

To: City Executive Board
Council

Date: 12 February 2015
18 February 2015

Report of: Head of Finance

Title of Report: Medium Term Financial Strategy 2015-16 to 2018-19 and
2015-16 Budget

Summary and Recommendations

Purpose of report: To present the Council's Medium Term Financial Strategy for 2015/16 to 2018-19 and the 2015-16 Budget for recommendation to Council

Key decision: Yes

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

Policy Framework: The Council's Corporate Plan

Recommendations: That the City Executive Board:

1. Consider the outcome of the public consultation, agree the amendments to the Consultation Budget and

2 Recommend that Council:

a) Approves the Council's General Fund Budget Requirement of £23.304 million for 2015/16 and an increase in the Band D Council Tax of 1.99% or £5.44 per annum as set out in Table 8 and Appendices 1-4, representing a Band D Council Tax of £278.97 per annum.

b) Approves the continuance of the Council's Council Tax Support Scheme (formerly Council Tax Benefit)

c) Approves the Housing Revenue Account budget for 2015/16 to 2024/25 as set out in Appendix 5 and 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

d) Approves the Capital Programme for 2015/16 -2018-19 as set out in Appendix 8 and 9;

e) Approves the Fees & Charges schedule as set out in Appendix 10

- f) Adopts the criteria for adopting the Business Rates Retail Relief scheme as set out in paragraph 21 and transitional relief as set out in paragraphs 22 – 24
- g) Approves an increase in the 2014-15 capital budget of £550,000 in relation to the property purchase referred to in paragraph 43 and referred to elsewhere on the CEB agenda

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

INTRODUCTION

- 1 This report reflects the outcome of the consultation on the draft budget as agreed by the City Executive Board at its meeting on 17th December 2014 as well as changes which have arisen since the consultation budget was published.
- 2 The consultation on the draft budget began on 20th December 2014 and ended on 31st January 2015. The consultation document was available on the Council's website and a shortened version of the survey was published in the Oxford Mail on 7th January 2015. Paper copies were also available at the Town Hall.
- 3 For ease of reading; the report is split into three sections :
- Section A General Fund Revenue Budget
Section B Housing Revenue Account (HRA) Budget
Section C Capital Programme

Introduction by the Board Member for Finance

As anticipated at the time of our consultation budget, the Council continues to have to confront some extremely difficult challenges, first and foremost substantial reductions in government grant. It is worth remembering that the City Council will have lost some 47% of its government grant between 2010 and 2015/16, and this has occurred at the time of rising pressures on our services (for instance, as more people are threatened with homelessness), and declining

income (for instance due to low interest rates). Although the grant settlement is marginally better than forecast, we continue to operate in a risky environment. Just before publication of this report, we learned that the Discretionary Housing Payment budget from central government is to be reduced by almost half, which will place even greater strain upon our housing needs section, and more importantly upon people struggling with the bedroom tax or with high rents in Oxford.

We have attempted to respond positively to the challenge posted by government cutbacks, in partnership with our outstanding workforce. The budget attempts to safeguard front-line services (and does so by delivering, yet again, substantial efficiency savings), especially for the most vulnerable, it seeks to avoid compulsory redundancies, and it tries to make Oxford a fairer, more equal city. To take just a few illustrations: grant funding for the voluntary and community sector is protected, as are services for the homeless; we will continue to deliver the Youth Ambition Programme in full; and substantial savings are proposed by changing the Council's IT and telephony infrastructure. Unlike the overwhelming majority of councils, we are protecting people on low incomes from reductions to council tax benefit.

The budget cements the Council's commitment to the Living Wage. Not only do we pay this to our staff and contractors, but we also look to our suppliers to pay the living wage as well, and, on larger contracts, to create apprenticeships to support local people.

The Housing Revenue Account budget is particularly ambitious, including provision, as part of Council Housing Ambition, for hundreds of new homes, major investment on our estates (including Barton, Blackbird Leys and Rose Hill), and a free home energy audit for every council tenant, as well as improvements to council homes with the introduction of the new Oxford Standard, following extensive consultation with tenants.

There are difficult decisions in this budget, but the proposals it contains will go some way to making Oxford a fairer, safer, more equal place to live. We look forward to working with our staff, and our communities, in making this a reality.

Section A – General Fund Revenue Budget

- 4 Since the publication of the Consultation Budget a number of key issues have arisen which affect the budget and these are summarised below:

Provisional Local Government Finance Settlement 2015-16

- 5 The Government published its provisional Finance Settlement for 2015/16 on 18th December, subject to a consultation period ending on 15th January 2015.

The key points include:

- An average 1.8% reduction in Revenue Spending Power – the measure of revenue available to local authorities from Council Tax and Government Grants.
- Holdback for New Homes Bonus from Revenue Support Grant reduced from £1 billion to £950 million
- There will be £50 million holdback of RSG to fund business rates safety net payments
- The Government intends to provide £23.4 million funding to IDeA in 2015-16 from Revenue Support Grant for a programme to help local authorities deliver more efficient and effective services
- Businesses will benefit from support for business rates bills in 2015-16 including the doubling Small Business Rate Relief for an extra year, a 2% cap on the inflation increase for the second consecutive year rather than RPI at September 2014 of 2.3%, and increasing the temporary discount for shops, pubs and restaurants with rateable values below £50,000 from £1,000 to £1,500. This support will be fully funded by the Government through Section 31 grants.
- The Government will extend the current transitional relief scheme for properties with a rateable value up to and including £50,000 to March 2017

Council Tax Freeze Grant for 2015/16 and Impact of Referendum Level

- 6 The freeze grant allocation methodology from previous years continues in 2015/16. Local authorities who freeze their Council Tax will be eligible for a freeze grant. Freeze grant funding will continue to be included within the spending review baseline and will therefore be on-going. This will prevent the 'cliff edge' effect from the freeze grant disappearing in future years.
- 7 Those authorities which freeze or reduce their basic amount of Council Tax in 2015/16 compared to 2014/15 will be eligible to receive a grant equivalent to a 1% increase in Band D council tax. For Oxford City this would equate to £131,973.
- 8 If councils choose not to accept Council Tax Freeze Grant (which is equivalent to a 1% increase in their Band D council tax levels) £131,973 for Oxford City and choose increase Council Tax, any increase of 2% or more will require a referendum
- 10 Table 1 below illustrates the impact of various Council Tax rises in relation to the 1.5% included within the Consultation Budget:

Table 1 : Financial Implications of Council Tax increases for 2015/16			
Percentage increase in council tax	Change in Council tax income to consultation budget	Freeze Grant	Net (Loss)/Gain per annum
%	£000's	£000's	£000's
0	(175)	131	(44)
1	(58)	0	(58)

1.5	0	0	0
1.99	57	0	57

- 11 It is financially prudent to set the Council Tax below the level of 'excessive Council Tax', as this avoids the uncertainty and additional costs created by holding a referendum. It should be noted that, even though freeze grant may be included in "baseline" funding, overall funding is expected to be eroded in future years, and it is uncertain whether Council Tax Freeze Grant will be protected.
- 12 In view of the confirmed 'referendum level' of 2% it is recommended that the Council increase Council Tax by 1.99% this provides the Council with the optimum level of financial benefit without the expense of seeking a referendum. Future years' council tax increases are maintained at 1.5% to reflect possible downward adjustments in referendum levels.
- 13 A 1.99% Council Tax increase has the following financial implication to the Medium Term Financial Plan in comparison to the Consultation Budget

	2015/16	2016/17	2017/18	2018/19
		Est	Est	Est
	£000's	£000's	£000's	£000's
Consultation Budget	12,130	12,083	12,325	12,635
Revised increase from 1.5% to 1.99%	12,187	12,141	12,385	12,696
(Decrease)/ Increase	57	58	60	61

Revenue Support Grant

- 14 Revenue Support Grant figures for 2015/16 are broadly in line with those announced by the Government in the Local Government Finance Settlement Technical Consultation in July 2013. The changes to the figures subsequently included in the Consultation Budget are included in Table 3 below :

	2015/16	2016/17	2017/18	2018/19
		Est	Est	Est
	£000's	£000's	£000's	£000's
Consultation Budget	4,434	2,955	1,478	0
Revised	4,463	2,955	1,478	0
(Decrease)/ Increase	29	0	0	0

- 15 It should be noted that, between 2010 and 2015/16, Government Grant to Oxford City Council will have fallen by around 47%.

Retained Business Rates

- 16 The Government has issued authorities with their Retained Business Rates baseline funding level which for the City in 2015/16 is £5,156,109 some £96,677 higher than the baseline for 2014-15. The actual amount of Retained Business Rates depends on a number of factors including the estimated amount of business rates income net of appeals and write offs, the tariff payable to the Government (which has increased from £26.965 million in 2014/15 to £27.480 million in 2015-16) and the levy paid on additional income above baseline, currently 50% for Oxford. Almost certainly the baseline funding level will not be the amount the authority eventually receives from Retained Business Rates. A summary of the changes is given below but it should be noted that there is substantial uncertainty around these figures :

Table 4 Change In Business Rates since Consultation Budget				
	2015/16	2016/17	2017/18	2018/19
		Est	Est	Est
	£000's	£000's	£000's	£000's
Consultation Budget	6,563	6,422	6,544	7,285
Finance Settlement December 2014	6,654	6,515	6,638	7,381
(Decrease)/ Increase	91	93	94	96

- 17 In the Autumn Statement of 5 December 2013, the Government announced a new business rate relief, known as 'Retail Relief', which is intended to provide relief to all occupied retail properties with a rateable value of £50,000 or less in each of the financial years 2014-15 and 2015-16. In the 2015-16 settlement the amount of relief has been increased from £1,000 to £1,500.
18. The Government will reimburse the Council for any discretionary relief granted for properties that are occupied hereditaments with a rateable value of £50,000 or less that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
19. The Annual Government Business Rates Return (NDR1) has made assumptions that approximately 900 properties could benefit from this discount and in respect of which the Council would be fully reimbursed.
20. The administration of Retail Rate Relief will be dealt with in the same way as other Discretionary Rate Reliefs. It is expected that eligible ratepayers will have details of any relief provided on their bills at the start of the 2015-16 financial year. The relief will be advertised on our website and on literature that accompanies Business Rate

bills. The Retail Relief Scheme, if approved, will form part of the Council's Discretionary Rate Relief Scheme.

21. City Executive Board is asked to adopt the following qualifying criteria for entitlement to Retail Rate Relief:
- Oxford City Council will exercise its discretion to grant 'Retail Relief' under Section 47 of the Local Government Finance Act 1988 where the Council can recover the entire cost of the relief through grant reimbursement from Central Government.
 - 'Retail Relief' will be awarded up to a maximum of £1,500 increased from £1,000 in 2014/15. The maximum award of 'Retail Relief' will be no more than the value of any net rate liability after all other reliefs are taken into account.

Non Domestic Rates Transitional Relief Scheme 2015-16 and 2016-17

- 22 The transitional relief scheme was introduced in 2010 to help those ratepayers who were faced with higher bills. The scheme ends on 31 March 2015 and as a result a small number of ratepayers would have faced an increase in their full rates bill from 1 April 2015. In the Autumn Statement the Government announced that this scheme would be extended for properties with a rateable value up to and including £50,000 to March 2017.
- 23 The government will fund the scheme by expecting local authorities to use their powers to award discretionary discounts to ensure eligible properties receive the same level of protection they would have received had the transitional relief scheme extended into 2015/16 and 2016/17. The transitional relief scheme should be assumed to remain as it is in the current statutory scheme except that:
- a. the cap on increases for small properties (with a rateable value of less than £18,000 in both 2015/16 & 2016/17 should be assumed to be 15% (before the increase for the change in the multiplier), and
 - b. the cap on increases for other properties (up to and including £50,000 rateable value) in both 2015/16 and 2016/17 should be assumed to be 25% (before the increase for the change in the multiplier).
- 24 In respect of the Scheme members should note that
- Oxford City Council will only exercise its discretion to grant Transitional Relief under Section 47 of the Local Government Finance Act 1988.
 - Transitional Relief will only be awarded in line with the guidance provided from the DCLG detailed above.
 - Transitional Relief will not be provided if the award of or any part of it will exceed the relevant State Aid De Minimis regulations. Oxford City Council will either limit the amount of Transitional Relief, or refuse Transitional Relief to any ratepayer who will exceed the threshold in force at the relevant time.

- 25 The summary effect of the Finance Settlement announcement compared to the Consultation Budget is shown below

Table 5 Change In External Funding since Consultation Budget				
	2015/16	2016/17	2017/18	2018/19
		Est	Est	Est
	£000's	£000's	£000's	£000's
Consultation Budget	24,023	21,268	20,797	20,339
Increase in Revenue Support Grant	29	0	0	0
Increase in Business Rates	92	93	95	96
Council tax increase from 1.5% to 1.99%	57	58	60	61
Net Variation	178	151	155	157
Revised Total	24,201	21,419	20,952	20,496

New Homes Bonus

- 26 The New Homes Bonus is paid each year for 6 years. It's based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes. On 16th December 2014 local authorities were issued with their provisional allocations for 2015-16 to be confirmed on 14th January 2015.
- 27 Following pro-active work by officers to bring back a number of empty properties into Council Tax there is an increase in the amount of New Homes Bonus compared to the Consultation Budget as shown below:

Table 6 New Homes Bonus				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
Consultation Budget	2,281	2,654	2,510	0
Revised figures	2,434	2,807	2,663	0
(Decrease)/ Increase	153	153	153	0

- 28 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 or fund this using prudential borrowing (albeit that this would create a revenue pressure). Current assumptions are that no New Homes Bonus will be receivable after 2017/18 in line with the assumptions around Revenue Support Grant.

Other Issues Arising

- 29 A summary of financial implications of other issues outside of the Finance Settlement is shown below and these are reflected in Table 7.

Table 7 Summary of other issues				
	2015/16	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
Additional revenue contributions to support the capital programme	324	297	300	149
Grant to South Oxford Adventure Playground **	8	8	8	8
Total	332	305	308	157

** Grant is £7,500 rounded to 1 significant figure

- 30 The net increase in resources to the Council over the four year period arising from the Finance settlement and New Homes Bonus is estimated at £1.110 million. An amount of £30k has been allocated to grant funding to the South Oxford Adventure Playground with the balance of £1.078 million being added to revenue contributions to support the existing Capital Programme and additional capital items as detailed in Table 9.

Continued Investment

- 31 As detailed in the consultation results below, there was support for the Council's new investment proposals. As a consequence, these are endorsed by these final budget proposals including:

- **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

32 Summary of Changes to Medium Term Financial Strategy

The Council’s General Fund Medium Term Financial Strategy is shown in Appendices 1-3. A summary of the movement in the Medium Term Financial Strategy from the Consultation Budget agreed in December 2014, taking account of the changes highlighted above is shown below:

Table 8 : Summary General Fund Medium Term Financial Strategy 2015/16 to 2018/19				
	2015/16	2016/17	2017/18	2018/19
	£000’s	£000’s	£000’s	£000’s
Net Expenditure per Consultation Budget	23,125	21,459	20,346	19,920

Additional New Homes Bonus per table 6	(153)	(153)	(153)	0
Summary of other changes per table 7	332	305	308	157
Net Budget Requirement	23,304	21,611	20,501	20,077
FUNDING **				
Council Tax	12,187	12,141	12,385	12,696
Revenue Support Grant	4,463	2,955	1,478	0
Retained Business Rates	6,654	6,515	6,638	7,381
Total	23,304	21,611	20,501	20,077
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

** Incorporates revised funding shown In Table 5

33 Discretionary Housing Payment




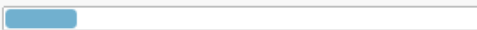

The Council has recently received its DHP grant allocation for 2015-16 in the sum of £288,092 which is some 44% down on the council's allocation for 2014-15 of £514,496. The council are currently forecasting to spend all the grant allocation in 2014-15 and therefore 'all other things being equal' it will spend equally as much in 2015-16 under existing criteria. The Council will look to fund the shortfall in grant and the estimated £500,000 from a mixture of General Fund earmarked reserves and HRA contributions since part of the expenditure paid through DHP relates to council tenants. Since in the long term this is unsustainable going forward the Council may also need to review existing criteria for allocation.

34 Budget Consultation Results

The consultation concentrated on a number of key areas which are shown below. Sixty responses were received, of which 36 were on line and 23 via the Oxford Mail. The results for each are detailed below:

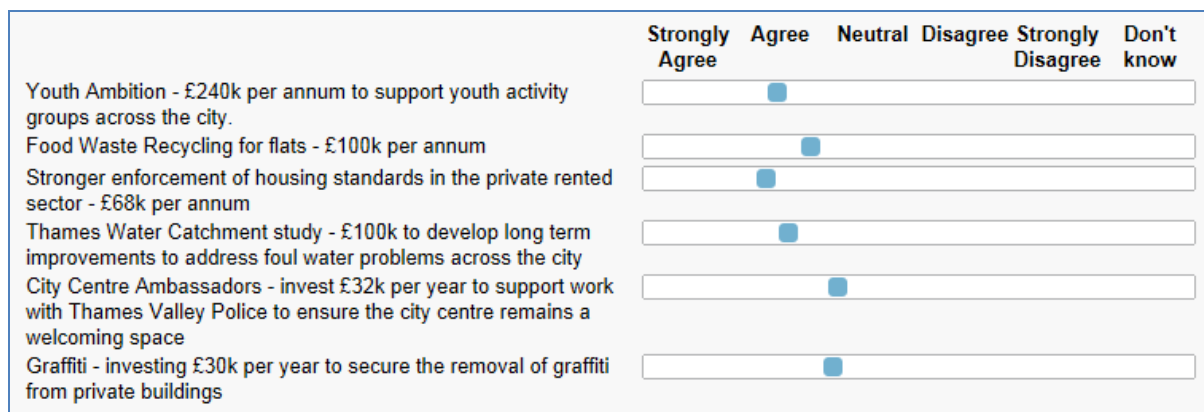
Council Priorities

35 Consultees were asked to rank the Councils priorities in order of importance

A vibrant and sustainable economy		25% (158)
Meeting housing needs		21% (132)
Strong and active communities		17% (110)
Cleaner greener Oxford		15% (96)
Efficient, effective council		23% (144)

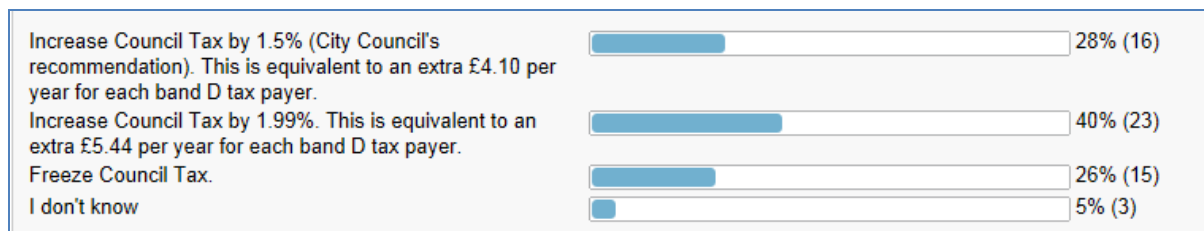
New and Continued Investment

- 36 The City Council's Corporate Plan and Budget 2015 -19 set out its support for a number of investment proposals made in previous years, along with some new ones. For each investment proposal consultees were asked to indicate to what extent they agreed or disagreed with the areas.



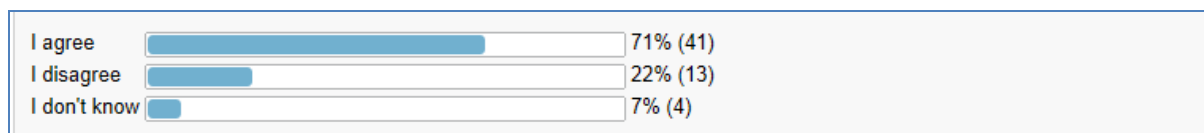
Council Tax Increase

- 37 Consultees were asked to give their opinion on the proposed level of council tax increase for 2015/16 of 1.50% together with an increase up to the referendum level of 1.99% and also a council tax freeze. The results were as follows:



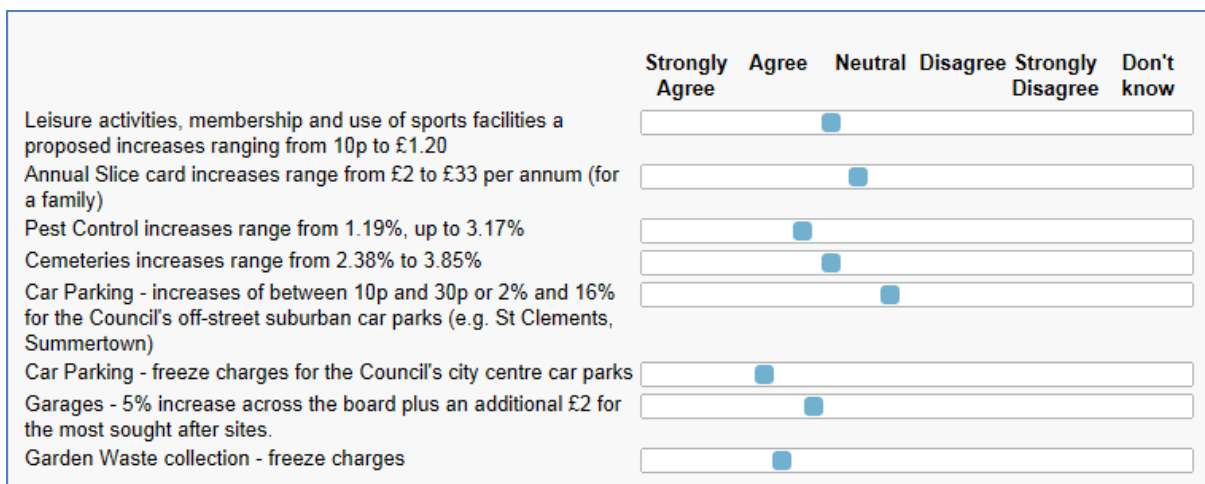
Council Tax Support

- 38 The Consultation budget assumes the Council retains the Council Tax Support scheme on the same basis as that introduced on 1st April 2013. The Council are recommended to agree to maintain the scheme at this level for 2015/16.



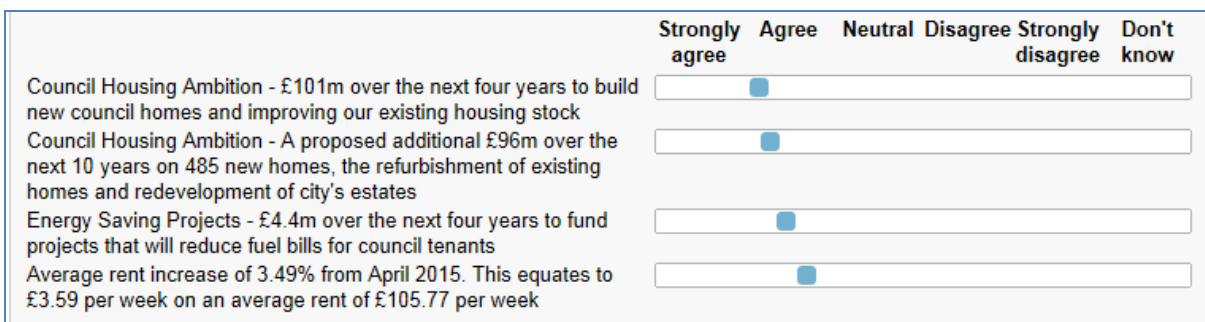
Fees and Charges

- 39 While the Council proposes that most charges such as those for garden waste, building control and planning and will remain at 2014 -15 prices, its draft Medium Term Financial Strategy does propose to increase some fees and charges over the next four years. Consultees were asked to indicate whether they agreed or disagreed with the following specific proposals:



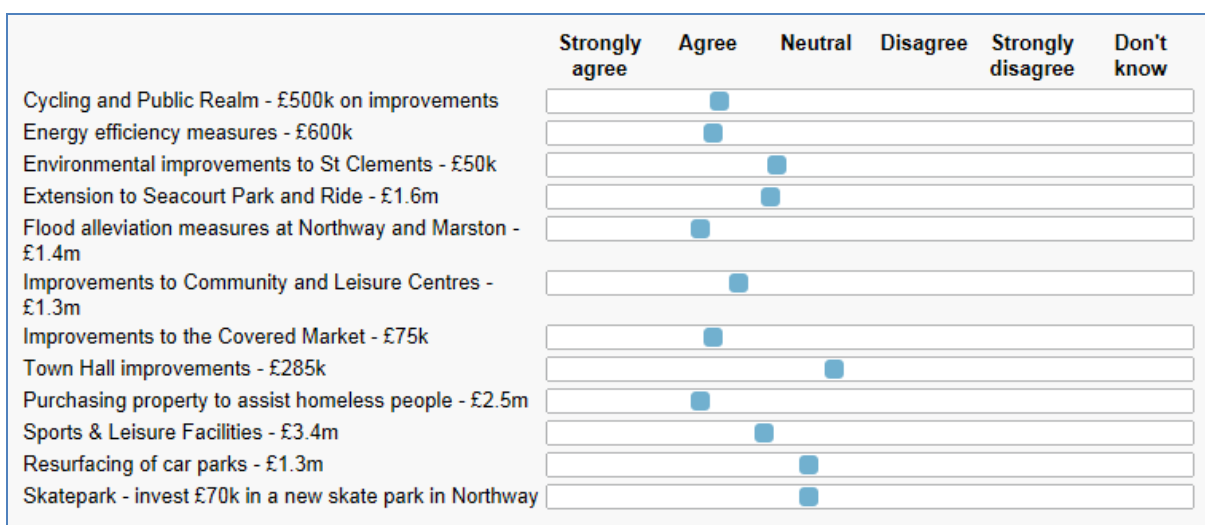
Housing Revenue Account

- 40 The following is a list of the main proposals in Oxford City Council's Housing Revenue Account. Consultees are asked to indicate whether you agree or disagree with these proposals.



Capital Investment

- 41 Consultees were asked to give their views on the capital investment being undertaken by the Council over the next four years.



- 42 It is worth noting that improvements to the Town Hall are linked to the generation of revenue income, but this may not have been clear to respondents.

Risk Implications

- 43 The main risks to the balanced position of the General Fund consultation budget (Appendix 11) are that:

- 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
- New Homes Bonus ceases earlier than projected
- 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 B Housing Revenue Account Budget

Issues arising since the publication of the consultation budget

- 44 There have been no issues arising since the publication of the Consultation Budget agreed by City Executive Board on 17th December 2014. The budget for the Housing Revenue Account is as detailed in Appendices 5,6 and 7 attached.

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

- 45 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** –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.

- **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.

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

- 46 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

47 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)

Consultation

48 As well as being part of the corporate consultation on budget proposals, Housing have also carried out consultation on the proposals through the Tenants In Touch magazine and also a meeting held with Housing officers. Responses were as follows fourteen tenants responded as follows:

Rent Increase responses from meeting	
	Nos
I feel the rent levels are too high.	2
I feel the rent levels are too low.	2
I feel the rent levels are just right.	10

Tenants In Touch Magazine		
	Rent increases	General / Other Issues
	Nos	Nos
Positive	4	6
Neutral	1	3
Negative	2	4

Risk Implications

- 49 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 C Capital Programme

- 50 The Council's Capital Programme amounts to around £147 million over the four year period including £15.5 million of new schemes.
- 51 Appendix 8 and 9 attached detail the Council's Capital Programme for 2015/16 to 2018/19. The changes to the Consultation Budget reported in December 2014 are summarised below
- **Slippage in existing schemes**
These changes have arisen from the ongoing monitoring of the Capital Programme since the consultation budget together with a re-profiling of new bids following detailed analysis by officers on the robustness of new

bids e.g. community centres, Seacourt Park and Ride, flood alleviation, and Super Connected Cities

- **Changes to existing schemes**

This change has arisen following detailed analysis by officers on changes proposed to the existing Capital Programme; the scheme to install CCTV at Gipsy Lane Campus has been re-instated since it is wholly funded from Section 106 money that must be used specifically for this purpose.

- **Additional Schemes**

Additional schemes for cycling, Salix, verti drain and two new skate parks at Bertie Place and Rose Hill have been added into the capital programme and funded from the additional resources following the Finance Settlement.

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
GENERAL FUND				
Consultation Budget Spend	15,820	8,059	5,371	4,414
Slippage in existing schemes since December 2014	2,028	-722	0	0
Changes to existing schemes since December 2014	60	0	0	0
Additional Schemes				
Cycling	0	50	0	0
Salix	0	50	0	0
Verti drain	0	15	0	0
Skate Parks Bertie Place and Rose Hill	0	140	0	0
Total General Fund	17,908	7,592	5,371	4,414
HRA				
Consultation Budget Spend	21,047	32,339	35,947	22,556
Changes	0	0	0	0
Total HRA	21,047	32,339	35,947	22,556
Total Revised Programme	38,955	39,931	41,318	26,970

52 Elsewhere on the City Executive Board agenda there is report referring to a property purchase which requires Council approval for an additional £550k to be added to the existing capital budget in 2014-15 which will be funded from forecast underspends in the 2014-15 revenue budget. The report is commercially sensitive with more details regarding the transaction included in the report which will be discussed in the confidential section of the Board. City Executive Board is required to make a recommendation to Committee.

53 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
- Adverse variations in Revenue spend
- Slippage in Capital Programme and impact on delivery of priorities
- Robustness of estimates

Financial Implications

54 These are covered within the main body of the report

Legal Implications

55 The Council is required to set a balanced budget and agree the Council Tax and rent before the beginning of the financial year.

Risk Implications

56 These are shown in Appendix 11 of the report and highlighted within the body of the report

Equalities Impact Assessment

57 A copy of the Equalities Impact Assessment is given in Appendix 12 attached to this report

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