

**City Executive Board – 11 February 2016**

**Scrutiny Budget Review 2016-17**

**Suggested City Executive Board response provided by the Board Member for Finance, Asset Management and Public Health:**

17

<b><i>Recommendation</i></b>	<b><i>Agreed? (Y / N / In part)</i></b>	<b><i>Comment</i></b>
<p>1. That to improve the transparency and accessibility of the Council's budget proposals and in line with the increased reliance on external revenues and more uncertain Government support, the following should be provided in future years:</p> <p>a) Details of gross revenue income and other grants received by service and how these relate to the gross expenditures on these services (Budget Report);</p> <p>b) Staffing establishment (FTE) figures by service or team so that staffing changes can be seen in proportion to the size of the services or teams that are impacted (Appendix 3).</p> <p>c) Net budget allocations in the Detailed General Fund Budget Proposals, so that adjustments can be seen in proportion to the size of the budgets impacted (Appendix 3);</p> <p>d) Clearer explanation where adjustments in new investments / bids budget lines are reversals of one-off investments that have already been made (Appendix 3);</p> <p>e) Details of how the Capital Programme as a whole and major individual capital schemes are expected to be funded (Appendix 6);</p> <p>f) The gross cost of capital schemes, indicating external funding, in addition to the City Council's contributions</p>	<p>Y</p>	<p>The Council's Budget Book, which is available on the website, provides the information requested at b) and c). It is therefore suggested that the budget papers, which are already extensive are read in conjunction with the Budget Book going forward.</p> <p>a) Grant information will be provided for those services which it is significant as part of the budget process for 17/18.</p> <p>d) The narrative in Appendix three has been amended for the final budget to ensure that all lines that are reversing previous one off bids has been identified, and this will also be incorporated into future years papers.</p> <p>e) Capital funding is now included within the covering report</p> <p>f) Schemes within the Capital Programme have been grossed up and any capital receipts or other funding are listed separately within the funding statement</p> <p>g) In consultation with Heads of Service this will be considered for future year fees and charges documentation</p> <p>h)description of the fees and charges are reviewed on an</p>

<p>(Appendix 6);  g) Indicative fees and charges rates where Service Managers have the discretion to set these (for example the typical hourly rate charged for a senior lawyer) (Appendix 8);  h) More specific descriptions of what new fees and charges relate to in practice (Appendix 8).</p>		annual basis as part of the budget process
<p>2. That the Council should look to opt in to receiving a four-year Revenue Support Grant settlement from Government in order to obtain additional (but not absolute) funding certainty and stability in the coming years as this grant funding reduces to zero by 2019-20.</p>	Y	<p><b>Agreed</b> Within the Final Budget Report to City Executive Board .there is a recommendation for the Council to opt into the four year settlement, to give the Council more certainty over its income. Further details are awaited on information required for the efficiency plan required by the Government and when the Council will need to submit.</p>
<p>3. That Council Tax increases should be modelled at 1.75%, rather than 1.5%, in years two, three and four of the Medium Term Financial Plan and that if the Government's referendum threshold is set above 1.75% in those years, the Council should plan to increase Council Tax by the maximum amount permitted.</p>	Y	<p><b>Agreed.</b> In the updated Consultation Budget the Council have updated its forecast council tax rises from 1.5% to 1.75% in line with the Governments assumptions on average council tax rises. Should the referendum level in future years be maintained at 2% then the Council will review its position.</p>
<p>4. That annual assessments should continue to be made of the potential benefits and risks to the Council of entering into a Business Rates Distribution Agreement with other Oxfordshire Councils.</p>	Y	<p><b>Agreed</b></p>
<p>5. That progress against new income targets expected to be achieved by trading 'white collar' services (e.g. legal, HR) should be particularly closely monitored given that this is a relatively new area of trading for the Council.</p>	Y	<p><b>Agreed</b> All trading income targets are reported and monitored monthly</p>
<p>6. That the Council should continue to maximise income from its commercial assets, including by actively exploring the feasibility of generating income by leasing spaces (so called 'air leases') above Council-owned car parks, for example for buildings or solar power generation.</p>	Part	<p>On the general point about maximising its income from commercial assets – this is a firm aim of the administration, provided other corporate aims of the council are not threatened. On the issue of “air leases”, this has of course already been agreed in the case of St. Clements' car park, and is being explored in other cases. However, the potential should not be over-stated, particularly for residential</p>

		accommodation, where there may well be severe concerns about the quality of such accommodation and living environment that could be provided, and the administration has no desire to build floating slums. Officers will explore this concept and where there is a proven business case plans will be brought forward for Members to consider.
7. That Council Officers should explore whether there are opportunities to generate regular revenue income in Environmental Sustainability in order to reduce the net budget requirement of that service, which has a good record of achieving one-off funding.	Y	<b>Agreed</b> Officers will continue to identify funding which assists in meeting the Councils objectives and is financially beneficial
8. That the Council should continue to engage constructively with Oxfordshire County Council in order to achieve common charging across all Oxford Park and Ride sites and protect planned additional income of £580k per annum from 2018/19.	Part	<b>Agreed</b> We will engage with the County Council to try to ensure a joined-up approach to park and ride charging. The additional income is based upon an estimate of likely policy changes.
9. That Council Officers should explore whether there are opportunities to increase income by charging 'premium' and/or seasonal fees and charges, including specifically for the following: a) Commercial filming (including higher premiums for late notice requests); b) Householder services – such as bulky items collection; c) Pre-Christmas premiums for Town Hall bookings and commercial events in prime locations (e.g. Broad Street markets).	Part	<b>Agreed.</b> Fees and Charges are reviewed annually to ensure amongst other things they are in line with market rates. a) The Council only receive around £1200 per annum from filming and therefore charging a premium price may have negligible impact on the overall financial position of the Council b) Each household is currently entitled to 2 free collections per year of up to 3 items per visit, thereafter there is a charge. The Council believes it counterproductive to charge for all bulky waste collections since this will encourage fly tipping together with a costly clear up operation. c) The prices charged for events and town hall bookings are considered to be competitive in the market and it may be counterproductive to vary these significantly
10. That the anonymised results of the new biennial Best Companies employee engagement survey should be	Y	<b>Agreed</b>

made available to elected members.		
11. That in light of a possible underspend this year, consideration should be given to removing part of the residual £43k of educational attainment funding sooner than planned.	N	<b>Not Agreed.</b> It is anticipated that the funding for educational attainment will be fully spent. Officers are working with the Portfolio Holder for Young People Schools and Skills to review commitments and alternative proposals to ensure this occurs.
12. That the delivery of efficiency savings in Business Improvement and Financial Services that are expected to be achieved as a result Universal Credit roll-out, including the closure of Templar's Square Customer Service Centre (which has been put back two years to 2019/20), should be kept under review with the aim of realising these savings earlier if possible.	Y	<b>Agreed.</b> The timescale for the roll out of universal credit is still uncertain. The digital service is expected to roll out to job centres between May 2016 and May 2018 with the conversion of benefit claims to be rolled out on an individual authority basis between 2018 and 2021. The Council will adjust its service delivery and budget when the timetable is known.
13. That the Council should continue to look for further opportunities to use IT to reduce the transactional costs of service delivery, whilst continuing to ensure that services are accessible to all customer groups.	Y	<b>Agreed.</b> There is a detailed and comprehensive ICT workplan over the next few years which include replacement and upgrading of many key systems. Additionally there are a number of work streams such as the roll out of the tenants' portal, filing of electronic planning applications and e-benefit claims which are all aimed at increasing efficiency and reducing transactional costs.
14. That Council Officers should be encouraged to look again at what potential there is to develop new invest to save initiatives.	Y	<b>Agreed.</b> There are a number of good examples of invest to save initiatives which have been implemented such as ICT rationalisation, heavy goods vehicle testing, bin washing service, employment of court officer, Seacourt park and ride extension and a number of other ICT related projects in the benefit service, council tax and business rates. Officers will continue to look for these initiatives.
15. That the Council should look to maximise revenues from the planned new waste transfer station, both by opening up the facility to others and by the local reuse of materials, if such outlets exist.	Y	<b>Agreed.</b> The Council will look to examine all opportunities which generate additional income in the business case that will be presented to City Executive Board.
16. That given the pressures on homelessness and the risks around County Council cuts, it would be prudent to redirect £200k of revenue contributions to capital and	N	<b>Not Agreed.</b> Redirecting £200k of capital contributions to top up the homelessness reserve in the manner suggested would only leave a shortfall in the funding of the capital

<p>instead use this to top up the homelessness reserve, which is expected to be reduced from £1m to £800k.</p>		<p>programme and is not recommended. The Council has increased the revenue budget by £200k per annum and recently used £5 million of its capital funds which is match funded to provide an additional 50 homes for homeless families. The Council will continue to review the level of reserves that are required for homelessness support.</p>
<p>17. That the Council's reserves and balances should continue to be reviewed at appropriate intervals with a view to investing any suitable funds, such as those held against a risk or item of expenditure occurring in a future year.</p>	Y	<p><b>Agreed.</b> As part of the budget setting process reserves and balances are reviewed annually and the Councils Section 151 has a statutory duty to report to Council for Members to consider them alongside the Budget. Pending their use reserves and balances are either invested in banks, building societies or longer term higher interest instruments such as property funds or used to mitigate the need to externally borrow to fund capital schemes, hence lowering the cost to the council.</p>
<p>18. That the Capital Programme and capital scheme reserve list should be revised in light of recent capital movements, grant income and the need to re-profile some schemes.</p>	Y	<p><b>Agreed.</b> This has been done and all of the schemes previously on the reserve list have now been funded by the estimated additional resources.</p>
<p>19. That the Council should seek to contract large capital schemes as soon as possible to minimise price inflation and uncertainty, and consider the case for taking a more programme-based approach to contracting capital works.</p>	N	<p><b>Not Agreed.</b> The Council has a significant capital programme over the next four years in excess of £130 million. A large proportion of the Programme is funded by in year revenue and therefore the ability to bring forward schemes whilst mitigating inflationary pressures would create cash flow difficulties. Schemes do have a contingency built into the budgeted cost and officers review the Capital Programme annually to confirm that the budgeted cost is still sufficient. Where required the Council does make use of external suppliers such as project managers and cost consultants to ensure that projects are delivered on time in accordance with the Programme.</p>
<p>20. That the Council should keep the local impacts of the forced sale of high value council housing (HVCH) policy under review and consider any opportunities or</p>	Y	<p><b>Agreed.</b> The £20million is a contingency to mitigate the need to sell Council Housing to fund the HVCH levy. The Council will adapt its budget plans as appropriate when the</p>

mechanisms to free up funds from the new £20.1m contingency without affecting the Council's ability to retain HVCH.		potential cost to the Council is clarified.
21. That in the light of recent housing policy and budgetary changes, it would be prudent to keep the decision taken last year to defer a £20m debt repayment due in 2021 under review to ensure that it is still in the best long-term interests of the Council and Council tenants.	Y	<b>Agreed.</b> There are still a number of uncertainties around the Housing Agenda which the Government have yet to clarify. As Government policy becomes clearer the Council will look to adapt its Budget Plans and Debt Strategy as appropriate to ensure financial stability of the Housing Revenue Account.
22. That clarity should be provided on whether the renewable element of the HRA Energy Efficiency programme could be delivered in partnership with the Low Carbon Hub.	Y	<b>Agreed.</b> Further reduction of FIT by the Government makes this increasingly unlikely although we await confirmation from LCH that this is indeed the case.
23. That HRA capital spending on adaptations for the disabled should be reviewed to ensure that best value is being achieved. An audit should be undertaken and updated regularly of the number of tenants living in adapted properties to ensure that they are used to house people who need them.	Y	<b>Agreed.</b> This service area was the subject of a review in 2014. The recent older persons housing review due to report to CEB in March confirms the need to maintain budgets to support independent living. The policy relating to the adaptation of properties will be re-examined in 2016/17.
24. That 'sinking funds' should be instituted into new build leasehold arrangements where appropriate (e.g. blocks of flats) to prevent potentially high bills for leaseholders when these properties require capital works.	Y	<b>Agreed.</b> The Council already operates a sinking fund for major repairs for its development at Singletree Rosehill and is exploring this for the new Council homes at Barton