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OXFORD CITY COUNCIL

To: City Executive Board

Date: 11th December 2013

Item No

Report of: Head of Finance

Title of Report: MEDIUM TERM FINANCIAL STRATEGY 2014-15 TO 2017-18 AND 2014-15 BUDGET FOR CONSULTATION: A FAIR FUTURE FOR OXFORD

Summary and Recommendations

Purpose of report: To present the Council's Medium Term Financial Strategy for 2014/15 to 2017-18 and the 2014-15 Budget for consultation.

Key decision Yes

Executive lead member: Councillor Ed Turner

Policy Framework: The Council's Corporate Plan

Recommendation(s): The City Executive Board is recommended to approve the Consultation Budget for 2014/15 and Medium Term Financial Plan for 2015/16 to 2017/18 in particular:

a) the Council's General Fund Budget Requirement of £23.471 million for 2014/15 as set out in Appendix 1 and an increase in the Band D Council Tax of 1.99% or £5.34 per annum representing a Band D Council Tax of £273.53 per annum

b) the continuance of the Councils Council Tax Support scheme (formerly Council Tax Benefit) as referred to in para 24

c) the Housing Revenue Account budget for 2014/15 as set out in Appendix 4 and an increase in average dwelling rent of 5.42% or £5.25 per week an annual average rent of £102.08 as set out in Appendix 5

d) the Capital Programme for 2014/15 -2017-18 as set out in Appendix 6;

e) the Fees & Charges schedule as set out in Appendix 7 and

f) the proposed level of exemptions and discounts on empty homes and unoccupied properties as outlined in para 44 below

Appendices to the report:

Appendix 1. Summary of Proposed Budget by Service 2014-15 to 2017-18

Appendix 2. General Fund Revenue Budget by Service 2014-15 to 2017-18

FOREWORD BY THE PORTFOLIO HOLDER

Oxford City Council, as the rest of English local government, continues to suffer from the toxic mix of government spending cuts, increased pressure on services (notably homelessness), challenges in generating income, and low interest rates on investment. Nonetheless, it remains our ambition to see services improve, safeguard the vulnerable from cuts, avoid compulsory redundancies and narrow the gap between rich and poor in our city.

We thank council officers for their hard work in making the Council a more efficient organisation than ever before, with over £4 million achieved in efficiency savings (where we deliver the same level of service for less money) since 2010. Staff at all levels of the organisation have gone the extra mile in providing extra services, in a climate where pay has fallen in real terms.

There are enormous challenges ahead: we await with concern details of the County Council's cutbacks, which are certain to have knock-on effects on Oxford City Council. The timescale for the government's Universal Credit roll-out remains unclear, generating uncertainty and cost to the Council. We know our government grant is to be drastically reduced and the only question is by how much it will be cut.

This budget balances over the next four years, and proposes important investment in our communities. We welcome feedback from local people. As councillors, we will do all we can to make Oxford a fairer, more equal place – and the proposals in this budget play a very important part.

INTRODUCTION

1 This report sets out the Council's Medium Term Financial Strategy (MTFS) and associated spending plans for the next four years 2014/15 to 2017/18 and gives interested parties the opportunity to comment and be consulted on the Council's budget proposals for the next financial year (2014/15). The report covers all aspects of the Council's spend: General Fund revenue expenditure funded by the council tax payer, Housing Revenue Account expenditure, funded by council tenants and the Council's Capital Programme funded by Capital Receipts, revenue and borrowing.

2 For ease of reading; the report is split into four sections :

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

Section A Background and Context

Background

3 This report sets out the Council's financial plans for the period 2014/15 to 2017/18. The plans make assumptions about income from Government Grants, Council Tax and rents. The plans underpin service provision and the Council's vision of "Building a World Class City for Everyone".

Protecting Services within the City: A Holistic Approach to Financial Planning

4 Against the backdrop of significant external pressures Council in September 2013 approved the transfer of £18 million of assets and a cash transfer of £7 million from the Housing Revenue Account to the General Fund. The transfer has improved the Council's General Fund Revenue position by an amount of around £2 million per annum, thereby and increased the borrowing headroom within the Housing Revenue Account by £19 million.

5 The transfer safeguarded the delivery of all existing objectives within the HRA Business Plan, including the delivery of 500 new homes , the great estates programme, significant improvements to tower blocks and the repayment of debt as well as improving the sustainability of the Councils General Fund Revenue account in the medium term for the benefit of all citizens of Oxford.

6 In addition to the above Council agreed at the same meeting to the inclusion within its Capital Programme of an amount of £10 million for the purchase of properties to provide accommodation for homeless families. This would be funded from the general fund so does not lower borrowing headroom in the HRA.

National Economic Position

7 Despite an increase in GDP of 0.8% between July and September 2013 being announced last month the economy remains fragile. The Chancellor has insisted he will hold firm with his deficit reduction policies, suggesting that there will be no tax giveaways in the Autumn Statement on December 4.

8 The independent Office for Budget Responsibility forecasts this year's deficit remaining broadly in line with the last financial year at £120 billion.

9 Although the deficit has been reduced by a third there is still a long way to go. The Chancellor is looking for £11.5billion of spending cuts across Government departments in the year after the next general election.

10 On interest rates the stronger than expected rebound in growth and the notable decline in the unemployment rate has forced some backtracking on the initial terms of the Bank of England Monetary Policy Committee's Forward Guidance. The accomplishment of the 7% unemployment target will not trigger an automatic hike in official interest rates. Rather, it will merely prompt a more focused discussion of options going forward. This trigger however is still thought to be at least two years off and as a result interest rates are unlikely to rise until 2016/17.

Government Funding

11 A number of consultations on Government Funding have been issued since the current Medium Term Financial Plan was approved at Council in February 2013 they are set out below:

Local Government Finance Settlement 2014-15

12 The Government published the illustrative 2014-15 Local Government Finance Settlement on 4 February 2013, alongside the 2013-14 Local Government Finance Settlement. Since the publication of this a further reduction of 1% has been announced from the total of Local Government Departmental Expenditure Limit. The proposal is for the full reduction to be made through Revenue Support Grant reducing the 2014/15 RSG by 1.73%.

13 The consultation also highlights that the initial estimates of safety net payments to be made in business rates in 2013/14 are higher than estimates and are unlikely to be financed from levies from additional growth. The proposal is therefore to hold back a further £95 million from 2014/15 Revenue Support Grant to offset this with a possible offset from the amount held back for funding capitalisation.

Local Government Finance Settlement 2015/16

14 The Government announced in the 2013 Budget speech that public spending needed to reduce by a further £11.5 billion to help reduce the deficit. The spending Round 2013 published in June 2013 set out a reduction of 2.3% for 2015-16 in overall local government spending meaning a far higher cut in government grant.

15 As in previous years a number of grants will continue to be rolled into the Formula Grant figures including Homelessness Prevention Funding, Lead Local Flood Authority Funding and Learning Disability and Health Reform. Funding will remain unchanged in cash terms from their original amounts but because they are now rolled into the Formula Grant, they are no longer ring fenced.

16 The Government also proposes to keep the total level of the localised Council Tax Support funding unchanged in cash terms from the 2014-15 total. As in the 2014-15 Settlement, there is no separately identifiable amount for localised Council Tax Support at a local authority level.

17 Provisional estimates of Revenue Support Grant for Oxford City in accordance with the consultation are shown in Table 1 below. Since 2010/11 Formula Grant has reduced by around £5 million representing a reduction of around 28%. Confirmation of these figures will be given in the provisional finance settlement in December 2013. For future years the Council's working assumption is that Revenue Support Grant, excluding Homelessness Prevention Funding will be reduced to zero by 2020/21, with the Council becoming self- funding thereafter.

Table 1 Revenue Support Grant				
	Grants	**Revenue Support Grant**	**Total**	**Percentage (Reduction)/Increase in RSG**
	£million	**£million**	**£million**	**%**
2013/14	1.703	6.517	8.220	n/a
2014/15 *	0.871	5.657	6.528	(13.2)
2015/16	0.562	3.811	4.372	(31.0)
2016/17	0.562	3.049	3.611	(20.0)
2017/18	0.562	2.287	2.849	(25.0)

* First year that Council Tax Support Grant was rolled into Revenue Support Grant

Retained Business Rates

18 The Government introduced the new methodology for Business Rates retention on 1st April 2013. The Government's aim is to incentivise Local Authorities to encourage growth. The main components of the system are as follows:

- DCLG retain 50% of all business rates income – **<u>the central share</u>** with local authorities retaining the balance – **<u>the local share</u>**
- DCLG calculate the share for each billing authority as a proportion of the local share – **<u>the proportionate share.</u>** This determines the **<u>billing authority's business rates baseline.</u>**

- The billing authority baseline is split 80/20 between Districts and Counties to determine the **individual authority business rates baseline.** The figure for Oxford for 2013/14 is £32.303 million.
- DCLG will then calculate the **baseline funding level** for each authority by applying the 2012/13 formula grant process to the local share of the business rates aggregate. For Oxford this is £5.468 million for 2013/14.
- A local authority must pay a **tariff** if its individual authority business rate baseline is greater than its baseline funding level. Conversely a local authority will receive a **top up** if its baseline funding level is greater than its individual authority business rate baseline. Oxford City has a tariff of £26.450 million for 2013/14.
- At year end the individual authority total business rates income will be compared to its baseline funding level and **a levy** of 50% will be applied, leaving the local authority with the balance. Similarly where the individual authority business rates income is less than 7.5% of its baseline funding level **a safety net** will be paid to the authority. The assumed

19 For 2014/15 figures for baseline funding and tariffs have been provided in the DCLG consultation and these figures have been used with no changes in methodology going forward.

20 Any growth in Business Rates income is assumed to be offset by the value of appeals and write offs by which the income is adjusted, regardless of the year to which they relate. A reduction of approximately £2.8 million has been assumed over 3 years from 2015/16 , to account for the demolition of business premises and multi storey car park associated with in respect of the Westgate Development. As a consequence the Council's Business Rates income will be below the 'safety net' level and for the three year period the Council will be paid at the safety net level which represents 92.5% of the baseline funding level. Between the baseline and funding level and safety net the Council will lose an estimated £1.3 million in business rates income over the three year period. Business Rates income retained is shown in the Table 2 below:

Table 2 Retained Business Rates

	Assumed Level of Grants included in retained business rates	Retained Business Rates	Percentage (Reduction)/increase in retained business rates
	£million	£million	%
2013/14	1.133	5.660	n/a

2014/15 *	0.521	5.638	(0.39)
2015/16 **	n/a	5.318	(5.68)
2016/17	n/a	5.424	1.99
2017/18	n/a	5.533	2.01

* First year that Council Tax Support Grant was rolled into retained business rate figure. Some additional business rates assumed

** Westgate development commenced

New Homes Bonus

21 In July 2013 the Government issued a consultation paper on the mechanism for pooling £400 million of New Homes Bonus through Local Enterprise Partnerships to support strategic housing and other local economic growth priorities. The Consultation seeks views on the pooling of New Homes Bonus resulting in the potential loss of all New Homes Bonus to County Councils and the loss of Grant at District level of between 20% and 30% with effect from 1st April 2015. An amount at the lower level has been assumed as follows:

Table 3 New Homes Bonus				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£000's	**£000's**	**£000's**	**£000's**
New Homes Bonus	2,000	1,827	2,255	2,515
Percentage increase/(decrease)	18.76	(8.65)	23.42	11.53

22 The grant is given for a six year period based on the new dwelling completions in the year. The Council allocates New Homes Bonus to fund the Capital Programme in order to de-risk the Medium Term Financial Strategy. In the event that the grant is lower than estimated or ceases altogether then a mitigating action could be to reduce the council's Capital Programme.

23 **Council Tax Support Grant for parish councils**. –In 2013/14 the Council received an amount of £24,053 in respect council tax support which was to be passed on to Parish Councils to compensate them for the loss of council tax income in their respective areas. From 2014/15 Council Tax Support Grant has been subsumed into Formula Grant and is no longer identifiable. Some councils are proposing to cease paying the grant to parishes as a result, while others are reducing the grant in accordance with the Revenue Support Grant reduction. The Medium Term Financial Strategy for Oxford allows for that grant to parishes to be withdrawn in

proportion to the reduction in Revenue Support Grant with total withdrawal in 2020.

Welfare Reform

24 In the summer it was announced that national rollout of Universal Credit would be delayed until 2015 at the earliest. Universal Credit will merge out-of-work benefits and in-work support. Administration of the new benefit will be managed by the Department for Work and Pensions. The Council is running one of 12 local authority led pilots to help inform the roll out and understanding how best to support people locally. There are clearly risks for the Council in terms of the role out of Universal Credit since it is still not clear as to whether TUPE will apply and there are other potential staffing issues whilst uncertainty over timing prevails. The Council is attempting to manage the situation by the employment of temporary staff when vacancies arise due to staff turnover.

Council Tax Support

25 Council Tax Benefit was replaced with a new system of Council Tax Support in April 13. The previous Council Tax Benefit Grant is now subsumed into the Council's Formula Grant and not separately identifiable. The Council is recommended to maintain its Council Tax Support scheme on the same basis as that introduced on 1st April 2013. It is estimated that this will cost the Council an additional £60k per annum.

Housing Benefit Admin Grant

26 Housing Benefit Admin Grant which the Council receives to support the administration of housing benefits has been maintained for 2014/15 at around £975k per annum, although this has been split with 80% being received from DWP and the remainder included in Formula Grant from DCLG.

Pension Reforms

27 In April 2011, the Government published a Green Paper, entitled "A state pension for the 21st century". Responses received to that consultation have helped shape the Government's proposals for reform.

28 One consequence for employers will be that they will see their NI costs increase by 3.4% of relevant earnings (earnings between the Lower Earnings Limit and the Upper Accruals Point) for every contracted-out employee. The suggestion is that employers can increase employees' pension contributions and/or reduce future benefits to offset this cost. However, not all scheme rules will allow employers to make such a change. The cost to Oxford City Council of these changes is estimated at around £400k per annum with effect from 1April 2017.

29 In addition there are a number of other changes to pensions for which provision has been made in the Medium Term Plan as follows :

- with effect from 1/4/14 allowances become pensionable and subject to national insurance

- with effect from October 2013 employees were opted into the local authority pension scheme, although a number of employees have since opted back out
- The County Council pension scheme is subject to a triennial review by the actuaries. An ongoing contingency of £400k per annum has been allowed for in the budget to allow for any increase in employer pension contributions which may be payable from 1/4/2014. The outcome of this review will not be known until January 2014.

Recession, recovery and the impact of welfare reforms in Oxford

Homelessness

30 Our access to Private Rented Sector accommodation locally, to assist those threatened with homelessness is starting to fall away.

31 To counter the financial pressures from homelessness the Council:

- Makes use of an unringfenced grant of around £957k within its Formula Grant which it traditionally uses on a range of measures to support organisations preventing homelessness. Going forward the MTFS retains this level of funding for homelessness. Effectively this means that Council is funding a rising proportion of the grant itself, as the level of government support tapers away with reductions in Revenue Support Grant.
- Has earmarked reserves to meet the costs of rising homelessness or declining ability to place those to whom we owe a legal duty .At 31-03-2014 these are estimated to be around £1 million but with no further transfers into the reserve planned
- Allocated £10million provision in the capital programme to purchase dwellings to house families requiring temporary accommodation if required.

Effect of Welfare Reforms in Oxford City

Bedroom Tax

32 The typical profile of people affected by this change is individuals and couples who are over 45, and have had children who have left home. At the start of the year there were 956 households in Oxford City affected by these changes, of which 668 were Council tenants. This represented an annual loss in Housing Benefit of £534,000. However by the start of November, this number had reduced to 770. In 208 cases a Discretionary Housing Payment has been made to meet the Housing Benefit shortfall in the short term and facilitate the claimant finding a permanent solution. The Council receives a Government Grant for Discretionary Housing Payment which for 2013/14 is £525k

Benefit Cap

33 The government's Benefit Cap restricts the amount of money a family without work or working under 24 hours per week can receive in state benefits to £500 per week. It includes child benefit and housing benefit, and so is particularly likely to affect households with several children or in the private rented sector. In May it was expected that 166 households would be affected

by the Cap in Oxford, 90 from the private rented sector and 76 from the social rented sector. This was based on data provided by the Department of Work & Pensions (DWP). The estimated loss of Housing Benefit annually was £1 million. So far, 130 households have been capped. We are notified of new capped cases on a weekly basis.

34 Of those cases that have been capped, the impact is as follows:
16 are losing over £200 per week in Housing Benefit
25 are losing between £100 and £200
28 are losing between £50 and £100
61 are losing under £50

Clearly the impact of the Benefit Cap is to increase costs to the Council in terms of staff time assisting those affected, increases the potential for homelessness, and increase expenditure on Discretionary Housing Payment where appropriate.

Local Authority Universal Credit Pilots

35 Oxford City Council is part of a pilot to show how a local authority can support people affected by welfare reform. This is an important part of our aspirations to mitigate the impact of welfare reform upon local people. Up until 12 November 2013, the pilot had engaged with 780 people of which 203 had been assigned a case worker and are working with the team on an on-going basis. Of these 31 have secured employment, 401 have made applications for a Discretionary Housing Payment and 315 awards have been made. In addition in 577 cases housing or work related advice has been provided.

36 Overall, and particularly because of the combination of high levels of deprivation in parts of Oxford, and also very high housing costs, Oxford City Council remains especially exposed to adverse financial pressures resulting from welfare reform.

Impact of current year's budget 2013/14

37 As at 30th September the forecast outturn for 2013/14 is a favourable variance on the Council's General Fund Revenue account of approximately £3.081 million. Table 4 provides a synopsis

Table 4 2013/14 Forecast Outurn	
	£ million
Transfer of HRA assets to G Fund agreed at Council 30/09//13	1.322
Service area variations against budget	0.050
Net effect of local cost of benefits	0.342
Additional Interest from HRA internal borrowing	0.371
Additional investment interest from increased cash balances	0.196
Reduced contingency for achieved 2012/13 efficiencies	0.800

Total	**3.081**

38 With the exception of the additional revenue arising from the transfer of assets which has been reflected in the MTFP going forward all other variances are considered to be one-off. A principle has been agreed by CEB that such surpluses will be used to finance the Council's Capital Programme. Clearly the precise amount will not be known until the year end.

Value for Money & Efficiency

39 The Council continues to make substantial progress in improving value for money and generating efficiency savings. Over the past three years the Council has generated approximately £4 million in efficiency savings and within the current year's budget £1.294 million efficiency savings are on track to be delivered. The programme of cumulative efficiency savings is set out in Appendix 3.

40 This budget proposes some new efficiency savings going forward and thus balancing our budget and is going forward dependent on delivery of the following projects:

- **Review of Administrative Support - £350k per annum**

  Proposed rationalisation of administrative support across the Council, encouraging generic working, standardisation and automation of systems and procedures thereby reducing duplication of effort and increasing resilience.

- **Review of Assets - £300k per annum**

  As part of the transfer of assets from HRA to General Fund a sum has been placed in an earmarked reserve for strategic property investment which will produce an on-going revenue saving of £300k per annum. A number of opportunities are being examined at present; none have been concluded and this will be the subject of a future report to CEB and Council.

- **Off street Car Parking - £730k per annum**

  The development at Westgate will see the demolition of the Westgate Multi Storey car park and the temporary loss of adjacent car parking spaces whilst demand arising from the Westgate and other developments is likely to rise. One response is to investigate increasing capacity at Seacourt Park and Ride. In addition the council is looking at a means of increasing capacity across the city in the short term.

- **Review of Investments**

  The Councils investment of surplus cash is largely in fixed term secure counterparties with an average interest rate of around 0.8% and is unlikely to increase in the next 2-3 years. Additionally the Council has £3million invested in non-specified property funds with a current return of around 6%. These investments are dependent on the performance of individual properties, the value of which can go up as well as down. Officers are currently examining the potential to invest a further sum in property funds to achieve higher overall returns but establishing sufficient provisions to protect the Council from adverse variations in value.

- **Renegotiation of Leisure Centre Contract**

  The Council is exploring its option to extend its current Leisure facilities contract for a further 5 years beyond 2019.

Section B General Fund Revenue Budget

The Budget Process

41 As part of the annual Medium Term Financial Strategy refresh Service Heads were requested to review the savings and efficiencies included within the current Medium Term Financial Plan (and agreed by Council in February 2013) and to present alternative proposals to achieve the savings where necessary in order to live within an overall cash envelope.

42 Detailed templates for capturing proposed Efficiency Savings, Spend to Save opportunities and Fees & Charges options as well as Pressures and Service Reductions were submitted to the Finance Team for collation and review in September.

43 Directors scrutinised all proposals for consistency of approach and deliverability of savings. Efficiencies proposals have been ranked as High, Medium and Low risk and a level of contingency calculated against the medium and high risk savings and income generation proposals.

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Planning Assumptions Used

44 The following Planning assumptions are included within the Medium Term Financial Strategy:

- **Formula Grant** – Indications of Formula Grant have been given by Government for 2014/15 and 2015/16 in a recent consultation paper with figures to be agreed in December 2013. Going forward and in line with the Governments stated intention to return to surplus by 2020 officers have assumed that Revenue Support Grant is reduced to zero over this period. Retained Business Rates income has been estimated in accordance with known variations in income and retained business rates methodology as set out in paragraphs 13-16 above.

- **Council Tax Increase –** It is anticipated that the Government will require authorities to hold referendums if they wish to increase Council Tax by more than 2%. Hence an increase of 1.99% as last year is assumed in the MTFS for each of the next four years
- **Council Tax Freeze Grant –** No grant is assumed for the 2014/15 Council Tax increase

- **Council Tax Exemptions**

  In February 2013 the Council agreed changes to exemptions and discounts to empty properties as follows:

  - **Exemption Class A – Previous** - Recently built or uninhabitable due to work (previous 100% exemption for a time limit of 12 months then full charge): 25% exemption for a time limit of 12 months, then full charge For new builds or buildings created from structural alterations to an existing building, a 25% discount can be applied for 6 months followed by a full charge.
  - **Exemption Class C – Previous** Vacant – empty and unfurnished (previous 100% exemption for a time limit of 6 months then full charge): 25% exemption for a time limit of 3 months, then full charge
  - **Second Homes Discount –** Previous (10% discount) –0% discount i.e. full charge
  - **Empty Homes Premium –** Previous - left unoccupied or unfurnished for two years or more (current 100% exemption for a time limit of 6 months and then full charge in line with class C). Now:-charge 150% council tax after 2 years empty

  Current projections indicate that these proposals are raising additional income for 2013-14 as follows :

Table 5 : 2013/14 Forecast Income from Council Tax Exemptions and Discounts

	Total Income Forecast	City Council Share of Additional Income
	£	£
Exemption Class A	137	23
Exemption Class C	468	79
Second Homes	65	11
Long Term Empties	122	21
Total	**792**	**134**

However these changes have resulted in an increasing number of small debts being created by properties that are empty for short periods consequently the following changes are recommended:

- To change Discount Class C - to a 100% discount from the date the property becomes empty for a period of up to 1 month, then apply 0% discount

- To change Discount Class A (in need of structural repair) - to give a 100% discount for 2 months, and then apply 0% discount. This would encourage council tax payers to complete the works quickly and remove the need to inspect properties, freeing up Visiting Officer time to focus on income collection. If a property requires major structural repairs then the Council would encourage the taxpayer to appeal any Council Tax Band on the property to the Valuation Office Agency.

- New Builds - to give 100% discount for one calendar month, then to remove the discount completely to encourage bringing properties into use quicker.

- **Base Budget** - The starting point for planning is the 2013-14 base budget position as presented in the 2012 Medium Term Financial Plan. This is defined as the 2013-14 budgets, adjusted for any one-off savings and growth.
- **Inflation** – Limited general inflation has been applied to non-pay budgets for supplies such as petrol and building materials.
- **Housing Benefit Administrative Grant –** Eighty per cent of the grant is to be paid by The Department of Work and Pensions and this has been confirmed for 2014/15 at £782,772 the remaining 20% will paid by the Department for Communities and Local Government in the Grant Settlement. It is likely that this grant will taper down over the three year period of implementation of Universal Credit, but this timescale remains uncertain.
- **Pay Assumptions** – Last year the Council negotiated a four year pay settlement with the Unions of 1.5% per annum in exchange for leaving the national pay agreement.
- **Staff Increments** - Following agreement with Unions pay increments were reinstalled with effect from 2013/14 for those staff below the midpoint of the grade and subject to a satisfactory performance appraisal and attendance record, with increments being achievable every two years. For those staff above midpoint no increments are payable although there is eligibility for the Partnership Payment subject to a satisfactory performance and attendance record

- **Pensions** - The Medium Term Financial Strategy includes an increase from the current contribution in line with pay inflation increases. In addition a provision has been made of £400k per annum to additional cost of employer pension contributions which may arise from the pension actuaries' triennial review which will be implemented with effect from 1/4/2014. Further information will be available from the County Council in December 2013.
- **Investment Income** - With interest rates not predicted to change until October 2016, investment interest returns of 0.8% for the next two years up to 2016/17 followed by rates of 1.8% and 3.3% thereafter have been included in the plan.
- **Increases in Fees and Charges** – The Medium Term Financial Strategy for the next four years allows for fees and charges to increase over the medium term in line with 'what the market can bear'. In practice this means that most charges including car parking, building control, planning and cemeteries remain at 2013/14 prices although there are increases in the following areas:
    - Leisure activities including swimming, tennis, membership fees, fitness gyms, where the majority of fees and charges show a proposed increase of 3.4% RPIx inflation, although higher in some cases due to rounding. Choice Memberships are set to increase by 10% which represents a £47 increase on an Adult Membership to £517.
    - Pest Control increases have increased by around 5% representing a £1.40 to £7.50 increase.
    - Cemeteries increases range from 0% to 12.50% for exclusive burial rights, representing a £100 increase for purchasing 50 year adult grave rights.
    - Garden waste bins – 3.5% to 5.1%, representing a maximum increase of £2.
    - Car Parks – In parks – 4.76%, representing a 5 pence increase on a £1.05 charge.
    - Car Parks Off street – 2% to 9%, representing a maximum 10 pence increase on a £1.10 charge.
    - Park and Ride – evening charges to be aligned with those of Oxfordshire County Council in its Park and Ride car parks.
    - Additionally, there are major revisions proposed to HMO license fees, which will see substantial reductions for accredited landlords, but a large increase in charges for those who fail to apply for a license for an HMO which they own.
- **Capital Financing** - Capital financing for the draft Capital Programme is detailed in Section D. The four year Medium Term Financial Strategy once again maintains the Council's position of no new prudential borrowing with the exception of the financing of the purchase of vehicles. There is £9 million included in the Medium

Term Financial Strategy for this type of expenditure which is repayable over the seven year life of the vehicles.

- **Contingencies** – Members resolved last year to review the level of contingencies held against high and medium risk savings proposals. The previous methodology of allowing contingencies against high and medium savings of 80% and 40% respectively has been changed to 40% against both the high and medium level rated efficiency savings, service reductions and fees and charges from 2014/15 onwards in accordance with the following :

Table 6 : Contingencies held against efficiencies				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£000's	**£000's**	**£000's**	**£000's**
Total cumulative Savings in plan	(3,942)	(6,070)	(7,541)	(7,866)
Of which ranked high and medium from 2014/15 onwards	(1,338)	(2,814)	(4,089)	(4,409)
Cumulative contingency in MTFP	1,040	1,660	2,160	2,260
% of total savings covered by contingency	26	23	27	29

In addition, sums have been set aside for potential redundancy costs at £200k per annum and additional pension costs in accordance with the triennial review from April 2014 of £400k and pay in accordance with the pay agreement.

- **New Homes Bonus** –Payments in respect of New Homes Bonus will be utilised to support the Council's Capital Programme.
- **Support for vulnerable households** – Spending on preventing homelessness is supported by an un-ring-fenced grant funded through Revenue Support Grant and Retained Business Rates, currently in the order of £957k. For planning purposes it is assumed that spend of £957k and the grant is maintained at this level although clearly this remains less certain going forward.

Ongoing Investment Proposals

45 A number of Investment proposals established in the budget in 2012/13 to raise educational attainment, to improve the life chances of young people, and to reduce our carbon footprint are budgeted in the next four year period. This is a sum of £4.6 million, together with new expenditure totalling £2.2 million over the same period which has been introduced from 2014/15. Details of proposals continuing are detailed in Appendix 8 and include:

Cricket festival: This provides an annual cricket festival, enjoyed by players from all backgrounds, in Cowley Marsh park. -£2k per annum

Restoration of free swimming for under 17's: This delivers a substantial programme to ensure that young people, notably from backgrounds which are less likely to access free swimming, are aware of and take advantage of the opportunity -£28k per annum

Leisure / school partnership activities: This budget mitigates the impact from cuts to youth sport by the Government and County Council- £33k per annum

Oxford Cycle City : This pot of money allows the targeted creation of more cycle lanes and better signage. £10k per annum revenue plus £122k capital-(£50k existing plus £72k additional)

Locking of Florence Park: This provides continued funding to lock Florence Park in the evenings, to prevent crime and anti-social behaviour. £5k per annum.

Additional hours for litter picking and maintenance in parks: Following the successful modernisation of play areas across the City, usage of parks has increased substantially. This fund allows improved maintenance and litter picking in our parks. £15k per annum.

Top up of grants budget – Budget used for small grants to community organisations.

Legal aid – welfare advice: Following Government cuts to Legal Aid for many needing advice and support on welfare issues, this supports a post to mitigate the impact on those in need. -£29k per annum

Youth activities: (£240k per annum) - this provides support in areas of the City where the County Council's changes to youth provision have had the greatest detrimental impact, as well as expands youth activity to some areas which currently have no provision.

Conversion of council flat sites to recycling: This facilitated recycling at council flat sites. £27k per annum

New low-emission litter picking vehicle in city centre: This additional vehicle enables side-waste to be removed more effectively from around bins in the City Centre.- £2k per annum

Stronger private rented sector enforcement: This fund allows greater proactive enforcement of standards in the private rented sector -£68k per annum

Groundworks Environmental Improvement Programme: This delivers a social enterprise programme to clear watercourses, ditches and streams to improve flood protection:.£6k per annum.

Low-carbon Oxford: This funding assists the City Council to maintain its active leadership of the low-carbon agenda and ensure that Low Carbon Oxford is able to continue its successful work. £25k per annum

Proactive riverbank enforcement: This budget provides a targeted programme of enforcement to deal with the growing problem of illegal moorings.- £22k per annum

Cleaner greener area based door-to-door campaign: This budget extends successful work to promote the "Cleaner Greener" Oxford agenda, improving recycling and street cleanliness throughout the City. £12k per annum

Living wage: This initially funded an increase in the "Living Wage" for all Oxford City Council employees and contractors to £8 per hour. We promote this living wage to all employers in Oxford City. The initial cost was £9k per annum, but it is proposed in this budget to raise the Oxford Living wage to £8.36 per hour at a cost of a further £5k per annum.

Apprenticeships: This fund, of £150k per annum, provides apprenticeships at Oxford City Council, helping reduce youth unemployment and supporting local young people to get experience and qualifications.

Educational Attainment: £400k per annum - This supports Oxford's primary schoolsto deliver a step change in educational attainment, which in Oxford City is amongst the lowest in the country.

Events – This fund provides events in the city, funded at £50k per annum

New Revenue Proposals from 2014/15

46 **Market Management and Investment -** Funding for a specialist Market Manager (12 months) and implementation of Covered Market strategy report – £150k in 2014/15 then £50k ongoing

Technical Support For Oxford Growth Strategy -Technical advice (landscape/ legal /transport /urban design /planning) to support submissions to District Councils' Core Strategy examinations (up to four).- £150k one off.

Planning Design and Review Panel -Funding to appoint and commission an independent panel (6 members plus specialists as required) to review major planning applications. £50k in 2014/15 and £25k in 2015/16.

Customer Service Excellence Manager.- To manage and coordinate the roll out of Customer Service Excellence best practice across the organisation. Also manage the way the organisation receives and responds to customer feedback, ensuring corrective and preventative actions are taken and service improvements secured. £35k for two years.

Toilets – Extended opening and additional cleaning - Extension of the toilet opening hours from 5pm to 8pm in the city centre. £35k in 2014/15 reducing to £25k in 2015/16 following closure of Westgate..

Low Carbon Oxford -Maintain contribution to Low Carbon Hub at £50k for 2014-15.

Safeguarding Children and Vulnerable Adults - To ensure that the City Council fulfils its duties to safeguard children and vulnerable adults and to provide a joined-up approach to the delivery of safeguarding services. To provide effective advocacy for vulnerable children and adults. £24k for two years.

Events web portal - This provides a one-stop shop for all event bookings (including Events and Town Hall Events); bookings will be streamlined and a simplified and cost effective system – this will simplify the booking procedure for customers and reduce costs and administration workload for the Events Team. £5k in 2014/15 and £2k in 2015/16

Food waste collection for flats - The current food recycling service does not include the 15,000 flats in the city. A pilot scheme has been operating successfully this year and this proposal ensures that the service continues and is rolled out to the flats, so that they can all receive a food recycling service. It is linked to a capital bid for bins. £100k ongoing.

47 The Council's General Fund Budget for Consultation is set out in Appendix 1 attached and summarised below:

Table 7 : Summary General Fund Medium Term Financial Plan 2014/15 to 2017/18				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£000's	**£000's**	**£000's**	**£000's**
EXPENDITURE				
Total Base Budget	19,897	19,897	19,897	19,897
Fees and Charges increases	(1,292)	(1,686)	(2,334)	(2,350)
Efficiencies	(2,436)	(4,280)	(4,713)	(5,423)
Invest to save proposals	(7)	26	(10)	(46)
Service reductions	(224)	(264)	(274)	(283)
Pressures/contractural inflation	1,537	1,227	1,191	1,252
New Investment	450	(10)	16	16
Revenue Contributions to capital	4,321	3,207	3,464	3,904
Minimum revenue provision	2,766	2,737	2,470	2,499
New Homes Bonus	(2,003)	(1,827)	(2,256)	(2,515)
Net Interest receivable	(1,701)	(1,766)	(2,348)	(3,086)
Depreciation reversal	(5,221)	(5,221)	(5,221)	(5,221)
Pay and Contingencies	2,852	4,503	6,051	6,941
Corporate and democratic core, support for vulnerable people	4,532	4,532	4,532	4,532
Transferred to (from)working Balance	0	0	0	0
Net Budget Requirement	**23,471**	**21,408**	**20,045**	**20,692**
FUNDING				
Council Tax	11,431	11,717	12,010	12,310
Revenue Support Grant	6,402	4,373	3,611	2,849
Retained Business Rates	5,638	5,318	5,424	5,533
Total	**23,471**	**21,408**	**21,045**	**20,692**
Surplus/ (Deficit)	**0**	**0**	**0**	**0**

GENERAL FUND WORKING BALANCE				
Opening	3,621	3,621	3,621	3,621
Transferred to/(from)	0	0	0	0
Closing	**3,621**	**3,621**	**3,621**	**3,621**

48 The above table shows over the four year period cumulative efficiencies of £5.4 million, increased income from Fees and Charges including trading totalling £2.3 million and service reductions of £0.9 million as shown in Appendix 3

Risk Implications

50 The main risks to the balanced position of the General Fund consultation budget (Appendix 9) are that:

- The Financial Settlement is not as favourable as is assumed in the above figures
- Business Rates income is not as forecast
- Welfare Reform impacts the authority more adversely than assumed
- Variation in the income from New Homes Bonus as a result of new dwellings constructed and occupied during a given 12 months period being lower than anticipated
- Interest rates lower than projected
- Slippage occurs in the delivery of savings and income generation, or additional pressures arise that have an on-going financial impact on the Council

Section C Housing Revenue Account Budget

Background

51 The Council's 2013/14 Housing Revenue Account (HRA) is currently projecting an in-year surplus of £2.4 million, increasing its year-end balance to £6.1m. This favourable variance has been factored into the HRA Business Plan going forward and contributes towards the future investment programme.

52 The 2013/14 financial year was the second of the Government's new HRA self-financing regime which saw local authority housing landlords buy themselves out of the housing subsidy system. Oxford City Council procures £198.5m of self-financing debt. Our debt redemption strategy is to repay this debt over the next 9 to 45 years. This new funding system has saved the Council an average of £6 million per annum.

53 These annual cash surpluses have enabled the authority to embark on an ambitious Capital Programme including the creation/acquisition of over 400 new affordable homes, together with continuing with improvements to our existing housing stock, including Tower Blocks.

54 The Council's HRA strategy is governed by the production and regular review of its 60 year HRA Business Plan. This document sets out the Council's HRA priorities over the longer term and details the assumptions made regarding inflation uplifts, rent increases, additional capital spend, secondary borrowing, arrears, bad debts provision, void levels etc. The Government has stated that it wishes authorities to engage in the

affordable homes agenda and Oxford City Council is at the forefront of this initiative. Started in 2012/13 the Council is undertaking a new build programme part funded by the Homes and Communities Agency, in which 113 new properties will be built by 2015 utilising £2.4m of Government Grant.

Legislative Changes

55 Recently, the Government have brought out a consultation paper exploring the option of removing the "convergence" element of the existing rent formula currently adopted. Furthermore, they have indicated their support to reduce the inflationary uplift from RPI to the lower CPI figure. The consultation closes by 24 December 2013, with subsequent proposals being distributed in the New Year for implementation in April 2015.

56 As such the Council is proposing to continue with an annual uplift for 2014/15 in line with the existing formula, namely RPI + 0.5% + £2, with a change to CPI + 1% thereafter. This is now embedded within the proposed HRA Business Plan estimates.

57 The financial implications of this change for local authorities are significant, in the short term. DCLG's valuation of Oxford's notional HRA, used to establish our borrowing level of £198.5m was predicated on a continuation of the current RPI formula until convergence was established, possibly in 2018/19 for Oxford City Council.

58 As outlined in paragraphs 4 – 6 above. Council approved in September 2013 a package of changes affecting both the HRA and GF.

59 The primary advantages are set out below:

- Firstly, from a management perspective the commercial property for example previously in the HRA would now come under the direct supervision of staff in Corporate Property responsible for the majority of the Council's commercial portfolio.
- An increase in the HRA borrowing headroom from £19m to over £37m that could finance additional capital works in future years or accommodate short term spikes in anticipated spend.
- A reduction in depreciation charges. Under the rules governing the HRA depreciation charges for non-dwelling assets are a charge to the HRA's bottom line and to tenants. However, the capital financing rules governing the GF are different, namely depreciation is initially charged in accordance with proper accounting practices but it is effectively reversed out so as to not hit the bottom line and be a charge to Council Taxpayers. The value of the depreciation associated with the transferred assets is approximately £417k. Thus, the HRA does not receive this charge as the assets are no longer in the HRA and Council Taxpayers do not receive the charge due to the regulations requiring depreciation charges to be reversed.

Key assumptions made in preparing the HRA budget

60 The following key assumptions have been made in the HRA Business Plan

- **Debt Profile**

The Council acquired 6 fixed rate mature PWLB loans amounting to £198.5m at the beginning of 2012/13. The profile of the debt is as follows:

Table 8 Self- Financing Debt Maturity Profile	
	£million
2020/21	20
2025/26	20
2031/32	40
2036/37	40
2041/42	40
2056/57	38.528
Total	**198.528**

The first repayment of £20m does not take place until 2020/21. Interest payable based on fixed rate maturities on this debt is estimated at £6.470 million per annum.

- **Responsive Repairs and Maintenance**

Within the four- year Medium Term Financial Strategy and the 30 year Business Plan we have projected efficiency savings to be realised from the Council's Responsive Repairs budget. Namely, after allowing for uplifts a 5% reduction was implemented in 2013/14 with further annual reductions of 1.5% being applied up to a ceiling of 15%.

- **Property Change Assumptions**

The HRA BP assumes disposals of around 40 dwellings per year until 2021/22 in current stock levels due to the Government's re-Invigorating Right To Buy initiative. Actual completions during 2013/14 have been in line with these levels. However, the prospect of this level of completions continuing into future years is a risk that needs to be monitored closely.

- **Appropriations**

The majority of the HRA capital programme is financed from Revenue Contributions to Capital accounted for via appropriations to the Major Repairs Reserve.

- **Rent Increase**

As mentioned above the rent restructuring formula is projected to remain for 2014/15, at RPI at 3.2% + 0.5% + £2. This will mean that average rents for 2014/15 will rise by **£5.25/week or 5.42%** meaning that the average rent for next financial year will be £102.08/week.

The policy in which property rents are automatically placed at the formula level following a void period will continue during 2014/15, thus ensuring many properties converge. Once this occurs rent increases thereafter would be limited to CPI + 1%.

Going forward from 1/4/15 rents are assumed to rise in line with CPI + 1% i.e an average overall rise 3.1% although this may be revised depending on the outcome of the recent consultation.

- **Inflation and pay assumptions**

The assumptions for pay Inflation are the same as for staff and expenses within the Council's General Fund (see paragraph 44 above)

- **Working Balance**

The working balance levels allow sufficient monies for the funding of future years Capital Programme and also the repayment of the debt described above. The Section 151 Officer has recommended an amount of £3.5 million as being required to cover unexpected eventualities such as increased rent arrears, falling investment income or increased costs.

- **Service Charges**

Service charges such as caretaking, cleaning, CCTV, communal areas etc have been increased in line with the convergence formula i.e. RPI at 3.2% + 0.5% i.e. 3.7% in 2014/15 and CPI + 1% thereafter. A £1 reduction in the weekly limiter value as agreed in the 2013/14 budget is assumed for 2014/15 to 2016/17. It is estimated that this initiative potentially impacted on approximately 2,800 tenants last financial year. The figure reduces significantly each year as the limiters are removed. The level of assumed income is shown in Table 12 below.

Table 9 Removal of Service Charge Limiter

Year	Increased Service Charge Income
2013/14	£168k
2014/15	£120k
2015/16	£80k
2016/17	£50k

- **Assistance with effects of Bedroom Tax**

This includes investment of £75k to assist people to downsize, and therefore mitigate the impact of the Bedroom Tax.

Housing Revenue Account Budget 2014/15 to 2017/18

61 Appendix 4 details the HRA Budget for the period 2014/15 to 2017/18 is summarised below:

Table 10 Housing Revenue Account 2014/15 to 2017/18

DRAFT HOUSING REVENUE ACCOUNT PROJECTIONS 2014/15 TO 2017/18				
OXFORD CITY COUNCIL				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£'000	**£'000**	**£'000**	**£'000**
Total Income	(42,799)	(44,527)	(46,234)	(47,709)
Total Expenditure	33,481	34,121	34,219	34,911
Net Operating (Surplus)/Deficit	(9,318)	(10,406)	(12,015)	(12,798)
Total Appropriations	11,937	10,379	12,005	12,785
Annual (Surplus)/Deficit	**2,619**	**(27)**	**(11)**	**(12)**
Opening Balance	(6,129)	(3,510)	(3,537)	(3,548)
Closing Balance	**(3,510)**	**(3,537)**	**(3,548)**	**(3,560)**

Risk Implications

62 The main risks to the balanced position of the consultation budget (Appendix 9) are:

- Increased arrears due to benefit changes ongoing from welfare reforms and direct payments.
- Non-achievement of assumed Right to Buy sales now required to fund the increased capital spend commitments.
- Non-achievement of planned efficiencies.
- The impact on overall rent arrears of the direct payments project can be seen by comparing the arrears at the end of the last two years. For 2011/12 rent arrears were 1.7% of the rent roll. This increased to 2.6% for 2012/13. For those cases which had received a direct payment, arrears stood at 3.1% at the end of 2012/13.

Section D Capital Programme

63 As part of the budget process officers were invited to submit outline business cases for new schemes to be included within the Capital

Programme. The bids also included schemes where although approval has previously been given they have not yet commenced. This enables the Capital Programme to be looked at holistically in terms of available resources, including re-evaluating the prioritisation of schemes which have not yet been committed.

General Fund Capital Programme

64 As part of the officer review process General Fund bids were evaluated using a scoring mechanism which took into account:

- Their contribution to the Council's corporate priorities
- Their statutory or contractual nature
- The cost of the scheme in total , small schemes scoring more points than larger ones
- Whether the scheme attracts external funding
- Whether there were additional revenue implications and whether there was budget provision for them
- The risk of not doing the project

65 The proposed General Fund Programme amounts to around £55 million over the four year period including £16 million of new schemes. The £39 million difference relates to other schemes which have already been agreed within the existing Programme including improvement and refurbishment of Council buildings £6 million, mandatory disabled facility grants £2.6 million, new competition pool £4 million purchase of homeless dwellings £10million, urban broadband £4.6 million, vehicles £6.2 million.

There are a number of new capital bids which are included in this consultation budget, including:

- Funding to ensure food waste recycling can be carried out at flats: £666k.
- A new rolling fund to compulsorily purchase, as a last resort, empty properties: £250k per annum.
- Increased funding for cycle paths: £72k.
- Flood alleviation measures at Northway and Marston, in partnership with the Environment Agency: £1.7 million.
- An improved council website with better mobile access: £110k.
- A new football pavilion and community centre at Quarry Recreation Ground: £600k.
- Improvements to city centre toilets: £90k.
- Energy efficiency measures at council buildings: £600k.
- Additional CCTV camera at Speedwell Street: £40k.
- Works to improve drainage at Rose Hill Recreation Ground: £40k.
- Additional parking spaces at the Leys Health Centre: £87,000.

66 Appendix 6 attached details the Council's Draft Capital Programme for 2014/15 to 2017/18. It is summarised below

Table 11 Capital Programme 2014/15 to 2017/18				
	2014/15	2015/16	2016/17	2017/18
	£000's	£000's	£000's	£000's
Policy, Culture and Communications	4,675	0	0	0
City Development	305	50		
Environmental Development	2,690	4,690	4,690	640
Corporate Assets	1,694	1,485	850	0
City Leisure	5,065	923	512	0
Direct Services	6,287	2,405	1,173	852
Business Transformation	277	327	327	0
New Bids	10,093	4,156	611	810
Total General Fund	**31,086**	**14,036**	**8,163**	**2,302**
HRA				
External Contracts	1,697	6,893	7,067	1,684
New Build	13,562	5,121	6,117	7,128
In House Contracts	6,128	6,056	5,956	5,716
Total HRA	**21,387**	**18,070**	**19,140**	**20,113**
Total Programme	**52,473**	**32,106**	**27,303**	**22,415**

67 The draft General Fund Capital Programmed is funded over the next four years by Prudential Borrowing (5%), capital receipts (16%) revenue (70%) and Government Grants and third party contributions (9%). All revenue costs have been included in the General Fund revenue budget. This is consistent with one of the key objectives of the MTFS, i.e. that the Capital Programmed should be funded on a more sustainable basis going forward, with a greater reliance on revenue contributions, the use of prudential borrowing where projects improve the Council's financial position, and reduced use of asset disposals. The use of capital receipts of around £13 million over the four year plan relies on a number of key asset sales

Capital Receipts

68 To fund the Capital Programmed the Council has earmarked a number of sites for disposal. These sites have been risk evaluated and a view taken on both the level and timing of the receipt to be expected. The balance of capital receipts against the proposed use of the receipts through the proposed Capital Program is as follows

Table 12 General Fund Capital Receipts – 2014-2018				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£000's	**£000's**	**£000's**	**£000's**
Opening Balance	11,668	7,095	3,434	769
Used for Financing	(6,073)	(4,451)	(2,665)	0
New Receipts	1,500	790	0	0
Closing Balance	7,095	3,434	769	769

69 The disposals pipeline going forward is limited and primarily relies on the sale of two sites with receipts depleted to around £0.8 million by 2016/17

Housing Revenue Account Capital Programme

70 The draft HRA Capital Programme is intrinsically linked to the 30 year Business Plan. Under the new system the Capital Programme is largely funded by HRA surpluses generated by housing rents. In total over the initial four year term the Council is looking to invest £32.5 million (£464million over the 30 year plan) to fund:

- Repairs and maintenance to tower blocks of £12 million over the next four years
- Kitchens (excluding wiring) -£5.8 million
- Central Heating £5.8 million
- Aids and adaptations, an amount of £3.8 million has been included to fund suitable aids and adaptations to council dwellings for the disabled and elderly
- New build affordable housing £16.2 million
- New build social and affordable housing at Barton - £5.5 million, £40million in total
- Estate enhancements and Regeneration to Great Estates - £4.3 million

It is proposed, as part of this budget, to increase the "Great Estates" programme for environmental and parking measures to improve Oxford's council estates, to over £1 million a year.

Financing of the HRA Programme

71 The financing of the HRA Capital Programme is summarised below **:**

Table 13 HRA Capital Funding – 2014-2018				
	2014/15	**2015/16**	**2016/17**	**2017/18**
	£000's	**£000's**	**£000's**	**£000's**
Major Repairs Reserve	5,595	5,735	5,878	6,025
Right to Buy Receipts	1,959	1,890	1,358	1,405
Other receipts and grants	1,872	0	0	0
Revenue	12,048	10,446	11,904	12,983
Total	**21,474**	**18,071**	**19,140**	**20,113**

Risk Implications impacting on the Capital Programme

72 The main risks to the balanced position of the consultation budget (Appendix 9) are:

- Disposals not secured causing a shortfall in funding of schemes
- Slippage in Capital Programme and impact on delivery of priorities
- Cost overruns

Budget next steps

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

Table 14 Budget Consultation Timetable	
Consultation Budget Report to CEB	11th December
Budget Consultation Period	12th December to January 2014
Final Budget Report to CEB including outcome of Consultation	12th February 2014
Budget approval and Council Tax Setting	24th February 2014

74 The budget consultation exercise will commence in December 2013 and involve a staff survey as well as utilise Talkback, an online survey and the *Oxford Mail* which will carry a simplified version of the survey. The outcome of the consultation process will be reported to CEB in February 2014, together with the outcome of the final settlement determination. Separately consultation work will be carried out on the proposed changes to HMO licensing fees.

75 On tenant consultation the HRA budget and rent and service charges changes will be consulted upon with a special resident focus group(s) and the tenant newsletter 'Tenants in Touch'.

76 Financial Implications

These are covered within the main body of the report

77 Legal Implications

There are no implications beyond those identified in the body of the report.

78 Risk Implications

These are shown in Appendix 9 of the report

79 **Equalities Impact Assessment**
A copy of the EIA is shown in Appendix 10

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List of background papers:
Version number: 11