

Council 18 February 2015 Agenda Item 7 – Budget and Medium Term Financial Plan

Executive Response to recommendations of the Scrutiny Budget Review 2015/16

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Recommendation	Agreed Y/N	Executive response of Councillor Ed Turner, Board Member for Finance, Asset Management and Public Health
1. That reserves and balances are reviewed with a view to investing any overstated reserves.	Y	Agree. This is something that we are undertaking anyway, as we want to maximise return on investment. It is worth noting that reserves may not be “over-stated” but may still be suitable for investment if they are held against a risk or item of expenditure occurring in a future year.
2. That the City Council explores new ways of increasing public engagement in its budget setting process.	In part	We can look at the consultation and welcome suggestions. However, it is important to note that the budget is a politically-led process and that it would need to be consistent with the aims and values of the administration setting the budget.
3. That Council Tax is increased by 1.99% (rather than the proposed 1.50%) in 2015/16.	Y	Agreed.
4. That the City Council continues to engage constructively with other Oxfordshire Councils in order to optimise any potential benefits available from business rates pooling and distribution arrangements.	Y	Agreed. We already do work with the other councils on this, but at present pooling is not to our advantage.
5. That the City Council looks at ways of mitigating the impacts of higher than average rents on those Council tenants who will be most affected.	N	The overall average rent rise for council tenants is 3.49% but the range is -6.58% to 6.25%. If a tenant faces into difficulties, s/he should approach the Council for assistance. For instance, there may be tenants who are not receiving all funds to which they are entitled, or in some cases a claim for Discretionary Housing Payment might be appropriate. However, the far bigger issue is for tenants in privately rented accommodation, rather than those paying comparatively low council rents.
6. That further consideration is given to covering more enforcement costs through higher, related fees and charges. This should include keeping legislation under review and asking the LGA what other local authorities charge for.	Y	We are happy to do this, but it should be noted that some budgets are ring-fenced and there is a limit to what can be charged for.

7. That to protect future Park and Ride incomes, the City Council seeks agreement with the County Council on consistent charging rates across all Oxford Park and Rides.	Y	We want to have common charges with the County Council, to avoid extra journeys being made to visit a cheaper park and ride. Ultimately the charges levied by the County Council are a matter for that authority. Our budget figure is our best estimate of the approach to be taken by the County Council.
8. That the City Council explores mechanisms for the earlier release of land value locked up in the Barton Park development.	N	This does not look feasible or desirable. If the desire is to release waterfall payments earlier, that would not be possible without renegotiating the whole deal, which would not appear to be an endeavour with great prospect of success. Alternatively, if it is to borrow off the back of the deal, this would present the authority with additional risk, and it is not clear what the borrowing would fund. We are already providing well over £100 million of investment over the next ten years, and are borrowing around £232 million.
9. That the following efficiency savings are re-rated as high risk: a) Shifting services towards community settings and online (£126k from 2017/18 in Customer Services), b) Application portfolio & telephony review (£150k from 2015/16 in Business Improvement & Technology).	N	a) We believe this saving is deliverable and the risk rating is appropriate. b) The applications review should deliver savings through reduced maintenance and reduced staffing resources that's why its medium risk. It doesn't make a difference to the budget since we provide a 40% contingency against unachieved savings for high and medium risks.
10. That there is a re-energising of attempts to identify new invest-to-save opportunities in future budget rounds (see recommendation 17d).	In part	We are very ambitious here already but will continue to look.
11. That sufficient flexibility is in place to mitigate the risk of the City Council having to repay £7m to the Housing Revenue Account.	Y	We will be in a position to mitigate this, but would be undesirable.
12. That the City Council explores how it can become a more agile operator in the housing market to ensure it secures best value for new property acquisitions.	In part	We believe we are appropriate and agile in this area of work, but are always happy to receive suggestions.

13. That half of the additional waste disposal costs pressure is re-instated in the budget from 2016/17.	N	Not agreed. It would not be in the interests of the authority to make this change, and if the budget is not deliverable it will be reviewed next year.
14. That off street parking income is re-modelled in light of the most recent parking data and experience with the temporary Westgate car park.	N	At this stage we do not see any evidence to suggest remodelling is necessary. Parking fees income has been hard to predict these last few years due to flooding, traffic works and other operators undercutting the Council's fees. We will respond to trends when we see them happening.
15. That any savings achieved through lower than assumed energy prices are invested in energy efficiency improvements.	N	Prefer not to ring fence energy savings but we will continue to prioritise energy efficiency regardless of the movement on energy prices.
16. That HRA void losses are modelled at 1.0% (rather than the proposed 1.2%), at least in the early years of the budget period.	N	It would be prudent to retain potential void losses at 1.2%, in case void levels are higher when the Barton development becomes available. The impact upon the budget is minor.
<p>17. That the following areas should be priorities for further spending in the event that additional general fund resources become available (we have identified some options for raising revenue in the short to medium term). These suggested priorities are listed in no particular order:</p> <p>a) Staff Training and Wellbeing – continue funding the training budget increase (£100k) and funding for staff wellbeing (£75k) beyond 2016/17,</p> <p>b) Apprenticeships – reinstate £50k from 2015/16 or a sufficient amount to fund no fewer than 25 apprentices in future cohorts,</p> <p>c) Community Development (Social Inclusion) Fund – reinstate £60k from 2015/16,</p>	<p>In part</p> <p>(N a-f, Y g&h)</p>	<p>On all of these, they are really matters for councillors and groups to take a view of when it comes to budget setting.</p> <p>a) The Staff wellbeing fund was initially seen as discrete one off fund.</p> <p>b) Apprenticeships will be funded through the increased capital budget</p>

d) Business Improvement staffing reductions – reverse the £110k cut in 2016/17 in full or in part (see recommendation 10),

e) Partnership development – new investment,

f) Fund raising – new investment,

g) Planning enforcement – continue funding the Beds in Sheds project at the post April 2015 level to April 2016. A more detailed review of alternative funding streams should be undertaken during this period,

h) Discretionary Housing Payments – continue the current level of funding to April 2016.

g) “Beds in Sheds”, we are proposing a carry forward to continue to fund some of this work.

h) We will, of course, review the situation with respect to DHP in the light of the coalition government’s dramatic, inappropriate reduction of our budget. We could, if needs be, support it from the homeless contingency, in some circumstances from the HRA, and we may also need to revisit the criteria for the scheme.