

Budget Review –summary of key themes

Theme	Notes / suggested commentary
The overall financial health of the City Council	<p>Overall, the Review Group is satisfied that the budget is balanced over 4 years and supports the City Council's Corporate Plan priorities.</p> <p>The draft budget contains minimal service reductions whilst supporting an ambitious programme of capital investment in 2015/16.</p> <p>The relative financial health of the City Council can be partly attributed to sound financial decision making over a number of years, notably the decision taken to retain ownership and management of the City Council's housing stock.</p>
Risks	<p>Risk implications are set out in Appendix 11 of the budget paperwork. A number of these risks were recurring themes throughout the Budget Review discussions.</p> <p>The Panel heard that wider-world risks could include the outcome of the general election, future public spending levels, delayed Universal Credit implementation, judicial reviews, and cuts to partner's budgets, such as the County Council.</p>
Efficiency and service improvement	<p>The Panel heard that the scale of efficiency savings to be achieved over the budget period is stretching but realistic and deliverable.</p> <p>The Panel reviewed risk ratings against efficiency savings. Generally seemed reasonable but the Panel highlighted some specific efficiency savings that may need to be reconsidered or re-phased:</p> <ul style="list-style-type: none"> - Multi-skilling Contact Centre staff (M) - Application and telephony review (M) - Business Improvement staffing reductions (L) - Revenue savings from purchase of properties for homelessness (H) <p>The reduction of 2 posts in Business Improvement was a particular concern as it would impact the City Council's future capacity to identify and deliver efficiency savings, which could result in avoidable service reductions. The Panel heard that in some services, there is scope for further efficiencies from process improvement work.</p> <p>The Panel welcomed the success of Planning Design Review Panel.</p>

	<p>Following the success of beds in sheds project, the Panel questioned whether consideration should be given to additional investments in other forms of planning enforcement.</p>
Pressures	<p>The Panel noted that homelessness was a particular concern because there was a projected overspend in 2015/16. The Panel heard that this is expected to be a temporary pressure.</p> <p>The Panel questioned the impact of the recent fall in fuel costs on the budget proposals.</p> <p>Some waste disposal costs relating to collections from halls of residence have been taken out of the budget but are currently subject to legal proceedings or negotiation.</p> <p>The Panel suggested that estimates of reduced income from parking charges due to the closure of Westgate may need to be reconsidered because additional demand has not yet materialised at Park and Rides as expected.</p>
Delivery of the Capital programme	<p>The risk of slippage in the capital programme was noted as a major concern.</p> <p>The Panel raised concerns as to whether the City Council had sufficient capacities and resources to deliver an ambitious Capital programme, given that an officer bid of £46k for additional capacity in Legal Services for was rejected. The Panel noted the importance of partnership working to delivery, and the need to ensure that sufficient capacity is in place to do this well.</p> <p>The Panel also noted that future capital replacement costs relating to new flood prevention equipment should be built in to the capital programme.</p>
Staffing	<p>The budget proposals contain no compulsory redundancies and include pay increases of around 2.5% per year, in line with the current five year pay deal.</p> <p>Senior Officers acknowledged that many City Council employees are being asked to do more and to work more flexibly.</p> <p>The Panel noted a proposal to remove additional investment in staff training (£100k) and wellbeing (£75k) from 2016/17, and a proposal to save £200k in the same year from reviewing the senior management structure.</p>

	<p>The Panel highlighted a proposal to remove £50k from Apprenticeships and noted that the City Council is able to create apprenticeship opportunities in other ways. However, the Panel heard that there is sufficient demand should the City Council decide to maintain its current level of funding.</p> <p>The Panel has requested to see the composition of City Council staff by pay grade, and the total spend on consultancy.</p>
Investing to save	<p>The Panel noted general concern around the lack of new invest-to-save initiatives.</p> <p>The Panel heard that the Transformation fund is the invest-to-save budget. This budget has been used to top up other projects and so £150k is being removed in 2016/17.</p> <p>The Panel questioned whether employees were encouraged and incentivised to contribute invest-to-save ideas.</p>
Maximising income	<p>The Council tax referendum level is 2%. Increasing Council Tax from the assumed 1.5% to 1.99% in year 1 would generate approximately £57k of additional revenue per year.</p> <p>The Panel welcomed the Business Rates Pooling and Distribution arrangements, which should bring in some additional revenue.</p> <p>Most fees and charges are increasing with inflation. The Panel questioned whether the City Council could take a more flexible approach to encourage Street Cafes and remove bureaucracy.</p> <p>The Panel noted that Park and Ride parking charges are increasing by 50% from £2 to £3 in year 4, resulting in £500k of additional revenue.</p> <p>The Panel noted that the City Council has a successful record of receiving new funding streams through successful competitive bids. A £407k ring-fenced grant for fraud prevention has been received and should be added in to the final budget.</p> <p>The Panel noted that approximately 27% of tenants will be subject to the full impact of the CPI+1%+£2 rent increase. This will lead to parity of rent levels across Oxford. The Panel raised concerns that additional tenants may be affected by the benefit cap as a result of this increase. Some tenants who will have a higher increase may already be in arrears, with repayment agreements in place. This may generate additional work for the Welfare reform team.</p>

	<p>The Panel noted that energy efficiency measures will partly mitigate the impacts of higher rents on household finances, and heard that the majority of tenants who have been engaged feel that the balance is about right. The Panel welcomed the creation of a new post to support vulnerable tenants.</p> <p>There was a discussion around outsourcing the management of estate shops. The Panel noted that a social partner could be an acceptable option, if available.</p> <p>No additional commercial rent income is projected in years 3 & 4.</p>
Asset Management	<p>The Panel noted that void losses have been modelled at 1.2% but current performance in 0.6% and realistically this is unlikely to rise above 1%.</p> <p>The Panel noted that the Barton land value is rising but the City Council is not able to realise the benefits of this in the short term, and questioned whether mechanisms for the earlier release of land value could be explored.</p> <p>Variations in the projected number of Right to Buy sales was noted as a big risk and the Panel received assurances that officers were alive to this.</p>