

To: City Executive Board

Date: 17th December 2014

Report of: Head of Finance

Title of Report: Medium Term Financial Strategy 2015-19 and 2015-16 Budget for Consultation

Summary and Recommendations

Purpose of report: To propose a Medium Term Financial Strategy and a 2015/16 Budget for consultation

Key decision: Yes

Executive lead member: Councillor Ed Turner, Executive Board Member for Finance, Asset Management and Public Health

Policy Framework: The Council's Corporate Plan

Recommendations: That the City Executive Board:

1) Approve the 2015-16 budget for consultation, including the General Fund and Housing Revenue Account Medium Term Financial Plan as per the attached Appendices 1-10 noting the following key assumptions:

a) the Council's General Fund Budget Requirement of £23.133 million for 2015/16 and an increase in the Band D Council Tax of 1.50% or £4.10 per annum representing a Band D Council Tax of £277.63 per annum

b) the continuance of the Councils Council Tax Support scheme (formerly Council Tax Benefit) as referred to in para 31

c) the Housing Revenue Account budget for 2015/16 to 2024/25 as set out in Appendix 6 and an increase in average dwelling rent of 3.49% for April 2015 representing £3.59 per week an annual average rent of £105.77 as set out in Appendix 7

2) Delegate to the Section 151 Officer in consultation with the Board Member for Finance and Assets to determine whether it is financially advantageous for the Council to enter into a Business Rates Pool referred to in paragraphs 21-23 or a Business Rates Distribution Agreement as referred to in paragraphs 24-26

Appendices to the report:

Appendix 1 Summary of General Fund Budget by Service 2015-16 to 2018-19

Appendix 2 General Fund Revenue Budget by Service 2015-16 to 2018-19

- Appendix 3 Detailed General Fund Service Budgets 2015-16 to 2018-19
- Appendix 4 General Fund New Investment Proposals 2015-16 to 2018-19
- Appendix 5 HRA Growth 2015/16 to 2025/26
- Appendix 6 Housing Revenue Account Budget 2015-16 to 2025-26
- Appendix 7 Housing Revenue Account Rent increases by property type
- Appendix 8 General Fund Capital Programme 2015-16 to 2018-19
- Appendix 9 HRA Capital Programme 2015-16 to 2025-26
- Appendix 10 Fees and charges
- Appendix 11 Risk Register
- Appendix 12 Draft Equalities Impact Assessment

Comment from the Portfolio holder

It is clear – from the Chancellor’s Autumn statement – that the government foresees further, reductions in public expenditure in the non-ringfenced departments, which will undoubtedly affect local government. We anticipate further reductions in our government grant (which has already fallen by 49% since 2010) coupled with an increased pressure on services. It is clear that cuts to housing benefit are having a dramatic effect in Oxford, making it extremely difficult to find properties for people on low incomes in the private rented sector locally. We have lobbied ministers on this and sought recognition that Oxford should remain a city for people from all backgrounds – not just the wealthiest – but so far this has not borne fruit. In this context, we are proposing to set a budget which balances over four years, and which reduces the Council’s cost base in a carefully, planned way. We are determined to mitigate the impact of austerity on our city, and in particular to safeguard services for the most vulnerable. Council staff have done a remarkable job in achieving efficiency savings in recent years, while maintaining high quality services for the public. We will seek to give them stability by avoiding compulsory redundancies, and honouring our five-year pay agreement with the trade unions. Although this budget does reduce expenditure, vital strands of work – such as the Youth Ambition programme, raising standards in private rented housing, and the Council’s successful apprenticeship programme, will continue. Importantly, we also propose to safeguard our grants to voluntary and community groups (including the advice sector), maintain provision of council tax support to those on low incomes, and continue to pay the Oxford Living Wage as a minimum to our employees (and demand the same of contractors and suppliers).

The budget sets out an ambitious forward programme for our housing service with the launch of our Council Housing Ambition. We are planning to build several hundred new homes, establish an enhanced “Oxford Standard” for all our homes, and a free energy audit for every council tenant, that will improve insulation and reduce heating bills.

Notwithstanding the commitment to austerity from the Coalition government, and the difficult decisions that we need to take we remain firmly committed to making Oxford a fairer, more equal city for all its residents and to maintaining and improving the services that we provide.

Introduction

- 1 This report sets out the Council's Medium Term Financial Strategy (MTFS) and associated spending plans for the four years 2015/16 to 2018/19 and gives interested parties the opportunity to comment and be consulted on the Council's budget proposals for the next financial year (2015/16). 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 The Council has a policy of presenting a medium term financial strategy covering a four year period. The proposal MTFS takes account of increased risk of reduced funding in light of the government's Autumn Statement. The proposed strategy:
 - a) Is financially balanced over the 4 year period;
 - b) Assumes grant from government reduces to zero in the last year of the plan;
 - c) Council Tax rises around current inflation projection at 1.5% a year;
 - d) £23.3M of cumulated efficiencies, increased income and services changes are achieved across the 4 years;
 - e) There is no further borrowing to support general fund capital;
 - f) Services are protected and our commitment to avoid compulsory redundancies and increase pay by around 2.5% a year is achieved.
 - g) The total capital investment on general fund schemes will total £33.6 million over the four year period and there will be major investment in
 - i. Regeneration in the City
 - ii. Community Centre and Sports Pavilion new build and refurbishment
 - iii. Car parks refurbishment and improvement
 - h) Weekly rents in council homes will rise each year by an average of £4.81 per week over the four year period
 - i) As part of the council's Council Housing Ambition, £101 million in capital investment in housing over the four year period will take place within the following priorities:
 - i. New Build
 - ii. Existing dwelling refurbishment to the Oxford Standard
 - iii. Estate redevelopment
- 3 Our strategy is to be realistic about future funding levels. Plans for the necessary savings to achieve a balanced budget include low and affordable council tax and rent increases, generating £133 million over the next four years in capital investment in Housing and Community projects, and the continued delivery of efficiency savings.
- 4 The four year plan also puts the resources in place for the following large scale regeneration projects:
 - a. Northern Gateway up to 500 homes and 90,000 sqm of employment space;
 - b. Oxpens 300 homes and 1,000 jobs;
 - c. Barton 800 homes.
 - d. Westgate 2,000 jobs plus 1,000 in construction phase

- 5 It also enables continued investment in the Council's commitment to reduce the City's carbon footprint, improve educational attainment and work with young people through our Positive Futures programme.
- 6 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

- 7 This report sets out the Council's financial plans for the period 2015/16 to 2018/19. 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". In particular, the administration has indicated its desire to protect frontline services as far as possible, particularly for the most vulnerable, and its desire to avoid compulsory redundancies.

National Economic Position

- 8 The Chancellor delivered his Autumn Statement on 3rd December and the National picture still appears difficult, with the chancellor on course to miss his deficit-reduction target this year according to the latest figures from the Office for Budget Responsibility. Borrowing is set to fall this year after rising in the first seven months of the fiscal year and the deficit will fall to £91.3 bn from £97.5 bn last year.
- 9 The £91.3 bn however is about £5 bn more borrowing than the OBR was forecasting back in March and back when the Chancellor presented his emergency budget in June 2010, borrowing this year was expected to be £37 bn. Whilst the deficit has been coming down the Chancellor has fallen far behind his original plans.
- 10 With tax receipts forecast to be £23bn lower by 2017-18 than previously thought the Chancellor's latest forecast that Britain would be back in surplus by 2018-19 would only be delivered through 'very substantial savings in public spending' with the likely outcome being more spending cuts in local government funding estimated by the LGA to be as much as 40%.
- 11 Recent briefings to officers have indicated that government grant ("Revenue Support Grant") will disappear by 2018-19 and could 'go negative' as the Government seeks to redistribute resources across the country. As a result revisions have been made in the Councils Medium Term Financial Plan to reflect these latest indications.
- 12 The Bank of England's Monetary Policy Committee (MPC) has continued to maintain the official Bank Rate paid on commercial bank reserves at 0.50% and this is not projected to increase until Quarter 2 of 2015 at the earliest.

Local Government Finance Settlement 2015/16

- 13 The Government announced in the 2013 Budget that public spending needed to reduce by a further £11.5 billion to help reduce the deficit. The spending round published in June 2013 set out a reduction of 2.3% for 2015-16 in overall local government spending.
- 14 As in previous years a number of grants will continue to be rolled into the Formula Grant figures split between revenue support grant and business rates baseline including :
- Homelessness Prevention Funding – the Council currently receives around £942,000 per annum
 - 2011-12 Council Tax freeze compensation grant - £307,000 per annum
- 15 The Government proposes to keep the total level of the localised Council Tax Support funding unchanged in cash terms from its 2014-15. As in the 2014-15 Settlement, there is no separately identifiable amount for localised Council Tax Support at a local authority level.
- 16 Provisional estimates of the Councils Revenue Support Grant for 2015/16 are shown in Table 1 below. Confirmation of the figures will be given in the provisional finance settlement due to be announced in December 2014. The Council's working assumption is that Revenue Support Grant, including all elements of Homelessness Prevention Funding and Council Tax compensation grant will be reduced to zero by 2018/19, with the Council becoming self- funding thereafter. This assumption is two years earlier than previously thought and is reflective of the increased severity of the National financial picture.

Table 1 : Revenue Support Grant				
	Grants	Revenue Support Grant	Total	Percentage (Reduction)/ Increase in RSG
	£million	£million	£million	%
2013/14 *	2,835	6,517	9,352	n/a
2014/15 **	0.735	5.606	6,341	(22.8)
2015/16	0.720	3.713	4,433	(30.0)
2016/17	0.480	2.475	2,955	(33.0)
2017/18	0.240	1.238	1,478	(50.0)
2018/19	0	0	0	(100.0)

* First year of retained business rates system

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

Retained Business Rates

- 17 Business Rates retention introduced on 1st April 2013 continues. The main components of the system with estimates of individual elements for Oxford City for 2015/16 are as follows:

	£million	£million
Estimated Business Rates Income		84.736
Billing Authority Share (50%)		42.368
Oxford City Share (80%)		33.894
Less Tariff paid to Government		(27.709)
Amount remaining after tariff		6.185
Baseline Business Rates	5.729	
Income above baseline (6,185 – 5,729)	0.456	
50% of income above baseline		0.228
Total retained business rate income		5.957

Key

- **Baseline Business Rates** – The government’s view of a fair starting point of business rates income for the billing authority based on formula grant distribution. Updated by RPI each year from the base of 2013/14
 - **Tariff** – The amount paid to the government each year by the billing authority. Updated by RPI each year from the base of 2013/14.
- 18 For 2015/16 figures for baseline funding and tariffs have been provided in the DCLG illustrative settlement and the retained business rates income for 2015/16 is anticipated to be £5.9 million. These figures have been assumed in the MTFP.
- 19 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, no matter which year which they relate to. A reduction of approximately £2.8 million has been assumed from 2015/16 in respect of the development of the new Westgate Centre, which will not be open for the three year development period. It will of course, make a substantial contribution to Business Rates income thereafter. Business Rates income retained is shown in the Table 2 below:

	Retained Business Rates	Section 31 Grant	Total	Percentage (Reduction)/increase in retained business rates
	£million	£million	£million	%
2014/15 *	6.114	0.346	6.460	14.00
2015/16 **	5.957	0.346	6.303	(2.40)
2016/17	6.076	0.346	6.422	1.89
2017/18	6.198	0.346	6.544	1.90
2018/19***	6.939	0.346	7.285	11.30

* Within the retained business rates figures is an assumed level of grant funding for 2011/12 Council Tax Freeze scheme and Homelessness Prevention of £129k and £401k respectively.

** Westgate development commenced

*** Westgate development completed

- 20 Section 31 Grants are paid to the authority to recompense it for reductions in business rates paid by businesses in respect of
- The restriction in business rates income from RPI (3.2% in 2014/15) to 2%
 - A £1,000 discount for all retail pubs, cafes (excluding banks and betting offices) with rateable values below £50,000 for 2 years.

The amount of £346k was the amount given to the authority in 2014/15 and is assumed to be a similar amount for future years for budgeting purposes

Oxfordshire Pool Arrangements

- 21 As part of the new business rates retention system councils can decide to group together and “pool” their business rates receipts (subject to approval from the Secretary of State). The advantage of pooling comes where tariff authorities pool with a top-up authority. Provided the sum of the authorities’ tariffs doesn’t exceed the amount of top-up the pool does not have to pay a levy on its share of income in excess of the baseline. This means the pool retains more of the growth than would have been the case if the pool wasn’t in place.
- 22 For 2014/15 an Oxfordshire pool consisting of Oxfordshire County Council (OCC), Cherwell District Council (CDC) and West Oxfordshire District Council (WODC) was formed. OCC has to be in any “Oxfordshire” pool as it is the only top-up authority in Oxfordshire. CDC and WODC were the only two councils in Oxfordshire predicting strong growth in 2014/15. Oxford City’s position was influenced by the predicted

demolition of the Westgate Centre. Since it is only financially advantageous to enter the pool to avoid the payment of the levy against growth above the baseline it was not considered financially advantageous to enter the pool. Indeed there is a downside to entering the pool since losses against individual authority business rates baselines would need to be covered by other pool members.

- 23 Also, an Oxfordshire pool would have become a tariff pool should more than two district councils have joined. This would have the effect of drastically reducing the income retained by the pool since the levy rate would increase above zero. For Oxfordshire in 2014/15 it has been estimated that income would have dropped by at least £600,000 if a third district council had joined the pool.

Business Rates Distribution Group

- 24 The chief financial officers of the Oxfordshire councils have agreed that it would be sensible for the pool's membership to be set to maximise its income for the good of Oxfordshire. They have also agreed that councils who would benefit from being in a pool (because the levy would be less on business rates growth than it would be if it was outside the pool) should not be excluded from sharing in the additional income generated by the pool just because in any year their membership of the pool would not generate the optimum retained income for the pool.
- 25 To this end the Oxfordshire councils are looking to devise a distribution formula that rewards or penalises councils based on their actual collection against their business rates baselines. Every year each council can decide if it wants to be in the distribution group of councils that will either receive or make a payment based on its performance. The decision to be part of the distribution group or not can only be made after the Government has announced its settlement (annual local authority funding) as it also issues each council's baseline funding level at the same time. A quick decision is then needed to enable the calculation and agreement of the estimated distribution for each council to be fed into the council's budget setting calculations.
- 26 For this reason this report recommends the Head of Finance be given delegated authority, in consultation with the Board Member for Finance and Assets, to agree if
- a) If the Council should join the distribution group each year.
 - b) If the Council should join the pool should the combination of members, including this Council, prove to optimise the retained income.

New Homes Bonus

- 27 This grant is given for a six year period based on new dwelling completions in 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.

Table 4 : Anticipated New Homes Bonus				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
New Homes Bonus	2,280	2,652	2,509	0
Percentage increase/(decrease)	12.93	16.31	(5.39)	(100.00)

- 28 Members should note that in line with the assumptions on Revenue Support Grant no further New Homes Bonus has been assumed for 2018-19 and beyond. This is no change to the previous year's assumption.
- 29 **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. The Medium Term Financial Plan allows for the grant to parishes to be withdrawn in proportion to the reduction in Revenue Support Grant with total withdrawal in 2018/19. This is consistent with the approach in 2014/15.

Welfare Reform

- 30 The DWP have recently confirmed that the roll out of universal credit for single applicants in Oxford will commence in April 2015. Roll out to other client groups remains uncertain. 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. There are clearly risks for the Council in terms of the role out of Universal Credit as it is still not clear as to whether Transfer of Undertakings (Protection of Employment) -TUPE Regulations will apply for Council staff currently working in this area and there are other potential staffing issues whilst uncertainty over timing prevails. The Council is attempting to manage the situation by employing staff on a temporary basis when vacancies arise due to staff turnover.

Council Tax Support

- 31 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 the scheme will cost the Council £200k per annum. This, in essence, continues the previous level of entitlement provided by Council Tax Benefit, and has not passed on the reduction in government funding for council tax relief to those on the lowest incomes in the city.

Housing Benefit Administration Grant

- 32 In 2014-15 the Council received £889,355 in Housing Benefit Administration Grant to support the administration of housing benefits. From 2015-16 this figure has been reduced to £784,571 to reflect the establishment of the Single Fraud Investigation

Service (SFIS) by the DWP which will cover Oxfordshire from February 2015. Around £70k of this reduction is as a result of switching housing benefit fraud investigation to DWP with the remainder due to falling case loads and general reduction in grants as in previous years. It is likely that this grant will taper down over the three year period of implementation of Universal Credit, but this timescale remains uncertain.

Pension Reforms

- 33 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.
- 34 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.
- 35 The cost to Oxford City Council of these changes is estimated at around £400k per annum with effect from 1st April 2016.

Impact of welfare reforms in Oxford

Homelessness

- 36 While demand for homelessness accommodation is constant (and there is a risk of an increase), access to Private Rented Sector accommodation locally is starting to fall away as rents have risen substantially faster than levels of the Local Housing Allowance paid to tenants on low income. As a result, fewer and fewer landlords are renting properties out to tenants in receipt of housing benefit.
- 37 To counter the financial pressures from homelessness the Council proposes to:
 - a) Make use of an unringfenced grant of around £942k within its Formula Grant which it traditionally uses on a range of measures to support organisations preventing homelessness. Going forward it is uncertain whether the level of grant given by the Government will be maintained at this level
 - b) Earmark reserves to meet the costs of rising homelessness. At 31-03-2015 these are estimated to be around £1 million. At this stage no further transfers into the reserve are planned.
 - c) Allocate an amount of £3.5 million in 2014-15 and 2015-16 within the general fund capital programme to purchase dwellings to house families requiring temporary accommodation if required. This is a reduction in the budget allocation made by Members last year and reflects the anticipation that the new homes at Barton will relieve some of the pressure currently being experienced.
 - d) Investigate the possibility of investment – as part of the Treasury Management Strategy – in a product which would provide accommodation for those in housing need, as well as a return on investment.

Effect of Welfare Reforms in Oxford City

Bedroom Tax

- 38 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. Towards the end of 2013/14 the number of cases affected by this measure stabilised at around 670-700 of which approximately two thirds are Council tenants. Although the overall numbers of people affected are stable there is a significant degree of movement in and out of this group as a result of changes in circumstances. The annual loss in Housing Benefit for this group is approximately £ 640,000. By the end of September 223 cases had received a Discretionary Housing Payment to meet the Housing Benefit shortfall in order to give the claimant time to find a permanent solution. The total amount of awards to date are £48,000. Discretionary Housing Payment is a limited budget and cannot be relied upon long-term to provide such support.

Benefit Cap

- 39 This government initiative restricts the amount of money a family without work or working under 24 hours per week can receive in state benefits £500 per week. It includes child benefit, child tax credits and housing benefit, and so is particularly likely to affect households with several children or in the private rented sector. As at November 2014, 193 households in total had been affected by the Benefit Cap, with 140 live cases at that point. Of these cases 65 are in the social rented sector and 128 in the private rented sector. The 140 households currently affected by the Cap are losing £520,000 of Housing Benefit annually. DHP awards totalling £166,000 have been made to many of those affected. We are notified of new capped cases on a weekly basis.
- 40 The Council receives a Grant for Discretionary Housing Payment which for 2014/15 is £515k. It is believed that this amount will be spent in the covering of shortfalls in respect of bedroom tax and benefit cap referred to in paragraphs 38 and 39 above.

Welfare Reform Pilots

- 41 In 2013/14 Oxford City Council was part of a pilot to show how a local authority can support people affected by changes in benefits provisions. This work has continued and has been supported by a successful bid for European Social Fund money. This work forms an important part of our aspirations to mitigate the impact of the changes on local people. Up until November 2014, the Council's Welfare Reform team had worked intensively with 266 people of whom 93 have been supported into work. In addition the team provide one off housing or work related advice to anyone who requires it.
- 42 The need for this support is likely to continue due to the combination of high levels of deprivation in parts of Oxford, and very high housing costs.

Impact of current year's budget 2014/15

- 43 As at 30 September the forecast outturn for 2014/15 is a favourable variance on the Council's General Fund Revenue account of approximately £0.379 million.

- 44 Whilst there is reduced income especially in Building Control (an on-going issue due to increased competition), this has been offset by increased income arising from engineering works and commercial rental income. These variations are considered to be on-going and the Medium Term plan has been adjusted accordingly. A principle has been previously 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

- 45 The Council continues to make progress in improving value for money and generating efficiency savings. Over the past three years the Council has generated approximately £6 million in efficiency savings and within the current year's budget £0.704 million efficiency savings are on track to be delivered. The programme of cumulative efficiency savings are set out in Appendix 3. On-going annual efficiencies at the end of the four year MTFP total £3.970 million. The bulk of these efficiencies have arisen from decisions in previous years including :

- Off street car parking - £700k per annum
- Review of investments - £300k per annum
- Review of Admin support - £350k per annum
- Renegotiation of leisure centre contract
- Multi skilling and channel shift in contact centre - £361k per annum

- 46 New efficiency savings included within the MTFP for 2015/16 and over the next four years include:

a) Office Rationalisation - £200k per annum from 2017/18

Identification of the potential to reduce occupation of administrative buildings including depot, Town Hall and St Aldates to generate income.

b) ICT efficiencies –£220k per annum

Applications portfolio and telephony review and scanning contract review-

c) Staffing Turnover - £200k per annum

Streamlining of management teams through restructuring proposals

d) Procurement and Business Improvement - £158k per annum

Restructuring of teams in procurement and business improvement to bring about a more streamlined delivery of service.

Section B: General Fund Revenue Budget

Planning Assumptions Used

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

- a) **Formula Grant** – As per paragraph 16 Revenue Support Grant is assumed to reduce to zero by 2018-19 two years earlier than previously planned. Retained Business Rates income has been estimated in accordance with

known variations in income and retained business rates methodology as set out in paragraphs 17-20 above.

- b) **Council Tax Increase** – The current assumptions are for a 1.5% council tax rise for the next four years on the basis that levels higher could be capped by the Government.
- c) **Council Tax Freeze Grant** – Whilst there is expected to be a council tax freeze grant available for those local authorities that freeze their Council Tax in 2015-16, details of the scheme have yet to be announced. In the light of the above it is assumed that the city council would not be eligible.
- d) **Base Budget** - The starting point for planning is the 2014-15 base budget position as agreed by Council in February 2014, adjusted for any one-off savings and growth.
- e) **Inflation** – Limited general inflation has been applied to non-pay budgets for supplies such as petrol and building materials.
- f) **Pay Assumptions** – In 2013/14 the Council negotiated a four year pay settlement with the Unions of 1.5% per annum in exchange for leaving the national pay agreement. This is assumed to run the life of the plan.
- g) **Staff Increments** - Following agreement with trade unions pay increments were reinstated 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 a Partnership Payment subject to a satisfactory performance and attendance record. The partnership payment is funded out of contingencies held against efficiency savings.
- h) **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 £200k per annum to cover additional costs which may arise from the pension actuaries' triennial review which will be implemented with effect from 1/4/2017.
- i) **Investment Income** - With interest rates not predicted to change until the second quarter of 2015 and a steady increase after that, investment interest returns of 0.9%, 1.5%, 1.75% and 2% have been estimated for the four years of the plan.
- j) **Support for vulnerable households** – Spending on preventing homelessness is matched by an un-ring-fenced grant funded through Revenue Support Grant and Retained Business Rates, currently in the order of £942k. For planning purposes it is assumed that spend of £942k and the grant is maintained at this level and the administration has indicated this remains a high political priority.
- k) **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 practice this means that most charges, building control planning and garden waste remain at 2014/15 prices. There are increases in the areas shown below details of which are given in Appendix 4.

- i. Licenses including sex establishments, bingo premises, betting and gaming centres, HMO licenses ranging from 1% to 4% increases. HMO licenses fund the running costs of the scheme of licensing and the Council is not allowed to make a profit out of them.
 - ii. Leisure activities including swimming, tennis, membership fees, fitness gyms, sports pitch and changing room hire where the majority of fees and charges show a proposed increase of 10p to £1.20 or 2% to 4.35%. Annual Slice card increases range from £2 to £33 per annum (for a family annual slice card) or 2.1% to 5.5%
 - iii. Pest Control increases range from 1.19%, representing a £1 increase for moths up to 3.17% representing £2 for ants
 - iv. Cemeteries increases range from 2% to 2.78% for exclusive burial rights, representing a £25 increase for purchasing 50 year adult grave rights for residents and £50 for non-residents.
 - v. Car Parking – increases of between 10p and 30p or 2% and 8%. It is anticipated that Park and Ride charges will follow those set by Oxfordshire County Council and no increases have been assumed until 2018-19.
 - vi. Garages - 5% increase across the aboard plus an additional £2 for the most sought after sites.
- l) **Trading Income** – To support the base budget the Council incorporates income earned from external trading activity. The following table shows the level of turnover (sales) which must be achieved to cover direct costs and achieve a contribution towards overheads.

	2015-16	2016-17	2017-18	2018-19
Turnover	£000's	£000's	£000's	£000's
Engineering	1,508	1,760	1,959	1,959
Building Works	1,555	2,134	2,629	2,629
Trade waste	2,643	2,697	2,797	2,797
Total	5,706	6,591	7,384	7,384
Total Contribution	3,437	3,545	3,695	3,695
Additional income	208	108	150	0

Contingencies are held against the additional income. If Direct Services are not successful in winning the level of additional work indicated then there may need to be some mitigating action within the business to offset the shortfall.

- a) **Capital Financing** - Capital financing for the draft Capital Programme is detailed in Section D. The four year Medium Term Financial Strategy assumes no prudential borrowing after 1-04-15

b) Contingencies – Members resolved last year to review the level of contingencies held against high and medium risk savings proposals. Contingencies are held against high and medium efficiencies, fees and charges and service reductions at a rate of 40% (a reduction from 80% in the case of high risk savings) as follows :

Table 6 : Contingencies held against efficiencies and fees and charge increases				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
Total cumulative Savings in plan	(3,122)	(4,967)	(6,426)	(7,525)
Cumulative contingency in MTFP	542	1,014	1,450	1,859
% of total savings covered by contingency	17	20	23	25

In addition, sums have been set aside for :

- a. potential redundancy costs - £700k in the first year then £200k per annum thereafter
- b. A one-off cost of £900k in respect of the procurement of a new ICT strategic partner from April 2016.
- c. "Dial a Ride" transport costs - £50k per annum. Since this money has not yet been spent, as no agreement has been reached with Oxfordshire County Council to provide a guarantee of its level of service going forward, the Council proposes to investigate alternative models of provision.

Service Enhancement Proposals

- 48 A number of investments in service improvements established in the budget in previous years continue to be funded. These total around £6.1 million throughout the four year of the plan with £1.215 million on-going from year four of the plan. Details of these on-going proposals are set out in Appendix 4.
- 49 New investment introduced from 2015-16 includes:
 - **Graffiti removal from private buildings-** £33k per annum to initially fund a post to obtain agreements with key private property owners in the city. This is to tackle growing problems of graffiti in Oxford and high levels of difficulty getting it removed.
 - **Pegasus theatre MESH festival-** £5k one off growth in 2016-17 to fund Oxford first international arts festival. MESH is co-planned run and hosted by and for the young people from Oxford, France Germany and the Netherlands, Croatia and Lithuania

- **CCTV camera on St Clements.** £5k one off growth for the installation of CCTV cameras in East Oxford within an area of differing criminal activities to assist the Council and Thames Valley Police to combat anti-social behaviour
- **City Centre Ambassadors** - £32k - This currently involves providing wardens to “patrol” the City centre and police such things as Street trading, Environmental Enforcement, Begging, Anti-social behaviour etc. Hitherto the service has been provided without a base budget, but that cannot continue without impacting upon other services. The service will be provided at times when it is most needed – approximately half the year.
- **Advice on Thames Water catchment study** - £100k one off: this will provide for two drainage engineers to have input into Thames Water’s proposed catchment study. Parts of the city have major problems with the foul water network and it is essential that the Thames Water study provides a satisfactory long-term solution to these problems.
- **Integration of archives** - £32k for two years providing 1 fte archivist to continue the cataloguing of the councils archives
- **Supporting Oxford’s Growth** - £425k of which £375k is one off to assist with the development of the Local Plan, Housing Growth work and regeneration projects such as Oxpens and Oxford Station. These will provide substantial long-term investment in Oxford.

Service Changes

- 50 The amount shown for service reductions is largely around the reduced spend relating to the budget for educational attainment programme which was introduced in 2012/13 and comes to an end in 2015/16. The education attainment programme includes a range of targeted interventions to drive up ambition and attainment in the city’s schools. Over the last few years the programme has brought about significant achievements including :
- The gap is narrowing for particular groups e.g. girls versus boys and children on free school meals and children not on free school meals
 - 75 senior and middle leaders engaged on a year’s Leadership for Learning Programme, run by Oxford University and Oxford Brookes University
 - The programme has improved confidence in middle leaders in leading change in their schools, including learning the best ways of improving the quality of teaching of other teachers
 - A digital inclusion programme is reaching up to 35 students in three secondary schools who did not have broadband access
 - All Oxford secondary schools have partnered with a business on the Business Class Programme and interventions such as mentoring have started to have an impact.
- 51 There has however been difficulty in recruiting senior and middle leaders with experience of working in good and outstanding schools serving disadvantaged areas. Challenges in

retaining high quality experienced teachers, especially in the most challenging schools. Affordability of housing is believed to be the major barrier.

- 52 There is a reprofiling of the budget in the current financial year 2014/15 of £150k which it is proposed will be rolled forward to be used in 2015/16. This will be used to fund the final contractual commitments in 2015/16. Additionally there will be a modest program supporting a small number of schools, costing £43k in 2015/16 and £23k in 2016/17.
- 53 The Council's General Fund Budget for Consultation is set out in Appendix 1, 2 and 3 attached and summarised below:

Table 7 : Summary General Fund Medium Term Financial Plan 2015/16 to 2018/19				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
EXPENDITURE				
Total Base Budget	20,762	20,762	20,762	20,762
Efficiencies	(1,228)	(2,375)	(3,500)	(3,970)
Fees and Charges	(1,368)	(2,011)	(2,298)	(2,927)
Service reductions	(526)	(581)	(628)	(628)
Changes in investment	62	(763)	(961)	(1,011)
Inflation and other pressures	824	753	885	1,050
Corporate costs including DRF, interest, MRP, NHB, inflation	2,408	4,411	4,387	4,535
Contingencies	2,192	1,264	1,700	2,109
Net Budget Requirement	23,126	21,460	20,347	19,920
FUNDING				
Council Tax	12,130	12,083	12,325	12,635
Revenue Support Grant	4,433	2,955	1,478	0
Retained Business Rates	6,563	6,422	6,544	7,285
Total	23,126	21,460	20,347	19,920
Surplus/ (Deficit)	0	0	0	0
GENERAL FUND WORKING BALANCE	3,621	3,621	3,621	3,621

Key

- **DRF – Direct Revenue Funding** – funds set aside to fund the capital programme
- **MRP – Minimum Revenue Provision** – A charge made to revenue in respect the cost of Prudential Borrowing relating to borrowing in previous years to fund the capital programme.
- **NHB – New Homes Bonus** - This grant is given for a six year period based on new dwelling completions in year.

- 54 The above table shows over the four year period cumulative efficiencies, increases in income and service changes of £23.3 million.

Risk Implications

- 55 The main risks to the balanced position of the General Fund consultation budget (Appendix 11) are that:
- The Financial Settlement is not as favourable as is assumed in the above figures
 - Business Rates income is lower than 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 is lower than anticipated
 - Interest rates lower than projected
 - Slippage or non-delivery of savings and income generation assumptions, or additional pressures arise that have an on-going financial impact on the Council
 - DCLG reverse the transfer of £7 million from Housing Revenue Account that Council agreed in September 2013
 - Service pressures particularly in the area of homelessness, impose unfunded additional costs

Section C: Housing Revenue Account Budget: Council Housing Ambition

Background

- 56 The Council's 2014/15 Housing Revenue Account (HRA) had an opening balance of £4m at the beginning of the financial year and this is unlikely to change during the year.
- 57 The 2014/15 financial year was the third year of the Government's HRA self-financing regime which saw local authority housing landlords buy themselves out of the old housing subsidy. Oxford City Council procured £198.5m of self-financing debt. Our debt redemption strategy is to repay this debt over the next 14 to 45 years.
- 58 The annual cash surpluses generated via the HRA Business Plan has enabled the authority to embark on an ambitious Capital Programme including the creation/acquisition of over 700 new affordable homes, improvements to the existing housing stock, including Tower Blocks, implementing the Decent Homes Standard, solar panel initiatives to address fuel poverty and enhanced estate regeneration programmes.
- 59 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 Council Housing Ambition: its HRA priorities over the longer term. It incorporates the

assumptions made regarding inflation uplifts, rent increases, additional capital spend, secondary borrowing, arrears, bad debts provision, void levels etc.

Key assumptions made in preparing the Revised HRA budget for 2015/16 – 2045/46

60 Members have significant aspirations for increased investment over the next 10 years but these will be difficult to fulfil unless existing spending plans and /or income assumptions are reconsidered. These assumptions are as follows :

- **Rent setting** – In 2014-15 the Council moved away from the previous rent convergence methodology for rent setting as the Government gave a strong indication it would move to CPI rather than RPI, abandoning the rent convergence formula of RPI+1%+£2 in favour of CPI +1%. The Council subsequently followed this methodology for 2014-15 and the 30 year business plan. However, the Governments policy remains advisory and for authorities whose rents are below the “formula” level (as in the case of Oxford) additionally actual CPI as at September 2014 was 1.2% some 0.9% lower than that estimated of 2.1%. Should this rent setting policy be continued then this would result in a loss of £4.5 million of income over the next 10 years of the Business Plan. As a result the recommendation is to revert to the previous rent convergence model. This would generate additional resources of approximately £3m/year when convergence is reached in 2018/19. Following the convergence formula of CPI+1%+£2 the increase is expected to be 3.49% for 2015/16 (£3.59 per week) resulting in an annual average rent of £105.77 across the Council’s housing stock. Increases thereafter would be around 4.6% average (assuming CPI of 2.5%) until rental convergence is reached in 2018/19. The Council is not, however, proposing to increase any rents to the government’s so-called “affordable rent” level, because this leads to far higher rents than can be afforded by those on modest incomes in Oxford.
- **Debt Management Strategy** -The first £20m self- financing loan is due for repayment in 2020/21. Deferring this repayment until 2051 would generate an initial saving of £20m offset by the additional annual interest cost of approximately £1m
- **Borrowing Headroom** -£32million of the £42 million borrowing headroom will be utilised to fund the Capital Programme. It is considered prudent to withhold £10m of the borrowing headroom as a contingency for potential changes in capital costs and interest charges.
- **Responsive Repairs and Maintenance**

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

The HRA Business Plan assumes disposals of around 40 dwellings per year until 2021/22 due to the Government’s re-invigorating Right to Buy initiative.

Actual completions during 2014/15 are already close to this limit and as such the level of RTB disposals will continue to be closely monitored

- **Inflation and pay assumptions**

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

- **Service Charges**

Service charges such as caretaking, cleaning, CCTV, communal areas etc. have been increased in line with the convergence formula in previous years. In 2013/14 Council agreed to remove any associated service charge limiter (credits) over a 4 year period limited to a maximum of £1/wk. It is estimated that this will deliver £80k of additional income in 2015/16 and a further £50k in 2016/17 by which time the limiter would have been removed from all associated accounts.

- **Working Balance**

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

On-going Pressures, fees and charge variations and new investment Proposals

- 61 The Business Plan includes some proposed investment to both consolidate and improve Council Services in relation to older people and vulnerable adults with mental health support needs. Variations to the HRA budget are shown in Appendix 5 with the more significant being as follows :

Pressures

- Sheltered alarm monitoring –This cost relates to the Councils contribution in respect of call centre monitoring - £20K
- Fraud Investigations – Increase in the cost of fraud investigations following the loss of DCLG grant from April 2015 -£20K
- Rose Hill Community Centre 50% Contribution towards running cost for new community centre -£58K
- Staffing increases following restructure in Regeneration and Major Projects service – This is the cost of staff to deliver new social housing -£25K
- Sheltered Housing officer- Oxfordshire County Council currently contributes 50% towards the salary of a post that supports tenants in sheltered housing. There is a strong possibility that this funding will cease next year although this has yet to be confirmed. The post is currently vacant and this will allow the post to be filled on a permanent basis.
- Revenue impacts of rephasing at Barton to bring new housing on-stream earlier and changes in annual uplifts £507k saving in 2015/16 then £1.281 million additional cost on-going

Efficiency Savings

- Public Utility savings – This savings arises from additional income from FIT tariffs as a result of solar panel investment -£60k

Changes in Fees and Charges

- Reducing charge for furnished tenancies to ensure that surpluses are reinvested in the service-£108k per annum
- Sheltered accommodation – This is a volume increase in income arising from residents in sheltered accommodation -£97k per annum
- Leaseholders Income – Increase in income recharged to leaseholders to cover cost of leasehold officer- £40k per annum

New Investments

- Tenancy Sustainment post (mental health) -£36k to fulfil a growing need form tenants requiring specialist support associated with mental health issues.
- Blackbird Leys central area -£100k for three years to cover feasibility and assessment works associated with the planned programme of works in Blackbird Leys
- A free energy audit for every tenant – £100k. To provide resources for the next 2 year period to offer a free energy audit to every council tenant, to assist with improving warmth, accessing funds to improve properties, and reduce fuel bills.

Housing Revenue Account Budget 2015/16 to 2018/19

62 Appendix 6 details the HRA Budget for the period 2015/16 to 2025/26 which is summarised below for the next four year period:

**TABLE 8 HOUSING REVENUE
ACCOUNT PROJECTIONS
Oxford City Council**

Year	2015/16	2016/17	2017/18	2018/19
INCOME:	£'000	£'000	£'000	£'000
Total Income	(44,042)	(47,043)	(49,695)	(52,198)
Total Revenue Expenditure	21,525	21,703	21,938	22,347
Interest Paid	7,922	8,576	9,235	9,023
Interest Received	(40)	(99)	(79)	(134)
Depreciation/Impairment	5,849	6,066	6,303	6,520
Net Operating Income	(8,786)	(10,797)	(12,297)	(14,441)
APPROPRIATIONS:				
Other HRA Reserve Adjustments	1,708	(79)	(1,382)	(243)
Revenue Contribution to Capital	7,286	11,307	13,680	14,685
Total Appropriations	8,994	11,228	12,298	14,442
ANNUAL CASHFLOW	208	431	0	0

Opening Balance	(4,139)	(3,931)	(3,500)	(3,500)
Closing Balance	(3,931)	(3,500)	(3,500)	(3,500)

Risk Implications

- 63 The main risks to the balanced position of HRA outlined below and detailed in Appendix 11 :
- Increased arrears due to benefit changes arising from the roll out of universal credit
 - Non-achievement of assumed Right To Buy sales now required to fund the increased capital spend commitments.
 - Non-achievement of planned efficiencies.
 - Variations in estimates causing cash flow problems

Section D: Capital Programme

General Fund Capital Programme

- 64 The proposed General Fund Programme amounts to around £33.67 million over the four year period including £7 million of new schemes. The £27 million difference relates to schemes which have already been agreed within the existing Programme including improvement and refurbishment of Council buildings £4.5 million, Leisure centres, community centres, pavilions and parks £5.5 million mandatory disabled facility grants £2.6 million, carparks resurfacing and improvements £3 million, purchase of homeless dwellings £2.5 million, vehicles £4.9 million, ICT £1 million, Flood alleviation £1.4 million
- 65 Appendix 8 attached details the Council's Draft Capital Programme for 2015/16 to 2018/19. It is summarised below

Table 9 Capital Programme 2015/16 to 2018/19				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
Policy, Culture and Communications	407	0	0	0
Section 106 City Development	700	0	0	0
Environmental Development	2,169	1,090	690	640
Housing and Property	4,356	1,525	585	460
City Leisure	1,418	1,952	1,000	0
Direct Services	2,749	2,184	1,956	1,374
Business Improvement and Technology	242	327	300	150
Finance	106	106	100	0
Existing Programme	12,147	7,184	4,631	2,624
New Bids				
County Council CIL Funded schemes	1,000	700	640	1,040
City Council new bids	2,673	175	100	750
Total General Fund	15,820	8,059	5,371	4,414

66 The draft General Fund Capital Programmed is funded over the next four years by revenue (53%), Capital receipts (13%) Community Infrastructure Levy (27%) and Government Grants and third party contributions (7%). All revenue costs have been included in the General Fund revenue budget.

67 Most notable new capital bids include :

Contributions towards City wide schemes

- Westgate area public realm improvements £1.134 million
- Contribution to western Conveyance channel - £500k
- Cycling and public realm - £500k
- Unallocated longer term infrastructure - £1.246 million

City Council New Bids

- Purchase of investment properties - £2 million. To enhance the development of key infrastructure projects
- Salix Funding - £200k. This is additional to the £600k already included in the Councils Capital Programme to fund energy saving projects which will deliver a revenue saving on reduced fuel bills.
- Town Hall boiler replacement - £157k
- Contributions to community centres £700k
- New skate park in Northway -£70k

Community Infrastructure Levy (CIL)

- 68 Community Infrastructure Levy is a tariff on new development, which in Oxford is set by the City Council to help the funding of infrastructure. It is intended to supplement, or top up, other sources of funding to widen infrastructure delivery.
- 69 The principle behind CIL is that those who benefit financially from a planning permission pay towards the cost of funding the infrastructure needed to support development.
- 70 Members may recall that this was approved by Council on 30th September 2013, following an independent examination. The City Council brought CIL into effect on 21st October 2013 and it only applies to developments that were granted planning permission after that date.
- 71 Oxford City Council is the charging authority and is responsible for collecting the levy, co-ordinating the spending of the funds and reporting this to the community. The City Council is, however, working closely with the County Council to ensure that infrastructure projects are identified and progressed to support growth in Oxford.

Regulation 123 list and infrastructure prioritisation

- 72 Regulation 123 of the Community Infrastructure Levy (CIL) Regulations provides for a CIL charging authority to publish a list of infrastructure that will be, or may be, wholly or partly funded by CIL. CIL Regulation 123 restricts the use of planning obligations for infrastructure that will be funded in whole or in part by the CIL. This is to ensure no duplication or double charging towards the same infrastructure project.
- 73 The City Council published its first Regulation 123 list in October 2013 to coincide with the introduction of CIL, and has made a commitment to review it twice a year to ensure that it remains up to date. The latest version was produced in October 2014.
- 74 The Regulation 123 list is a long list of specific projects or types of infrastructure, and inevitably the cost of funding the projects shown on the list outstrips the likely availability of CIL. Inclusion of a project on the Regulation 123 list does not therefore represent a commitment by the City Council to spend CIL monies on that project.

Proposed CIL Programme

- 75 Officers have identified a draft CIL programme for 2015/16, together with indicative allocations for the following three years. This corresponds with the way the City Council's Capital Programme is structured. The proposed CIL capital has been incorporated in to the City Councils Capital Programme shown in Appendix 8 both in terms of City Councils schemes funded by CIL totalling £4.9 million over the 4 year period and the City Councils CIL contribution to County Council schemes totalling £2.1 million over the four year period.
- 76 The amount of CIL funding available in future years is not certain as it will depend on development commitments. The potential projects eligible for CIL support are identified in the published Section 123 list. Priority will be given to projects which

contribute to the Council's priorities, and where there is leverage through matched funding and wider benefits. The budget includes proposed commitments for 2015-16, and thereafter it is proposed that the headline allocation of CIL funding will be made annually in the capital programme for the following year but that the approval or otherwise of individual schemes will be undertaken by CEB or Officers through the project approval requirement in the Finance Rules.

Housing Revenue Account Capital Programme: Council Housing Ambition

- 77 The draft HRA Capital Programme is intrinsically linked to the 30 year Business Plan, and our Council Housing Ambition. For planning purposes a 10 year period is considered in detail and this is shown in Appendix 9. In summary spend over this 10 year period is as follows :

Table 10 : HRA Capital Expenditure 2015-16 to 2024/25	
	Spend
	£000's
Existing Programme	
External Contracts	39,994
Existing new house and infrastructure build	68,629
Internal Contracts	59,895
Total Existing Programme	168,518
Additional Investment Package	
New House building	45,021
Solar Panels	4,731
Insulation works	7,186
Oxford Standard	7,492
Maisonette Blocks	14,769
Barton	4,686
Fees	1,871
Blackbird Leys – Central Place	10,326
Total additional Investment	96,082
Total HRA Capital Programme	264,600

Financing	
Major Repairs Reserve	65,258
Capital Receipts	11,135
Revenue	153,799
Borrowing **	32,000
Other grants and contributions	2,408
Total Financing	264,600

** Borrowing headroom remaining is £10 million

Existing Programme

- 78 The existing programme of £166.5 million over the next 10 years of schemes previously agreed by Council includes:

- Tower block refurbishment £18 million
- Construction of Rosehill community centre £4.8million
- New build of 116 dwellings £14.2 million
- Great Estates enhancement of car parking and other infrastructure £12million
- Internal works to kitchens, bathrooms etc £60 million
- 354 new dwellings at Barton - £52 million

Additional Investment Package

79 Taking into account the existing strategic priorities of the Council, the following investment package has been drawn up for the period up to 2025/2026. In summary the proposed programme includes :

- **New Build Housing.** An additional programme of new build council homes. The plan accommodates the delivery of a further 255 units (which will at the very least will mitigate the impact of Right to Buy)- £45 million
- **Solar Panel Installations** - An additional £4.7m over the period for solar panels to 1000+ street properties and approximately 90 blocks
- **Insulation works** - An additional £7.1 m, an average of £0.900 million /year (to add to the £0.250 million already in the budget) for insulation measures which would deliver above average SAP rating within 5 years and a minimum threshold of EPC level E. Given uncertainty over ECO funding the plan assumes no external funding contributions but work will continue to lever external funds wherever possible. This money can be spent in conjunction with the proposed new energy audits for council tenants.
- **‘Oxford standard’** - following tenant and member consultation over and above the current ‘decent homes standard’ includes an increased focus on energy efficiency and environmental standards. The programme includes approximately £7.5 million to increase the specification for kitchens and bathrooms and to reduce the replacement cycle for bathrooms from 30 to 25 years
- **Maisonnette block** redevelopment for new build. The plan assumes 4 blocks over the planning period and will be prioritised following an options appraisal process.
- **Barton.** A range of interventions to be delivered in a parallel timeframe to the new Barton Park development. (£4.7m)
- **Blackbird Leys.** The delivery of a new community hub and district centre including an estimated net 230 affordable homes (£10.3m) with a £3m GF contribution.

Risk Implications impacting on the Capital Programme

75 The main risks to the HRA Capital Programme are set out in Appendix 11 and summarised below:

- Disposals as detailed before are not secured causing a shortfall in funding of schemes
- Slippage in Capital Programme and impact on delivery of priorities
- Robustness of estimates

Budget next steps

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

Consultation Budget Report to CEB	17 th December
Budget Consultation Period	18 th December to January 2015
Final Budget Report to CEB including outcome of Consultation	11 th February 2015
Budget approval and Council Tax Setting	23 rd February 2015

- 77 The budget consultation exercise will commence in December 2014 and involve 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 2015, together with the outcome of the final settlement determination
- 78 Tenants will be consulted on the HRA budget rent and service charge changes with a special resident focus group(s) and the tenant newsletter 'Tenants in Touch'.

Financial Implications

- 79 These are covered within the main body of the report

Legal Implications

- 80 The Council is required to set a balanced budget taken account of working balances and any other available reserves before the commencement of the financial year to which it relates.

Risk Implications

- 81 These are shown in Appendix 11 of the report

Equalities Impact Assessment

- 82 These are shown in Appendix 12 of the report

Name and contact details of author:-

Name : Nigel Kennedy
Job title : Head of Finance
Service Area / Department : Finance
Tel: 01865 252708 e-mail: nkennedy@oxford.gov.uk

List of background papers: None

This page is intentionally left blank