			60,450	
Bullingdon Community Centre - additional bid	800,000			
Food Waste Truck	125,000			
Mobile Working and Handhelds	134,000	15,000		
Council internet accessibility compliance changes	7,375			
Recycling Transfer Station	1,000,000	2,000,000		
Transformation Funding	800,000	400,000	400,000	
Additional Technology Requirements		1,200,000		
CorVu reporting system replacement			7,375	
Additional Fleet Requirements	600,000	1,200,000		
Asset Database		20,000		
Netcall	60,450			
Computer systems backup	31,000			
Info@Work Enterprise Upgrade Rollout	17,000			
Extension to Seacourt Park & Ride - additional bid	945,000			
Cycling Infrastructure Matched Funding	70,000	60,000	60,000	60,000
<b>New Bids - General Fund Total</b>	<b>8,856,865</b>	<b>12,505,545</b>	<b>951,825</b>	<b>362,000</b>
C3044 - Software Licences	220,000	220,000	220,000	220,000
C3058 - CRM Application	200,000			
C3060 - ICT End Point Devices		-	150,000	150,000
C3065 - Mobile Working Phase 2	83,000			
C3066 - Telephony Device refresh	120,000	-	60,000	60,000
<b>Business Improvement</b>	<b>623,000</b>	<b>220,000</b>	<b>430,000</b>	<b>430,000</b>
E3511 - Renovation Grants				
E3521 - Disabled Facilities Grants	1,518,381	1,000,000	1,000,000	1,000,000
E3557 - Oxford and Abingdon Flood Alleviation Scheme				
E3558 - Go Ultra Low Oxford	543,281			
E3560 - Go Ultra Low Oxford - Taxis	363,000			
Ox Pops (Electric Vehicle Charging)	130,300			
Clean Bus Technology Grants	731,760			
F0025 - Westgate Public Realm Improvements	-			
F0026 - Pedestrianisation of Queen Street	500,000			
<b>Planning &amp; Regulatory</b>	<b>3,786,722</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
B0098 - 1-5 George Street	8,628,404	450,000		
B0100 - Gloucester Green Car Park (H&S)	100,000			
B0101 - Major capital works at Oxford Covered Market	400,000	400,000	400,000	
B0106 - Capitalised Planned Maintenance	325,000	325,000	325,000	325,000
B0107 - Discretionary Funding For Hsg Improves re Disabled	15,000	15,000	15,000	15,000
B0108 - Floyds Row Refurbishment	59,000			
M5019 - Homeless Property Acquisitions	239,000			
M5025 - Phase 1 Affordable Housing at Barton Park	4,996,000	1,973,000		
M5026 - Housing Company Loan	30,354,000	13,271,000	-	8,194,000
Barton Phase 2 - Loan to Housing Company		6,274,000	6,574,000	7,294,000
Barton Park - Purchase by Council	4,996,000	8,247,000	6,574,000	7,294,000
<b>Housing &amp; Regeneration</b>	<b>50,112,404</b>	<b>30,955,000</b>	<b>13,888,000</b>	<b>23,122,000</b>

**CAPITAL BUDGET 2019/20-2022/23**

**Appendix 6**

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
A4845 - CCTV Suite Upgrade	80,000			
B0075 - Stage 2 Museum of Oxford Development	2,332,202			
B0083 - East Oxford Project	4,000,000			
B0084 - Jericho Community Centre	200,000			
B0096 - Bullingdon Community Centre	403,048			
<b>Community Services</b>	<b>7,015,250</b>	<b>-</b>	<b>-</b>	<b>-</b>
B0081 - Oxpens and Redbridge Car Parking Project	243,000			
B0086 - Extension to Seacourt Park & Ride	3,216,786			
R0005 - MT Vehicles/Plant Replacement Prog.	3,396,544	3,265,350	1,973,250	1,851,000
T2273 - Car Parks Resurfacing	416,707	212,400	300,000	300,000
<b>Direct Services</b>	<b>7,273,037</b>	<b>3,477,750</b>	<b>2,273,250</b>	<b>2,151,000</b>
R & D Feasibility Fund	367,749	150,000	150,000	100,000
<b>Financial Services</b>	<b>367,749</b>	<b>150,000</b>	<b>150,000</b>	<b>100,000</b>
<b>Total General Fund Schemes</b>	<b>78,035,027</b>	<b>48,308,295</b>	<b>18,693,075</b>	<b>27,165,000</b>
<b><u>Housing Revenue Account Capital Programme</u></b>				
<b><u>New Bids</u></b>				
Fire Doors	200,000	300,000	400,000	500,000
Stock condition survey	250,000			
<b><u>Planned Major Repairs</u></b>				
Adaptations for disabled	633,000	648,000	664,000	681,000
<b><u>Improvements</u></b>				
Structural	450,000	450,000	450,000	450,000
Controlled entry	75,000	75,000	75,000	75,000
Damp-proof works (K&B)	107,000	110,000	112,000	115,000
Doors and Windows	200,000	200,000	200,000	200,000
Extensions & Major Adaptions	300,000	250,000	250,000	250,000
Communal Areas	178,000	183,000	187,000	192,000
Lift replacements	240,000			
<b><u>Regulatory</u></b>				
Kitchens & Bathrooms	2,423,000	2,406,000	2,187,000	2,439,000
Heating	2,310,000	2,357,000	2,003,000	2,050,000
Roofing	178,000	183,000	187,000	192,000
Electrics	593,000	593,000	553,000	563,000
<b><u>Estate Improvement</u></b>				
Great Estates: Estate Enhancements and Regeneration	1,200,000	600,000	600,000	600,000
Barton Regeneration	973,000	506,000		
<b><u>Future Programme</u></b>				
BBL Regeneration	3,200,000	2,265,000		
East Oxford Community Centre development	5,300,000	5,300,000		
Acquisition of Additional Units	500,000	2,700,000		
<b><u>Empty Properties</u></b>				
Major Voids	409,000	427,000	445,000	464,000
<b><u>Energy Efficiency Initiatives</u></b>				
Energy Efficiency Initiatives	550,000	300,000	300,000	300,000
N7029 - HCA New Build				
<b>Total Housing Revenue Account Schemes</b>	<b>20,269,000</b>	<b>19,853,000</b>	<b>8,613,000</b>	<b>9,071,000</b>
<b>Total Capital Programme (GF &amp; HRA)</b>	<b>98,304,027</b>	<b>68,161,295</b>	<b>27,306,075</b>	<b>36,236,000</b>

# Agenda Item 10b

## REVENUE

LIB DEM GROUP MENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2019/20 £000'S	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S
<b>Consultation Budget Net Budget Requirement</b>	24,159	23,832	23,989	24,480
<b>Changes since the consultation budget</b>				
<b>Sub total changes since the consultation budget</b>	8	0	0	0
<b>Additional Savings proposed</b>				
Reduce members on CEB from 10 to 8	(16)	(16)	(16)	(16)
Cancel SRA to second Deputy Leader subject to Council approval	(5)	(5)	(5)	(5)
Reduce Communications team from 6 to 5	(45)	(45)	(45)	(45)
Elections only every 4 years	(13)	(13)	(13)	(13)
Salary to Unison official	(5)	(5)	(5)	(5)
New staff to manage projects reduced from 5 (£375,000) to 3	(150)	(150)	(150)	(150)
Remove creche at Ferry Leisure Centre	(11)	0	0	0
<b>Total additional savings proposed</b>	<b>(245)</b>	<b>(234)</b>	<b>(234)</b>	<b>(234)</b>
<b>Cumulative additional savings</b>	<b>(245)</b>	<b>(479)</b>	<b>(713)</b>	<b>(947)</b>
<b>Additional costs proposed</b>				
Loss of car park fees from not progressing additional Seacourt parking	193	193	193	193
Investment in Low Carbon Hub initiatives	20	20	20	20
Return Headington, St. Leonards and Summertown car park charges to 0-1hr: £1.70 and 1-2 hrs £2.00	89	89	89	89
Central Reporting system - Safeguarding	19	19	19	19
New monitoring station/s for diesel particulates	10	10	10	10
Continue support to Experience Oxfordshire	20	45	173	173
Reduction in revenue contributions to capital	(106)	(142)	(270)	(270)
<b>Total additional costs proposed</b>	<b>245</b>	<b>234</b>	<b>234</b>	<b>234</b>
<b>Net effect on budget in-year of proposals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative effect on budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additional Budget transfer to/(from) reserves				
<b>Alternative Budget Net Budget Requirement</b>	<b>24,167</b>	<b>23,832</b>	<b>23,989</b>	<b>24,480</b>
<b>Financed By :</b>				
Council Tax- Consultation Budget	(13,942)	(14,361)	(14,793)	(15,239)
Retained Business Rates - Consultation Budget	(9,263)	(8,711)	(8,769)	(8,828)
New Homes Bonus	(954)	(760)	(427)	(413)
NHB Changes	(8)			
<b>Total</b>	<b>(24,167)</b>	<b>(23,832)</b>	<b>(23,989)</b>	<b>(24,480)</b>
<b>(surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General Fund Working Balance</b>				
Working Balance 1st April	3,904	4,139	3,847	3,508
Transfer to/(from) balance	235	(292)	(339)	0
Working Balance 31st March	4,139	3,847	3,508	3,508



CAPITAL

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

CAPITAL

	2019/20 £000'S	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S
<b>CAPITAL PROGRAM AS PER CEB 18TH DECEMBER - General Fund and HRA</b>	74,283	58,240	50,713	35,886
<b>Changes since the consultation budget</b>				
<b>Sub total of changes since consultation budget</b>	24,022	9,921	(23,409)	350
<b>Savings</b>				
Delete additional Seacourt car park spaces	(4,162)			
Delete Westgate Public Realm improvements	(567)			
Delete Pedestrianisation of Queen Street	(500)			
<b>Sub total</b>	(5,229)	0	0	0
<b>Additions</b>				
Additional purchase of properties for homeless residents	1,000			
Margaret Road park play equipment	20			
Cycle/pedestrian path along Flood Alleviation Channel	1,000			
District Centre improvements	500			
City Centre Improvements	500			
Cycle lane infrastructure	500			
Preparation of former employment site as hospital car park	1,000			
New Monitoring station for diesel particals	100			
<b>Sub total</b>	4,620	0	0	0
<b>REVISED CAPITAL PROGRAM</b>	<b>97,696</b>	<b>68,161</b>	<b>27,304</b>	<b>36,236</b>

<b>FINANCING</b>				
<b>FINANCING AS PER CEB REPORT 17TH DECEMBER</b>	74,283	58,240	50,713	35,886
<b>Changes since the consultation budget</b>				
<b>Sub Total of changes since consultation budget</b>	24,022	9,921	(23,409)	350
<b>ALTERNATIVE BUDGET PROPOSALS</b>				
1 Change in resources	(609)	0	0	0
2				
3				
4				
5				
<b>Sub Total</b>	-609	0	0	0
<b>Total Financing</b>	<b>97,696</b>	<b>68,161</b>	<b>27,304</b>	<b>36,236</b>

(surplus)/deficit

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## **Report of Head of Finance**

### **Section 151 Comments on Lib Dem Group Alternative Budget for 2019-20 to 2022/23**

**Date 8-02-2019**

I have reviewed the budget submitted by the Liberal Democrat party as an alternative to the Labour Administrations budget and can conclude that it is arithmetically correct and subject to detailed business cases for the capital projects could be implemented if voted through.

On the Capital Budget an additional £4.520 million of schemes have been included with £5.229 million deleted. The additional spend relates largely to the extension of the capital scheme for the purchase of homes for homeless families, cycle path alongside the flood alleviation channel and the creation of a hospital car park on a former employment site. The deleted capital expenditure refers specifically to the Seacourt Park and Ride extension, and improvements in Queen Street and Westgate Public Realm, this in turn would release resources of an equivalent value to be used to fund the additional items of spend or to be returned to resources.

On General Fund Revenue the main features of additional cost relates to loss of additional income at Seacourt Park and Ride in line with the proposal to cancel the scheme together with a number of service based changes. There are also a number of service based savings including the reversal of the proposals for changes to car parking charges at Headington. The net cost of these proposals has been balanced by savings in revenue contributions to capital, arising from the reduced capital programme, which in 2022-23 will need to be reviewed if these revenue savings are to be sustained.

Nigel Kennedy

Head of Financial Services (Section 151 Officer)

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# Agenda Item 10c

## REVENUE

GREEN GROUP AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET  
REVENUE

Version 2

DRAFT

£1000's

	2019/20 £000'S	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S
<b>Consultation Budget Net Budget Requirement</b>	24,159	23,832	23,989	24,480
<b>Changes since the consultation budget</b>				
<b>Sub total changes since the consultation budget</b>	8	0	0	0
<b>Additional Savings proposed</b>				
Returns from Car Club vehicles, LCH shares (if investor) - not included subject to Business case	0	0	0	0
Return on investment - community energy fund (prudent 4%) - excl. return of capital	(80)	(80)	(80)	(80)
Increase park and ride charges from £2 to £2.50 per day (reversing prev. decision)	(163)	(325)	(325)	(325)
Reduced revenue contribution to capital (due to reduced capital programme)	(85)	2	2	52
<b>Total additional savings proposed</b>	<b>(328)</b>	<b>(403)</b>	<b>(403)</b>	<b>(353)</b>
<b>Cumulative additional savings</b>	<b>(328)</b>	<b>(731)</b>	<b>(1,134)</b>	<b>(1,487)</b>
<b>Additional costs proposed</b>				
Loss of income from cancelling park & ride expansions (Redbridge)	60	60	60	60
Loss of income from cancelling park & ride expansions (Seacourt)	97	193	193	193
New carbon accountant (0.5 FTE) - to develop annual carbon budgets	25	25	25	25
Funds for Citizen's Assembly on Climate Emergency	20			
Climate Emergency officer - to work with external stakeholders e.g. reinstate Oxford Energy Fair, help secure more Govt funding, advocacy etc.	50	50	50	50
Public information programme on Climate Emergency	25	25	25	25
Climate Innovation Fund - funding pot that can be drawn on to explore new Council and/or Citywide ideas to reduce or mitigate climate change impacts (3 years)	50	50	50	
<b>Total additional costs proposed</b>	<b>327</b>	<b>403</b>	<b>403</b>	<b>353</b>
<b>Net effect on budget in-year of proposals</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative effect on budget</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
Additional Budget transfer to/(from) reserves				
<b>Alternative Budget Net Budget Requirement</b>	<b>24,167</b>	<b>23,832</b>	<b>23,989</b>	<b>24,480</b>
<b>Financed By :</b>				
Council Tax- Consultation Budget	(13,942)	(14,361)	(14,793)	(15,239)
Retained Business Rates - Consultation Budget	(9,263)	(8,711)	(8,769)	(8,828)
New Homes Bonus	(954)	(760)	(427)	(413)
NHB Changes	(8)	0	0	0
<b>Total</b>	<b>(24,167)</b>	<b>(23,832)</b>	<b>(23,989)</b>	<b>(24,480)</b>
<b>(surplus)/deficit</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General Fund Working Balance</b>				
Working Balance 1st April	3,904	4,131	3,839	3,500
Transfer to/(from) balance	227	(292)	(339)	0
Working Balance 31st March	4,131	3,839	3,500	3,500



**CAPITAL**

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET  
CAPITAL

	2019/20 £000'S	2020/21 £000'S	2021/22 £000'S	2022/23 £000'S
<b>CAPITAL PROGRAM AS PER CEB 18TH DECEMBER - General Fund and HRA</b>	74,283	58,240	50,713	35,886
<b>Changes since the consultation budget</b>				
<b>Sub total of changes since consultation budget</b>	<b>24,021</b>	<b>9,921</b>	<b>(23,409)</b>	<b>350</b>
<b>CHANGES PROPOSED</b>				
1 Cancel extension to Seacourt Park & Ride	(4,162)			
2 Cancel expansion of Redbridge Park & Ride - sell decking (Business Case Option 5)	(1,315)			
3 Convert Low Carbon Hub loan to investment or extend loan (subject to business case)	700			
4 Extra EV charging points (incl free lockable chargers at taxi ranks) - 500 more charging points	900			
Investment in renewable energy (subject to business case) - 1000 solar canopies at P+R	2,000			
5				
6 Investment in 10 long range Electric Vehicles for City Car Clubs	300			
7 Funds for freight consolidation centre at P & R to transfer to low emission vehicles	500			
8 Added funding for museum project to add 'Museum of the Future' climate change exhibit	50			
9 Climate emergency capital fund	1,000			
<b>Sub total</b>	<b>(27)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVISED CAPITAL PROGRAM</b>	<b>98,277</b>	<b>68,161</b>	<b>27,304</b>	<b>36,236</b>

<b>FINANCING</b>				
<b>FINANCING AS PER CEB REPORT 17TH DECEMBER</b>	74,283	58,240	50,713	35,886
<b>Sub Total of changes since consultation budget</b>	<b>24,021</b>	<b>9,921</b>	<b>(23,409)</b>	<b>350</b>
<b>ALTERNATIVE BUDGET PROPOSALS</b>				
1 Financing	(27)	0	0	0
<b>Sub Total</b>	<b>-27</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Financing</b>	<b>98,277</b>	<b>68,161</b>	<b>27,304</b>	<b>36,236</b>

(surplus)/deficit

0 0 0 0

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## **Green Group Budget Amendment 2019/20: Explanatory Notes**

*All parties in this Council came together again on 28th January 2019 and declared a Climate Emergency. This happened after the consultation budget was formulated, so it is understandable that the administration's budget did not fully reflect the urgent need for action on climate change.*

*We have taken the opportunity in this proposed budget amendment to realign the Council's spending priorities to show what can be done by the City Council to deliver real carbon reductions.*

### **Revenue**

We do not wish to cut funding for frontline services, so have introduced a modest increase in Park & Ride charges – from £2 to £2.50. Only two years ago, the administration sought to introduce a larger increase.

Given the uncertainty, we have also been extremely prudent in estimating the income from our capital investments (described later). We expect them to provide a substantial revenue income stream in future years. With this money, we have:

- Covered the estimated loss of car parking income from cancelling the expansion of the Park & Rides
- Funded a part-time officer (£25,000 per year) to focus on carbon accounting. We believe all Council decisions should be subject to a climate change appraisal
- Established a broad-based £50,000 Climate Change Innovation Fund – running for three years – that will focus on delivering carbon savings.
- Funded a new Climate Emergency Officer role (£50,000 per year) – to take forward partnership working on Climate Change. We need more resources in this area.
- Put money aside for the Citizen's Assembly on the Climate Emergency as agreed by Council on 28<sup>th</sup> January. Speaking to experts in Ireland, this could cost up to £20,000.
- Increased funds for public engagement on Climate Change – with a £25,000/year education fund.

### **HRA**

Since the HRA spending cap has been lifted, the HRA budget will inevitably change over the next few months to reflect this. However, we have indicated – by doubling the planned year 1 spend on energy efficiency to £1.1m paid for out of additional borrowing – the urgent need to further improve our Council homes; both for environmental reasons and to reduce utility bills, making living in our Council housing more affordable.

### **Capital**

It is in our proposed changes to the Capital budget that we have done most to help tackle the Climate Emergency. Oxford City Council's emissions may only amount to 1.5% of the City's total, but we can do a lot more to promote and support more sustainable transport and energy systems. In doing so, we are helping to transition our local economy to one

based on Clean Growth (defined by the Government as achieving income growth whilst reducing carbon emissions).

Many of these ideas came from a participatory budgeting exercise held in the Town Hall on 7<sup>th</sup> February 2019 following the declaration of a Climate Emergency. Despite the short notice, 40 people attended - a good cross-section of people - including members of the Greens, Labour and LibDems.

We have cancelled both the £4.2m remaining to be spent on expanding Seacourt Park & Ride (the cost recently jumped up by another £900,000) and chosen Option 5 from the Oxpens/Redbridge Park & Ride business case – removing and selling the staging at Oxpens - saving another £1.3m. The £5.5m saved is diverted to supporting the transition to a low carbon economy:

- £2m to fund more solar installations in Oxford. For example, this money is sufficient to fund solar canopies over about 1,000 Park and Ride parking spaces (enough to power 500 average homes and saving more than £250,000 in energy bills each year).
- £0.9m to massively expand the electric vehicle charging network in Oxford adding up to 360 additional charge points including free-to-use lockable charging points at taxi ranks to incentivise the switch to zero emission vehicles.
- £0.3m investment in the City's car sharing schemes – adding 10 long distance electric vehicles
- £0.5m to create a new freight consolidation centre at one of the Park & Ride sites to improve delivery times and reduce the number of large, polluting lorries entering the City.
- £1m Climate Emergency Fund – to make funds available to further support the ideas above and/or address other priorities as they arise.
- £50,000 to support a new 'city of the future' exhibit at the refurbished City Museum focused on climate change
- £0.7m to extend the Council's current loan to the Oxford Low Carbon Hub to enable them to invest in renewable energy systems *before* the Government's high value Feed In Tariff ends. The funds have been accounted in such a way as to enable this money to be converted into a long-term investment – the Greens preferred option (which will need to be subject to further due diligence).

## **Report of the Head of Finance**

### **Section 151 Comments on Green Group Alternative Budget for 2019-20 to 2022/23**

**Date 08-02-19**

I have reviewed the budget submitted by the Green party as an alternative to the Labour Administrations budget and can conclude that it is arithmetically correct and subject to detailed business cases for the capital projects could be implemented if voted through.

On the Capital Budget an additional £5.450 million of schemes have been included with £5.477 million deleted. A detailed business case would be required to substantiate the plans for the additional schemes. The deleted capital expenditure refers to the Seacourt Park and Ride extension and the removal of Oxpens car park decking to Redbridge together with additional decking. The deletion of schemes does release capital resources of an equivalent value to be used to fund the additional spend.

On revenue the main features relate to loss of additional income at Seacourt Park and Ride extension and the additional parking at Redbridge in line with the proposal to cancel the schemes. Other increased spend relates to climate change and resources to tackle carbon emissions. Savings relate to increased income from increases in park and ride charges and returns from investment in the community energy the risks and returns for which would be required to be substantiated.

Nigel Kennedy

Head of Financial Services (Section 151 Officer)

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